

ALLIANCE INVESTMENT BANK BERHAD
(21605-D)

(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Financial Position as at 30 June 2019

	Note	<u>GROUP</u>		<u>BANK</u>	
		30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
ASSETS					
Cash and short-term funds		35,081	36,373	34,698	35,989
Deposits and placements with banks and other financial institutions		-	500	-	500
Amounts due from clients and brokers	A12	77,489	77,008	77,489	77,008
Financial assets at fair value through profit or loss	A13	60,784	60,784	60,784	60,784
Financial investments at fair value through other comprehensive income	A14	1,447,104	1,367,915	1,447,104	1,367,915
Financial investments at amortised cost	A15	24,514	53,560	24,514	53,560
Loans, advances and financing	A16	487,974	449,354	487,974	449,354
Other assets	A17	9,119	9,008	8,993	8,882
Tax recoverable		3,367	1,437	2,889	958
Statutory deposits with Bank Negara Malaysia		47,546	43,996	47,546	43,996
Investment in an associate		282	280	230	230
Investment in joint venture		833	802	394	394
Right-of-use assets		1,554	-	1,554	-
Property, plant and equipment		645	727	645	727
Intangible assets		33,415	33,639	36,504	36,730
TOTAL ASSETS		2,229,707	2,135,383	2,231,318	2,137,027
LIABILITIES AND EQUITY					
Deposits from customers	A18	965,233	993,221	965,233	993,221
Deposits and placements of banks and other financial institutions	A19	540,938	389,994	540,938	389,994
Amounts due to clients and brokers	A20	52,302	51,164	52,302	51,164
Lease liabilities		1,636	-	1,636	-
Other liabilities	A21	31,210	52,356	31,775	52,921
Deferred tax liabilities		1,944	2,164	1,944	2,164
TOTAL LIABILITIES		1,593,263	1,488,899	1,593,828	1,489,464
Share capital		365,962	365,962	365,962	365,962
Reserves		270,482	280,522	271,528	281,601
TOTAL EQUITY		636,444	646,484	637,490	647,563
TOTAL LIABILITIES AND EQUITY		2,229,707	2,135,383	2,231,318	2,137,027
COMMITMENTS AND CONTINGENCIES	A29	306,649	320,776	306,649	320,776

ALLIANCE INVESTMENT BANK BERHAD
(21605-D)

(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Consolidated Statements of Income
for the Financial Period Ended 30 June 2019

	Note	1st Quarter Ended		Three Months Ended	
		30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
GROUP					
Interest income	A22	21,062	17,522	21,062	17,522
Interest expense	A23	(11,844)	(9,282)	(11,844)	(9,282)
Net interest income		9,218	8,240	9,218	8,240
Net income from Islamic banking business	A34	2,024	1,082	2,024	1,082
		11,242	9,322	11,242	9,322
Fee and commission income		9,250	10,140	9,250	10,140
Fee and commission expense		(1,939)	(2,552)	(1,939)	(2,552)
Investment income		430	469	430	469
Other income		356	375	356	375
Other operating income	A24	8,097	8,432	8,097	8,432
Net income		19,339	17,754	19,339	17,754
Other operating expenses	A25	(10,203)	(10,556)	(10,203)	(10,556)
Operating profit before allowance		9,136	7,198	9,136	7,198
Write-back of expected credit losses on loans, advances and financing and other financial assets	A26	821	232	821	232
(Allowance for)/write-back of expected credit losses on financial investments	A27	(24,666)	86	(24,666)	86
Operating (loss)/profit after allowance		(14,709)	7,516	(14,709)	7,516
Share of results in an associate		2	2	2	2
Share of results of joint venture		31	20	31	20
(Loss)/profit before taxation		(14,676)	7,538	(14,676)	7,538
Taxation		3,651	(1,746)	3,651	(1,746)
Net (loss)/profit for the financial period		(11,025)	5,792	(11,025)	5,792
Net (loss)/profit for the financial period attributable to:					
Equity holder of the Bank		(11,025)	5,792	(11,025)	5,792
(Loss)/earnings per share attributable to Equity holder of the Bank:					
- Basic/diluted (sen)	A28	(3.0)	1.6	(3.0)	1.6

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2019.

ALLIANCE INVESTMENT BANK BERHAD
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Condensed Interim Financial Statements
Unaudited Consolidated Statements of Comprehensive Income
for the Financial Period Ended 30 June 2019

	1st Quarter Ended		Three Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
<u>GROUP</u>				
Net (loss)/profit for the financial period	(11,025)	5,792	(11,025)	5,792
Other comprehensive income/(expense):				
Items that may be classified subsequently to profit or loss:				
Revaluation reserve on financial investments at fair value through other comprehensive income ("FVOCI")				
- Net gain/(loss) from change in fair value	14,443	(4,841)	14,443	(4,841)
- Realised gain transferred to statement of income on disposal	(570)	-	(570)	-
- Transfer (to)/from deferred tax	(3,329)	1,162	(3,329)	1,162
- Changes in expected credit losses	(9,479)	(86)	(9,479)	(86)
Other comprehensive income/(expense), net of tax	1,065	(3,765)	1,065	(3,765)
Total comprehensive (expense)/income for the financial period	(9,960)	2,027	(9,960)	2,027
Total comprehensive (expense)/income for the financial period attributable to:				
Equity holder of the Bank	(9,960)	2,027	(9,960)	2,027

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2019.

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Condensed Interim Financial Statements
Unaudited Statements of Income
for the Financial Period Ended 30 June 2019

	Note	1st Quarter Ended		Three Months Ended	
		30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
<u>BANK</u>					
Interest income	A22	21,062	17,522	21,062	17,522
Interest expense	A23	(11,844)	(9,282)	(11,844)	(9,282)
Net interest income		9,218	8,240	9,218	8,240
Net income from Islamic banking business	A34	2,024	1,082	2,024	1,082
		11,242	9,322	11,242	9,322
Fee and commission income		9,250	10,140	9,250	10,140
Fee and commission expense		(1,939)	(2,552)	(1,939)	(2,552)
Investment income		430	469	430	469
Other income		356	374	356	374
Other operating income	A24	8,097	8,431	8,097	8,431
Net income		19,339	17,753	19,339	17,753
Other operating expenses	A25	(10,203)	(10,556)	(10,203)	(10,556)
Operating profit before allowance		9,136	7,197	9,136	7,197
Write-back of expected credit losses on loans, advances and financing and other financial assets	A26	821	232	821	232
(Allowance for)/write-back of expected credit losses on financial investments	A27	(24,666)	86	(24,666)	86
(Loss)/profit before taxation		(14,709)	7,515	(14,709)	7,515
Taxation		3,651	(1,746)	3,651	(1,746)
Net (loss)/profit for the financial period		(11,058)	5,769	(11,058)	5,769
Net (loss)/profit for the financial period attributable to:					
Equity holder of the Bank		(11,058)	5,769	(11,058)	5,769
(Loss)/earnings per share attributable to Equity holder of the Bank:					
- Basic/diluted (sen)	A28	(3.0)	1.6	(3.0)	1.6

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2019.

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Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the Financial Period Ended 30 June 2019

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
<u>BANK</u>	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit for the financial period	(11,058)	5,769	(11,058)	5,769
Other comprehensive income/(expense):				
Items that may be classified subsequently to profit or loss:				
Revaluation reserve on FVOCI				
- Net gain/(loss) from change in fair value	14,443	(4,841)	14,443	(4,841)
- Realised gain transferred to statement of income on disposal	(570)	-	(570)	-
- Transfer (to)/from deferred tax	(3,329)	1,162	(3,329)	1,162
- Changes in expected credit losses	(9,479)	(86)	(9,479)	(86)
Other comprehensive income/(expense), net of tax	1,065	(3,765)	1,065	(3,765)
Total comprehensive (expense)/income for the financial period	(9,993)	2,004	(9,993)	2,004
Total comprehensive (expense)/income for the financial period attributable to:				
Equity holder of the Bank	(9,993)	2,004	(9,993)	2,004

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2019.

ALLIANCE INVESTMENT BANK BERHAD
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Condensed Interim Financial Statements
Unaudited Consolidated Statements of Changes in Equity for the Financial Period Ended 30 June 2019

	← Attributable to Equity holder of the Bank →					Total equity RM'000
	Ordinary shares RM'000	Regulatory reserves RM'000	FVOCI reserves RM'000	Revaluation reserves RM'000	Retained profits RM'000	
GROUP						
At 1 April 2019						
As previously stated	365,962	8,539	21,446	-	250,537	646,484
Effect of adoption of MFRS 16	-	-	-	-	(80)	(80)
As restated	365,962	8,539	21,446	-	250,457	646,404
Net loss after taxation	-	-	-	-	(11,025)	(11,025)
Other comprehensive income	-	-	1,065	-	-	1,065
Total comprehensive income/(expense) for the financial period	-	-	1,065	-	(11,025)	(9,960)
Transfer to regulatory reserves	-	1,096	-	-	(1,096)	-
At 30 June 2019	365,962	9,635	22,511	-	238,336	636,444
At 1 April 2018						
As previously stated	365,962	4,605	-	42,530	222,495	635,592
Effect of adoption of MFRS 9	-	3,773	9,486	(42,530)	50,200	20,929
As restated	365,962	8,378	9,486	-	272,695	656,521
Net profit after taxation	-	-	-	-	5,792	5,792
Other comprehensive expense	-	-	(3,765)	-	-	(3,765)
Total comprehensive (expense)/income for the financial period	-	-	(3,765)	-	5,792	2,027
Transfer to regulatory reserves	-	3,265	-	-	(3,265)	-
Dividends paid	-	-	-	-	(11,060)	(11,060)
At 30 June 2018	365,962	11,643	5,721	-	264,162	647,488

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Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity for the Financial Period Ended 30 June 2019 (Contd.)

	← Non-distributable reserves →				Distributable reserves	Total equity
	Ordinary shares	Regulatory reserves	FVOCI reserves	Revaluation reserves	Retained profits	
<u>BANK</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2019						
As previously stated	365,962	8,539	21,446	-	251,616	647,563
Effect of adoption of MFRS 16	-	-	-	-	(80)	(80)
As restated	365,962	8,539	21,446	-	251,536	647,483
Net loss after taxation	-	-	-	-	(11,058)	(11,058)
Other comprehensive income	-	-	1,065	-	-	1,065
Total comprehensive income/(expense) for the financial period	-	-	1,065	-	(11,058)	(9,993)
Transfer to regulatory reserves	-	1,096	-	-	(1,096)	-
At 30 June 2019	365,962	9,635	22,511	-	239,382	637,490
At 1 April 2018						
As previously stated	365,962	4,605	-	42,530	226,603	639,700
Effect of adoption of MFRS 9	-	3,773	9,486	(42,530)	50,200	20,929
As restated	365,962	8,378	9,486	-	276,803	660,629
Net profit after taxation	-	-	-	-	5,769	5,769
Other comprehensive expense	-	-	(3,765)	-	-	(3,765)
Total comprehensive (expense)/income for the financial period	-	-	(3,765)	-	5,769	2,004
Transfer to regulatory reserves	-	3,265	-	-	(3,265)	-
Dividend paid	-	-	-	-	(11,060)	(11,060)
At 30 June 2018	365,962	11,643	5,721	-	268,247	651,573

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2019.

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Condensed Interim Financial Statements

Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 30 June 2019

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
(Loss)/profit before taxation	(14,676)	7,538	(14,709)	7,515
Adjustments for non-cash items	10,787	(11,294)	10,821	(11,271)
Operating loss before changes in working capital	(3,889)	(3,756)	(3,888)	(3,756)
Changes in working capital	60,987	(18,711)	60,987	(18,038)
Net tax paid	(1,827)	(403)	(1,827)	(403)
Net cash generated from/(used in) operating activities	55,271	(22,870)	55,272	(22,197)
Net cash (used in)/generate from investing activities	(56,239)	29,282	(56,239)	29,282
Net cash used in financing activities	(324)	(10,788)	(324)	(10,788)
Net change in cash and cash equivalents	(1,292)	(4,376)	(1,291)	(3,703)
Cash and cash equivalents at beginning of financial period	36,373	27,983	35,989	26,926
Cash and cash equivalents at end of financial period	35,081	23,607	34,698	23,223
Cash and cash equivalent comprise the following:				
Cash and short-term funds	35,081	23,607	34,698	23,223

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 March 2019.

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Explanatory Notes

PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 and Guidelines on Financial Reporting Issued by Bank Negara Malaysia ("BNM")

A1 Basis of Preparation

The unaudited condensed interim financial statements for the first financial quarter and three months ended 30 June 2019 have been prepared under the historical cost convention.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and IAS 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of Alliance Investment Bank Berhad ("the Bank") and the Group for the financial year ended 31 March 2019. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Bank since the financial year ended 31 March 2019.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2019, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2019:

- MFRS 16 "Leases"
- Amendments to MFRS 9 "Prepayment Features with Negative Compensation"
- Amendments to MFRS 128 "Long-term Interest In Associates and Joint Ventures"
- Annual Improvement to MFRS's 2015-2017 Cycles
 - Amendments to MFRS 3 "Business Combinations"
 - Amendments to MFRS 11 "Joint Arrangements"
 - Amendments to MFRS 112 "Income Taxes"
 - Amendments to MFRS 123 "Borrowing Costs"
- IC interpretation 23 "Uncertainty over Income Tax Treatments"

The adoption the above standards, amendments to published standards and interpretation to existing standards are not anticipated to have any significant impact on the financial statements of the Group and the Bank other than the adoption of MFRS 16 where the impact are shown in Note A33.

The following MFRS have been issued by the MASB and are effective for annual periods commencing on or after 1 April 2020, and have yet to be adopted by the Group and the Bank:

- Amendments to MFRS 3 "Definition of a Business" (effective from 1 January 2020)

The preparation of unaudited condensed interim financial statements in conformity with the Malaysian Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group and the Bank's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

A2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the annual financial statements for the financial year ended 31 March 2019 was not subject to any qualification.

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A3 Seasonality or Cyclicity of Operations

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical fluctuations during the first financial quarter and three months ended 30 June 2019.

A4 Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the first financial quarter and three months ended 30 June 2019.

A5 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect during the first financial quarter and three months ended 30 June 2019.

A6 Issuance and Repayment of Debt and Equity Securities

There were no issuance nor repayment of debt and equity securities during the first financial quarter and three months ended 30 June 2019.

A7 Dividend Paid

No dividend has been paid for the first financial quarter and three months ended 30 June 2019.

A8 Significant Event

There was no significant event for the first financial quarter and three months ended 30 June 2019.

A9 Material Event Subsequent to the End of the Financial Reporting Period

There was no material event subsequent to the end of the financial reporting period that require disclosure or adjustment to the unaudited condensed interim financial statements.

A10 Related Party Transactions

All related party transactions within the Group and the Bank have been entered into in the normal course of business.

A11 Proposed Dividend

No dividend has been proposed or declared for the first financial quarter and three months ended 30 June 2019.

A12 Amounts Due From Clients and Brokers

	GROUP/BANK	
	30 June	31 March
	2019	2019
	RM'000	RM'000
Due from clients	41,374	77,182
Due from brokers	36,962	665
	78,336	77,847
Less: Allowance for expected credit losses	(847)	(839)
	77,489	77,008

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

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

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A12 Amounts Due From Clients and Brokers (Contd.)

The movements in allowance for expected credit losses are as follows:

	GROUP/BANK	
	30 June	31 March
	2019	2019
	RM'000	RM'000
At beginning of financial period/year		
As previously stated	839	840
Effects of adoption of MFRS 9	-	-
As restated	839	840
Allowance made/(write-back) during the financial period/year	8	(1)
At end of financial period/year	847	839

As at 30 June 2019, the Group's and the Bank's gross exposure of amounts due from clients and brokers that are credit impaired was at RM1,184,000 (31 March 2019: RM1,186,000).

A13 Financial Assets at Fair Value Through Profit or Loss ("FVTPL")

	GROUP/BANK	
	30 June	31 March
	2019	2019
	RM'000	RM'000
At fair value		
<u>Unquoted securities:</u>		
Shares	60,784	60,784
Total financial assets at FVTPL	60,784	60,784

A14 Financial Investments at Fair Value Through Other Comprehensive Income ("FVOCI")

	GROUP/BANK	
	30 June	31 March
	2019	2019
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Malaysian Government securities	256,449	223,009
Malaysian Government investment issues	290,995	289,667
Negotiable instruments of deposits	-	10,947
Commercial papers	39,110	38,683
	586,554	562,306
<u>Unquoted securities in Malaysia:</u>		
Corporate bonds and sukuk	860,550	805,609
	860,550	805,609
Total financial investments at FVOCI	1,447,104	1,367,915

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A14 Financial Investments at Fair Value Through Other Comprehensive Income ("FVOCI") (Contd.)

Movements in allowances for expected credit losses are as follows:

	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit impaired (Stage 2) RM'000	Lifetime ECL Credit impaired (Stage 3) RM'000	Total RM'000
GROUP/BANK				
At 1 April 2019	248	116	9,410	9,774
Changes due to change in credit risk	(66)	(3)	-	(69)
Total write-back from income statement	(66)	(3)	-	(69)
Write-off	-	-	(9,410)	(9,410)
At 30 June 2019	182	113	-	295
At 1 April 2018				
As previously stated	-	-	-	-
Effects of adoption of MFRS 9	34	233	9,410	9,677
As restated	34	233	9,410	9,677
New financial assets originated or purchased	228	-	-	228
Financial assets derecognised other than write-off	(5)	-	-	(5)
Changes due to change in credit risk	(9)	(117)	-	(126)
Total charge to/(write-back from) income statement	214	(117)	-	97
At 31 March 2019	248	116	9,410	9,774

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

	30 June 2019 RM'000	31 March 2019 RM'000
GROUP/BANK		
At beginning of the period/year		
As previously stated	9,410	-
Effects of adoption of MFRS 9	-	9,410
As restated	9,410	9,410
Write-off during the financial period/year	(9,410)	-
At end of the period/year	-	9,410

A15 Financial Investments at Amortised Cost

	GROUP/BANK	
	30 June 2019 RM'000	31 March 2019 RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government securities	20,106	20,343
Commercial Paper	-	3,805
	20,106	24,148
<u>Unquoted securities:</u>		
Corporate bonds and sukuk	42,307	42,581
Less: Allowance for expected credit losses	(37,899)	(13,169)
	4,408	29,412
Total financial investments at amortised cost	24,514	53,560

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A15 Financial Investments at Amortised Cost (Contd.)

Movements in allowance for expected credit losses are as follows:

	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit impaired (Stage 2) RM'000	Lifetime ECL Credit impaired (Stage 3) RM'000	Total RM'000
GROUP/BANK				
At 1 April 2019	-	270	12,899	13,169
Transfer to Stage 3	-	(826)	25,000	24,174
Financial assets derecognised other than write-off	(3)	-	-	(3)
Changes due to change in credit risk	3	556	-	559
Total (write-back from)/charge to income statement	-	(270)	25,000	24,730
At 30 June 2019	-	-	37,899	37,899
At 1 April 2018				
As previously stated	-	-	-	-
Effects of adoption of MFRS 9	-	-	12,899	12,899
As restated	-	-	12,899	12,899
New financial assets originated or purchased	-	270	-	270
At 31 March 2019	-	270	12,899	13,169

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

	30 June 2019 RM'000	31 March 2019 RM'000
GROUP/BANK		
At beginning of the period/year		
As previously stated	17,271	-
Effects of adoption of MFRS 9	-	17,271
As restated	17,271	17,271
Impaired during the financial period/year	25,000	-
At end of the period/year	42,271	17,271

A16 Loans, Advances and Financing

	GROUP/BANK	
	30 June 2019 RM'000	31 March 2019 RM'000
Term loans/financing	230,537	191,771
- Syndicated term loans	140,495	142,049
- Other term loans	90,042	49,722
Staff loans (Directors loan: RM Nil)	147	207
Revolving credits	7,952	5,007
Share margin financing	250,201	253,433
Gross loans, advances and financing	488,837	450,418
Less: Allowance for expected credit losses on loans, advances and financing	(863)	(1,064)
Total net loans, advances and financing	487,974	449,354

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A16 Loans, Advances and Financing (Contd.)

(i) By maturity structure:

	GROUP/BANK	
	30 June	31 March
	2019	2019
	RM'000	RM'000
Within one year	258,630	258,884
One year to three years	41,465	6
Three years to five years	88,716	90,640
Over five years	100,026	100,888
Gross loans, advances and financing	488,837	450,418

(ii) By type of customer:

	GROUP/BANK	
	30 June	31 March
	2019	2019
	RM'000	RM'000
Domestic business enterprises		
- Small and medium enterprises	105,200	60,814
- Others	183,071	186,454
Individuals	197,805	200,383
Other domestic entities	2,735	2,737
Foreign entities	26	30
Gross loans, advances and financing	488,837	450,418

(iii) By interest/profit rate sensitivity:

	GROUP/BANK	
	30 June	31 March
	2019	2019
	RM'000	RM'000
Fixed rate loans/financing	3,059	3,651
Variable rate		
- Base lending rate plus	35,619	35,839
- Base rate plus	212,018	214,449
- Cost plus	238,141	196,479
Gross loans, advances and financing	488,837	450,418

(iv) By economic purposes:

	GROUP/BANK	
	30 June	31 March
	2019	2019
	RM'000	RM'000
Purchase of securities	250,201	253,433
Purchase of transport vehicles	2	2
Purchase of landed property	45,992	45,947
of which: - Residential	881	811
- Non-residential	45,111	45,136
Working capital	48,910	46,619
Others	143,732	104,417
Gross loans, advances and financing	488,837	450,418

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A16 Loans, Advances and Financing (Contd.)

(v) By geographical distribution:

	GROUP/BANK	
	30 June	31 March
	2019	2019
	RM'000	RM'000
Northern region	43,079	46,993
Central region	417,411	373,004
Southern region	28,347	30,421
Gross loans, advances and financing	<u>488,837</u>	<u>450,418</u>

(vi) Movements in credit impaired loans, advances and financing ('impaired loans') under stage 3:

	GROUP/BANK	
	30 June	31 March
	2019	2019
	RM'000	RM'000
At beginning of financial period/year		
As previously stated	553	2,641
Effect of adoption of MFRS 9	-	(1,556)
As restated	<u>553</u>	1,085
Impaired during the financial period/year	121	81
Recovered during the financial period/year	-	(516)
Reclassified as unimpaired during the financial period/year	(102)	(83)
Financial assets derecognised other than write-off during the financial period/year	-	(6)
Amount written-off	-	(8)
At end of financial period/year	<u>572</u>	<u>553</u>
Gross impaired loans as % of gross loans, advances and financing	<u>0.1%</u>	<u>0.1%</u>

(vii) Credit impaired loans analysed by economic purposes are as follows:

	GROUP/BANK	
	30 June	31 March
	2019	2019
	RM'000	RM'000
Purchase of transport vehicle	2	2
Purchase of landed properties	447	428
of which: - Residential	<u>447</u>	<u>428</u>
Others	123	123
Gross impaired loans	<u>572</u>	<u>553</u>

(viii) Credit impaired loans by geographical distribution:

	GROUP/BANK	
	30 June	31 March
	2019	2019
	RM'000	RM'000
Central region	572	553
Gross impaired loans	<u>572</u>	<u>553</u>

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A16 Loans, Advances and Financing (Contd.)

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

	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit impaired (Stage 2) RM'000	Lifetime ECL Credit impaired (Stage 3) RM'000	Total RM'000
<u>GROUP/BANK</u>				
At 1 April 2019	512	-	552	1,064
Transfer to Stage 2	-	-	(103)	(103)
New financial assets originated or purchased	96	-	-	96
Changes due to change in credit risk	(227)	-	33	(194)
Total write-back from income statement	(131)	-	(70)	(201)
At 30 June 2019	381	-	482	863
At 1 April 2018				
As previously stated under MFRS 139				840
Effects of adoption of MFRS 9				874
As restated	619	11	1,084	1,714
Transfer to Stage 1	-	(1)	-	(1)
Transfer to Stage 2	-	1	(2)	(1)
Transfer to Stage 3	-	(1)	-	(1)
New financial assets originated or purchased	558	-	-	558
Financial assets derecognised other than write-off	(218)	-	(6)	(224)
Changes due to change in credit risk	(447)	(10)	(516)	(973)
Total write-back from income statement	(107)	(11)	(524)	(642)
Write-off	-	-	(8)	(8)
At 31 March 2019	512	-	552	1,064

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A17 Other Assets

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
Other receivables, deposits and prepayments	11,126	10,828	11,000	10,702
Amount due from related company	-	277	-	277
Less : Allowance for expected credit losses on other receivable [Note (a)]	(2,007)	(2,097)	(2,007)	(2,097)
	<u>9,119</u>	<u>9,008</u>	<u>8,993</u>	<u>8,882</u>

Note:

(a) Movements in the allowance for expected credit losses on other receivables are as follows:

<u>GROUP/BANK</u>	Lifetime ECL		<u>Total</u> RM'000
	12 months ECL (Stage 1) RM'000	Credit impaired (Stage 3) RM'000	
At 1 April 2019	-	2,097	2,097
New financial assets originated or purchased	5	-	5
Financial assets derecognised other than write-off	(1)	(100)	(101)
Changes due to change in credit risk	3	3	6
Total charge to/(write-back from) income statement	7	(97)	(90)
At 30 June 2019	7	2,000	2,007
At 1 April 2018			
As previously stated	-	1,993	1,993
Effects of adoption of MFRS 9	-	-	-
As restated	-	1,993	1,993
New financial assets originated or purchased	-	1,174	1,174
Financial assets derecognised other than write-off	-	(1,381)	(1,381)
Changes due to change in credit risk	-	311	311
Total charge to income statement	-	104	104
At 31 March 2019	-	2,097	2,097

During the financial period/year, there were no expected credit losses under Stage 2.

As at 30 June 2019, the Group's and the Bank's gross exposure of other receivables that are credit impaired was at RM2,000,000 (31 March 2019: RM2,097,000).

A18 Deposits from Customers

	<u>GROUP/BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000
Fixed deposits	390,321	438,313
Money market deposits	574,912	554,908
	<u>965,233</u>	<u>993,221</u>

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A18 Deposits from Customers (Contd.)

(i) The maturity structure of fixed deposits and money market deposits are as follows:

	GROUP/BANK	
	30 June	31 March
	2019	2019
	RM'000	RM'000
Due within six months	965,233	993,221

(ii) The deposits are sourced from the following types of customers:

	GROUP/BANK	
	30 June	31 March
	2019	2019
	RM'000	RM'000
Business enterprises	466,700	367,945
Domestic non-bank financial institutions	498,533	625,276
	965,233	993,221

A19 Deposits and Placements of Banks and Other Financial Institutions

	GROUP/BANK	
	30 June	31 March
	2019	2019
	RM'000	RM'000
Licensed banks	340,802	359,943
Licensed investment banks	150,046	30,051
Other financial institutions	50,090	-
	540,938	389,994

A20 Amounts Due To Clients And Brokers

	GROUP/BANK	
	30 June	31 March
	2019	2019
	RM'000	RM'000
Due to clients	52,302	51,164

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

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

Following the issuance of FRSIC Consensus 18, the Group and the Bank no longer recognises trust monies balances in the statement of financial position, as the Group and the Bank do not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies. The trust monies maintained by the Group and the Bank amounting to RM48,997,000 (31 March 2019: RM56,655,000) have been excluded accordingly.

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A21 Other Liabilities

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
Other payables	21,350	39,676	21,940	40,265
Provision and accruals	3,761	6,125	3,736	6,101
Remisier's accounts	5,684	6,122	5,684	6,122
Amount due to joint venture	134	160	134	160
Amount due to holding company	257	249	257	249
Allowance for expected credit losses on commitment and contingencies	24	24	24	24
	31,210	52,356	31,775	52,921

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

	12 months ECL (Stage 1) RM'000
<u>GROUP/BANK</u>	
At 1 April 2019	24
New financial assets originated or purchased	27
Changes due to change in credit risk	(27)
Total write-back from income statement	-
At 30 June 2019	24
At 1 April 2018	
As previously stated	-
Effects of adoption of MFRS 9	248
As restated	248
New financial assets originated or purchased	16
Financial assets derecognised other than write-off	(220)
Changes due to change in credit risk	(20)
Total write-back from income statement	(224)
At 31 March 2019	24

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A22 Interest Income

	1st Quarter Ended		Three Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
GROUP				
Loans, advances and financing	7,194	6,674	7,194	6,674
Money at call and deposit placements with financial institutions	46	60	46	60
Financial investments at FVOCI	12,956	9,375	12,956	9,375
Financial investments at amortised cost	368	997	368	997
	20,564	17,106	20,564	17,106
Accretion of discount less amortisation of premium	498	416	498	416
	21,062	17,522	21,062	17,522

	1st Quarter Ended		Three Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
BANK				
Loans, advances and financing	7,194	6,674	7,194	6,674
Money at call and deposit placements with financial institutions	46	60	46	60
Financial investments at FVOCI	12,956	9,375	12,956	9,375
Financial investments at amortised cost	368	997	368	997
	20,564	17,106	20,564	17,106
Accretion of discount less amortisation of premium	498	416	498	416
	21,062	17,522	21,062	17,522

A23 Interest Expense

	1st Quarter Ended		Three Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
GROUP				
Deposits and placements of banks and other financial institutions	3,902	4,302	3,902	4,302
Deposits from customers	7,942	4,980	7,942	4,980
	11,844	9,282	11,844	9,282

	1st Quarter Ended		Three Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
BANK				
Deposits and placements of banks and other financial institutions	3,902	4,302	3,902	4,302
Deposits from customers	7,942	4,980	7,942	4,980
	11,844	9,282	11,844	9,282

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A24 Other Operating Income

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
GROUP				
(a) Fee and commission income:				
Brokerage fees	6,258	8,285	6,258	8,285
Corporate advisory fees	1,035	787	1,035	787
Guarantee fees	7	-	7	-
Processing fees	83	105	83	105
Arrangement and related fees	432	881	432	881
Service charges	91	82	91	82
Underwriting commissions and placement fees	1,344	-	1,344	-
	9,250	10,140	9,250	10,140
(b) Fee and commission expense:				
Brokerage fees expense	(1,939)	(2,552)	(1,939)	(2,552)
(c) Investment income:				
Gain/(loss) arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	-	1	-	1
- Financial investments at fair value through other comprehensive income	-	(1)	-	(1)
Unrealised gain from revaluation of:				
- Financial assets at fair value through profit or loss	-	109	-	109
Gross dividend income from:				
- Financial assets at fair value through profit or loss	430	360	430	360
	430	469	430	469
(d) Other income:				
Foreign exchange gain	102	152	102	152
Other non-operating income	254	223	254	223
	356	375	356	375
Total other operating income	8,097	8,432	8,097	8,432

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A24 Other Operating Income (Contd.)

	1st Quarter Ended		Three Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
<u>BANK</u>				
(a) <u>Fee and commission income:</u>				
Brokerage fees	6,258	8,285	6,258	8,285
Corporate advisory fees	1,035	787	1,035	787
Guarantee fees	7	-	7	-
Processing fees	83	105	83	105
Arrangement and related fees	432	881	432	881
Service charges	91	82	91	82
Underwriting commissions and placement fees	1,344	-	1,344	-
	9,250	10,140	9,250	10,140
(b) <u>Fee and commission expense:</u>				
Brokerage fees expense	(1,939)	(2,552)	(1,939)	(2,552)
(c) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	-	1	-	1
- Financial investments at fair value through other comprehensive income	-	(1)	-	(1)
Unrealised gain from revaluation of:				
- Financial assets at fair value through profit or loss	-	109	-	109
Gross dividend income from:				
- Financial assets at fair value through profit or loss	430	360	430	360
	430	469	430	469
(d) <u>Other income:</u>				
Foreign exchange gain	102	152	102	152
Other non-operating income	254	222	254	222
	356	374	356	374
Total other operating income	8,097	8,431	8,097	8,431

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A25 Other Operating Expenses

	1st Quarter Ended		Three Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
GROUP				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	4,824	5,550	4,824	5,550
- Contribution to EPF	782	799	782	799
- Others	1,128	423	1,128	423
	6,734	6,772	6,734	6,772
<u>Establishment costs</u>				
- Depreciation of property, plant and equipment	94	151	94	151
- Depreciation of right-of-use assets	283	-	283	-
- Amortisation of computer software	294	128	294	128
- Rental	129	360	129	360
- Water and electricity	80	98	80	98
- Repairs & maintenance	36	101	36	101
- Information technology expenses	943	1,102	943	1,102
- Others	353	253	353	253
	2,212	2,193	2,212	2,193
<u>Marketing expenses</u>				
- Advertisement and publicity	79	163	79	163
- Research cost	416	460	416	460
- Others	76	89	76	89
	571	712	571	712
<u>Administration and general expenses</u>				
- Communication expenses	102	103	102	103
- Printing and stationeries	12	15	12	15
- Professional fees	328	302	328	302
- Others	244	459	244	459
	686	879	686	879
Total other operating expenses	10,203	10,556	10,203	10,556

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A25 Other Operating Expenses (Contd.)

	1st Quarter Ended		Three Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
<u>BANK</u>				
<u>Personnel costs</u>				
- Salaries, allowances and bonuses	4,824	5,550	4,824	5,550
- Contribution to EPF	782	799	782	799
- Others	1,128	423	1,128	423
	6,734	6,772	6,734	6,772
<u>Establishment costs</u>				
- Depreciation of property, plant and equipment	94	151	94	151
- Depreciation of right-of-use assets	283	-	283	-
- Amortisation of computer software	294	128	294	128
- Rental	129	360	129	360
- Water and electricity	80	98	80	98
- Repairs & maintenance	36	101	36	101
- Information technology expenses	943	1,102	943	1,102
- Others	353	253	353	253
	2,212	2,193	2,212	2,193
<u>Marketing expenses</u>				
- Advertisement and publicity	79	163	79	163
- Research cost	416	460	416	460
- Others	76	89	76	89
	571	712	571	712
<u>Administration and general expenses</u>				
- Communication expenses	102	103	102	103
- Printing and stationeries	12	15	12	15
- Professional fees	328	302	328	302
- Others	244	459	244	459
	686	879	686	879
Total other operating expenses	10,203	10,556	10,203	10,556

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A26 Write-back of Expected Credit Losses on Loans, Advances and Financing and Other Financial Assets

	1st Quarter Ended		Three Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
GROUP				
(Write-back of)/allowance for expected credit losses on:				
(a) Loan, advances and financing				
- Write-back during the financial period	(201)	(353)	(201)	(353)
(b) Credit impaired loans, advances and financing				
- Recovered during the financial period	(533)	(24)	(533)	(24)
(c) Commitment and contingencies on loans, advances and financing				
- (Write-back)/allowance made during the financial period	(5)	11	(5)	11
	<u>(739)</u>	<u>(366)</u>	<u>(739)</u>	<u>(366)</u>
(Write-back of)/allowance for expected credit losses on:				
(a) Other receivables	(90)	127	(90)	127
(b) Amounts due from clients and brokers	8	7	8	7
	<u>(821)</u>	<u>(232)</u>	<u>(821)</u>	<u>(232)</u>
BANK				
(Write-back of)/allowance for expected credit losses on:				
(a) Loan, advances and financing				
- Write-back during the financial period	(201)	(353)	(201)	(353)
(b) Credit impaired loans, advances and financing				
- Recovered during the financial period	(533)	(24)	(533)	(24)
(c) Commitment and contingencies on loans, advances and financing				
- (Write-back)/allowance made during the financial period	(5)	11	(5)	11
	<u>(739)</u>	<u>(366)</u>	<u>(739)</u>	<u>(366)</u>
(Write-back of)/allowance for expected credit losses on:				
(a) Other receivables	(90)	127	(90)	127
(b) Amounts due from clients and brokers	8	7	8	7
	<u>(821)</u>	<u>(232)</u>	<u>(821)</u>	<u>(232)</u>

A27 Allowance for/(Write-back of) Expected Credit Losses on Financial Investments

	1st Quarter Ended		Three Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
GROUP				
(a) Financial investments at fair value through other comprehensive income				
- Write-back during the financial period	(69)	(86)	(69)	(86)
(b) Financial investments at amortised cost				
- Allowance made during the financial period	24,730	-	24,730	-
- Commitment and contingencies	5	-	5	-
	<u>24,666</u>	<u>(86)</u>	<u>24,666</u>	<u>(86)</u>
BANK				
(a) Financial investments at fair value through other comprehensive income				
- Write-back during the financial period	(69)	(86)	(69)	(86)
(b) Financial investments at amortised cost				
- Allowance made during the financial period	24,730	-	24,730	-
- Commitment and contingencies	5	-	5	-
	<u>24,666</u>	<u>(86)</u>	<u>24,666</u>	<u>(86)</u>

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A28 Earnings Per Share

Basic/Diluted

Basic/diluted (loss)/earnings per share is calculated by dividing (loss)/profit for the financial period attributable to Equity holder of the Group and the Bank by the weighted average number of ordinary shares in issue during the financial period.

	1st Quarter Ended		Three Months Ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
GROUP				
Net (loss)/profit attributable to Equity holder of the Bank (RM'000)	(11,025)	5,792	(11,025)	5,792
Weighted average numbers of ordinary shares in issued ('000)	365,000	365,000	365,000	365,000
Basic/diluted (loss)/earnings per share (sen)	(3.0)	1.6	(3.0)	1.6
BANK				
Net (loss)/profit attributable to Equity holder of the Bank (RM'000)	(11,058)	5,769	(11,058)	5,769
Weighted average numbers of ordinary shares in issued ('000)	365,000	365,000	365,000	365,000
Basic/diluted (loss)/earnings per share (sen)	(3.0)	1.6	(3.0)	1.6

A29 Commitments and Contingencies

In the normal course of business, the Group and the Bank makes various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

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

	GROUP/BANK	
	30 June 2019 RM'000	31 March 2019 RM'000
GROUP/BANK		
Commitment and Contingencies		
Transaction-related contingent items	1,575	1,575
Forward asset purchases	-	25,000
Obligations under an on-going underwriting agreement	50,000	46,154
Irrevocable commitments to extend credit:		
- maturity not exceeding one year	251,370	248,047
- maturity exceeding one year	3,704	-
Total	306,649	320,776

A30 Capital Adequacy

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

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A30 Capital Adequacy (Contd.)

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

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019	31 March 2019	30 June 2019	31 March 2019
<u>Before deducting proposed dividends</u>				
CET 1 capital ratio	82.123%	78.128%	82.212%	78.200%
Tier 1 capital ratio	82.123%	78.128%	82.212%	78.200%
Total capital ratio	83.109%	79.121%	83.201%	79.196%
<u>After deducting proposed dividends</u>				
CET 1 capital ratio	82.123%	78.128%	82.212%	78.200%
Tier 1 capital ratio	82.123%	78.128%	82.212%	78.200%
Total capital ratio	83.109%	79.121%	83.201%	79.196%

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

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
<u>CET I Capital</u>				
Paid-up share capital	365,962	365,962	365,962	365,962
Retained profits	238,336	250,537	239,382	251,616
FVOCI reserves	22,216	11,672	22,216	11,672
Regulatory reserves	9,635	8,539	9,635	8,539
	636,149	636,710	637,195	637,789
Less: Regulatory adjustments				
- Goodwill and other intangibles	(33,415)	(33,639)	(36,504)	(36,730)
- 55% of FVOCI reserve	(12,219)	(6,420)	(12,219)	(6,420)
- Investment in subsidiaries, associate and joint venture	(1,115)	(1,082)	(624)	(624)
- Regulatory reserves	(9,635)	(8,539)	(9,635)	(8,539)
- Additional Tier 1 Sukuk Wakalah	(70,000)	(100,000)	(70,000)	(100,000)
Total CET I Capital / Total Tier I Capital	509,765	487,030	508,213	485,476
<u>Tier II Capital</u>				
Expected credit losses and regulatory reserves	6,119	6,188	6,114	6,183
Total Tier II Capital	6,119	6,188	6,114	6,183
Total Capital	515,884	493,218	514,327	491,659

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

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000	30 June 2019 RM'000	31 March 2019 RM'000
Credit risk	489,514	495,078	489,101	494,665
Operational risk	131,220	128,294	129,073	126,149
Total RWA and capital requirements	620,734	623,372	618,174	620,814

A31 Fair Value Measurements

(a) Determination of fair value and fair value hierarchy

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

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

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

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

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

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. This includes listed equities and corporate debt securities which are actively traded.

(ii) Financial instruments in Level 2

Where fair value is determined using quoted prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Bank then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include government securities, corporate private debt securities and corporate notes.

(iii) Financial instruments in Level 3

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

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

A31 Fair Value Measurements (Contd.)

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

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>GROUP/BANK</u>				
30 June 2019				
Financial Assets				
Financial assets at fair value through profit or loss				
- Unquoted securities	-	-	60,784	60,784
Financial investments at fair value through other comprehensive income				
- Money market instruments	-	586,554	-	586,554
- Unquoted securities	-	860,550	-	860,550

<u>GROUP/BANK</u>				
31 March 2019				
Financial Assets				
Financial assets at fair value through profit or loss				
- Unquoted securities	-	-	60,784	60,784
Financial investments at fair value through other comprehensive income				
- Money market instrument	-	562,306	-	562,306
- Unquoted securities	-	805,609	-	805,609

There were no transfers between levels 1 and 2 of the fair value hierarchy for the Group and the Bank during the financial period/year ended 30 June 2019 and 31 March 2019.

Reconciliation of movements in Level 3 financial instruments:

	<u>GROUP/BANK</u>	
	30 June	31 March
	2019	2019
	RM'000	RM'000
At beginning of financial period/year	60,784	57,212
- Statement of income		
(i) Unrealised gain from revaluation	-	3,572
At end of financial period/year	60,784	60,784

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

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A32 Offsetting Financial Assets And Financial Liabilities

In accordance with MFRS 132 Financial Instruments: Presentation, the Group and the Bank reports financial assets and financial liabilities on a net basis on the statement of financial position, only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangements on:

- (i) all financial assets and liabilities that are reported net on the statement of financial position; and
- (ii) all financial assets and liabilities that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for statement of financial position netting.

(a) Financial assets

	Gross amounts of recognised financial assets RM'000	Gross amounts of recognised financial liabilities set off in the statement of financial position RM'000	Net amounts of financial assets presented in the statement of financial position RM'000
<u>GROUP/BANK</u>			
30 June 2019			
Amounts due from clients and brokers	103,408	(25,919)	77,489
Total	103,408	(25,919)	77,489
31 March 2019			
Amounts due from clients and brokers	144,882	(67,874)	77,008
Total	144,882	(67,874)	77,008

(b) Financial liabilities

	Gross amounts of recognised financial liabilities RM'000	Gross amounts of recognised financial assets set off in the statement of financial position RM'000	Net amounts of financial liabilities presented in the statement of financial position RM'000
<u>GROUP/BANK</u>			
30 June 2019			
Amounts due to clients and brokers	78,221	(25,919)	52,302
Total	78,221	(25,919)	52,302
31 March 2019			
Amounts due to clients and brokers	119,038	(67,874)	51,164
Total	119,038	(67,874)	51,164

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A33 Changes in Accounting Policy

The Group and the Bank have adopted MFRS 16 "Leases" issued by MASB with its mandatory adoption date of 1 April 2019.

MFRS 16 supersedes MFRS 117 "Leases" and the related interpretations. As permitted by MFRS 16, the Group and the Bank have adopted the simplified retrospective approach and will not restate comparative amounts for the year prior to first adoption.

The Group and the Bank recognised lease liabilities in relation to leases which had previously been classified as operating leases under MFRS 117 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted by the Group's and the Bank's borrowing rate (5.34% - 5.55%) as at 1 April 2019.

Right-of-use assets will be measured on transition as if the new rules had always been applied.

The adoption of MFRS 16 has resulted in a decreased of RM80,000 in the Group's and the Bank's retained profits as at 1 April 2019.

The financial impacts are as follows:

Statement of Financial Position as at 31 March 2019

	As previously stated RM'000	Adoption of MFRS 16 RM'000	As restated RM'000
<u>GROUP</u>			
Asset			
Right-of-use assets	-	1,837	1,837
Liabilities			
Lease liabilities	-	1,917	1,917
Equity			
Retained profits	250,537	(80)	250,457
<u>BANK</u>			
Assets			
Right-of-use assets	-	1,837	1,837
Liabilities			
Lease liabilities	-	1,917	1,917
Equity			
Retained profits	251,616	(80)	251,536

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A34 Islamic Banking Business

A34a Unaudited Statements of Financial Position as at 30 June 2019

		GROUP/BANK	
		30 June	31 March
		2019	2019
Note		RM'000	RM'000
ASSETS			
	Cash and short-term funds	16,452	27
	Financial investments at fair value through other comprehensive income	98,175	110,995
A34d	Other assets	4,768	4,756
	Deferred tax	-	1
	Total Assets	<u>119,395</u>	<u>115,779</u>
LIABILITIES AND ISLAMIC BANKING FUNDS			
	Provision for taxation	2,742	2,294
	Deferred tax liabilities	381	-
	Total Liabilities	<u>3,123</u>	<u>2,294</u>
	Islamic Banking Funds	56,000	56,000
	Reserves	60,272	57,485
	Total Islamic Banking Funds	<u>116,272</u>	<u>113,485</u>
	TOTAL LIABILITES AND ISLAMIC BANKING FUNDS	<u>119,395</u>	<u>115,779</u>

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A34 Islamic Banking Business (Contd.)

A34b Unaudited Consolidated Statements of Comprehensive Income for the Financial Period Ended 30 June 2019

	1st Quarter Ended		Three Months Ended	
	30 June 2019 RM'000	30 June 2018 RM'000	30 June 2019 RM'000	30 June 2018 RM'000
GROUP/BANK				
Income derived from investment of Islamic Banking Funds	2,028	1,082	2,028	1,082
Total distributable income	2,028	1,082	2,028	1,082
Income attributable to the depositors and financial institutions	(4)	-	(4)	-
Total net income	2,024	1,082	2,024	1,082
Allowance for expected credit losses on financial investments	(156)	-	(156)	-
Profit before taxation	1,868	1,082	1,868	1,082
Taxation	(448)	(260)	(448)	(260)
Net profit after taxation	1,420	822	1,420	822
Other comprehensive income/(expense):				
Items that may be classified subsequently to profit or loss:				
Revaluation reserve on financial investments at FVOCI				
- Net gain/(loss) from change in fair value	2,163	(463)	2,163	(463)
- Realised gain transferred to statement of income on disposal	(570)	-	(570)	-
- Transfer (to)/from deferred tax	(382)	112	(382)	112
- Changes in expected credit losses	156	-	156	-
Other comprehensive income/(expense), net of tax	1,367	(351)	1,367	(351)
Total comprehensive income for the financial period	2,787	471	2,787	471

Net income from Islamic banking business stated in the consolidated statement of comprehensive income is derived from:

Income derived from investment of Islamic Banking Funds	2,028	1,082	2,028	1,082
Income attributable to depositors and financial institutions	(4)	-	(4)	-
	2,024	1,082	2,024	1,082

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A34 Islamic Banking Business (Contd.)

A34c Unaudited Statement of Changes in Equity for the Financial Period Ended 30 June 2019

	Funds allocated from Head Office (HO) RM'000	Non-distributable reserves FVOCI reserves RM'000	Distributable reserves Retained profits RM'000	Total equity RM'000
<u>GROUP/BANK</u>				
At 1 April 2019	56,000	(4)	57,489	113,485
Net profit after taxation	-	-	1,420	1,420
Other comprehensive income	-	1,367	-	1,367
Total comprehensive income for the financial period	-	1,367	1,420	2,787
At 30 June 2019	56,000	1,363	58,909	116,272
At 1 April 2018	56,000	(488)	55,297	110,809
Net profit after taxation	-	-	822	822
Other comprehensive expense	-	(351)	-	(351)
Total comprehensive (expense)/income for the financial period	-	(351)	822	471
At 30 June 2018	56,000	(839)	56,119	111,280

A34d Financial Investments at Fair Value Through Other Comprehensive Income ("FVOCI")

	<u>GROUP/BANK</u>	
	30 June 2019 RM'000	31 March 2019 RM'000
At fair value		
<u>Money market instruments:</u>		
Negotiable instruments of deposits	-	10,947
	-	10,947
<u>Unquoted securities:</u>		
Sukuk	98,175	100,048
	98,175	100,048
Total financial investments at FVOCI	98,175	110,995

Movements in allowance for expected credit losses are as follows:

	12 months ECL (Stage 1) RM'000
<u>GROUP/BANK</u>	
At 1 April 2019	-
Other adjustments	156
Total charge to income statement	156
At 30 June 2019	156

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A34 Islamic Banking Business (Contd.)

A34e Capital Adequacy

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

The capital adequacy ratios of the islamic banking business are as follows:

	GROUP/BANK	
	30 June 2019	31 March 2019
<u>Before deducting proposed dividends</u>		
CET 1 capital ratio	194.009%	90.655%
Tier 1 capital ratio	194.009%	90.655%
Total capital ratio	194.696%	90.655%
<u>After deducting proposed dividends</u>		
CET 1 capital ratio	194.009%	90.655%
Tier 1 capital ratio	194.009%	90.655%
Total capital ratio	194.696%	90.655%

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

	GROUP/BANK	
	30 June 2019 RM'000	31 March 2019 RM'000
<u>CET I Capital</u>		
Funds allocated from Head Office	56,000	56,000
Retained profits	57,489	57,489
FVOCI reserves	1,207	(4)
	114,696	113,485
Less: Regulatory adjustments		
- 55% of FVOCI reserve	(664)	-
- Deferred tax assets	-	(1)
- Additional Tier 1 Sukuk Wakalah	(70,000)	(100,000)
Total CET I Capital / Total Tier I Capital	44,032	13,484
<u>Tier II Capital</u>		
Expected credit losses	156	-
Total Capital Base	44,188	13,484

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

	GROUP/BANK	
	30 June 2019 RM'000	31 March 2019 RM'000
Credit risk	14,439	6,970
Operational risk	8,257	7,904
Total RWA and capital requirements	22,696	14,874

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PART B – Review of Performance & Current Year Prospect

B1 Review of Performance

Profitability:

For the first quarter ended 30 June 2019 (“1QFY20”), the Bank reported Net Loss After Taxation was RM11.0 million. The decline of RM16.8 million year-on-year (“YOY”) was mainly due to expected credit losses stemming from the impairment of a few large accounts.

Despite the Overnight Policy Rate (“OPR”) cut in May 2019, net income grew by RM1.6 million or 8.9% to RM19.3 million. This was driven by net interest income growth of RM1.8 million or 19.6% YOY from the loan expansion. Net interest margin (“NIM”) decreased by 16 bps YOY to 2.1%.

Better Loans Growth:

Gross loans and advances grew 16.5% y-o-y to RM489 million, mainly driven by Corporate loans expanded 59.5% or RM88.7 million y-o-y to RM238 million.

Other Operating Income:

The Bank recorded other operating income of RM8.1 million, lower of RM0.3 million mainly due to lower brokerage fees. Overall market share shrank 0.46% mainly from Institutional client.

Lower Operating Expenses:

Cost to income ratio (“CIR”) improved to 52.8%, a reduction of 6.7% from a year ago. Lower operating expenses by RM0.4 million or 3.3% y-o-y was mainly due to the lower administration expenses.

Asset Quality:

The increase in credit cost was mainly due to expected credit losses of a few large accounts.

Proactive Capital Management:

The Bank continue to maintain our strong capital levels, with Tier-1 Capital ratio and Common Equity Tier-1 (“CET 1”) ratio both at 82.1% and total capital ratio at 83.1%.

B2 Current Year Prospect

Given the global and domestic economic uncertainties and sentiment, we expect the stockbroking business to remain subdued. Nevertheless, we continue to strengthen our stockbroking business through:

- a) Streamlining to improve productivity and cost efficiencies;
- b) Enhancing our digital retail stockbroking offerings to improve product offering (e.g. trading and settlement of foreign equities in foreign currencies); and
- c) Enhancing customer experience and engagement including new account acquisition via digital channels and seamless straight through digital on boarding and account activation.

In 2019, Bank Negara Malaysia projected that the Malaysian Gross Domestic Product (GDP) growth will expand at a steady pace between 4.3% and 4.8% year-on-year, from 4.7% in 2018, as the slowdown in global growth persist, while declining global trade activity to provide negative spillover effect on Malaysia’s domestic activity.

Private sector spending will remain the key driver of growth, underpinned by steady private consumption which will likely be supported by steady labour market conditions, while private investment is expected to be backed supported by ongoing and new capital spending in the manufacturing and services sectors, as well as the repayment of corporate tax refunds.

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PART B – Review of Performance & Current Year Prospect (Contd.)

B2 Current Year Prospect (Contd.)

Meanwhile, Bank Negara Malaysia expects inflation to trend lower between 0.7% and 1.7% in 2019, due to the impact of cost pass-through from domestic cost factors amid a muted Sales and Services Tax (SST) impact, but this is likely to be offset by lower global oil prices that would help bring down domestic pump prices.

On the external sector, gross exports growth is forecasted to expand lower at 3.4% compared to a 6.8% growth in 2018, due to weaker demand from trade partners and the impact of on-going trade tensions.

Overall, external risks from global headwinds such as potential no-deal on trade war negotiations between the US and China; delay in Brexit; and a potential slowdown in the Chinese economy could provide stress points that may dampen external demand for Malaysia's electrical and electronics manufacturing and oil and gas sectors.

The banking industry's lackluster outlook prompts us to be even more vigilant in managing our credit portfolios and conservative in our provisioning practice. We anticipate these headwinds while we continue to enhance value with new products and services.

In the current environment, we see better prospects for our corporate finance advisory business and will continue to work tirelessly on turning our expanding pipeline of potential opportunities into revenue generating mandated deals.