

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements

Unaudited Statements of Financial Position as at 31 December 2017

	Note	<u>GROUP</u>		<u>BANK</u>	
		31 December 2017 RM'000	Restated 31 March 2017 RM'000	31 December 2017 RM'000	31 March 2017 RM'000
ASSETS					
Cash and short-term funds		1,591,562	1,381,779	1,379,485	1,618,617
Amount due from clients and brokers	A12	154,448	113,022	-	-
Financial assets held-for-trading	A13	174,073	335,260	174,073	259,701
Financial investments available-for-sale	A14	9,105,105	10,239,557	7,043,677	8,099,450
Financial investments held-to-maturity	A15	413,397	917,092	395,736	658,201
Derivative financial assets	B11	80,017	86,345	80,017	86,345
Loans, advances and financing	A16	38,764,350	38,991,689	30,894,646	31,371,907
Other assets	A17	145,131	110,340	217,941	105,141
Tax recoverable		3,757	9,726	-	-
Statutory deposits		1,418,396	1,437,444	1,092,821	1,129,366
Investments in subsidiaries		-	-	988,335	892,820
Investment in associate		-	-	230	230
Investment in joint venture		647	763	-	-
Property, plant and equipment		70,650	73,948	68,948	71,883
Deferred tax assets		11,766	14,738	-	4,088
Intangible assets		397,206	377,361	280,630	261,986
TOTAL ASSETS		52,330,505	54,089,064	42,616,539	44,559,735
LIABILITIES AND EQUITY					
Deposits from customers	A18	40,357,358	44,445,720	32,693,527	36,112,501
Deposits and placements of banks and other financial institutions	A19	1,628,842	862,904	862,229	649,729
Financial liabilities designated at fair value	A20	585,553	402,734	585,553	402,734
Amount due to clients and brokers	A21	120,748	69,066	-	-
Derivative financial liabilities	B11	169,591	81,892	169,591	81,892
Amount due to Cagamas Berhad		1,153,376	502,713	802,862	502,713
Other liabilities	A22	1,572,814	1,348,770	1,415,051	1,201,606
Provision for taxation		41,818	19,753	38,595	14,098
Provision for zakat		100	206	-	-
Deferred tax liabilities		17,609	9,960	5,851	-
Other borrowings		-	5,070	-	5,070
Subordinated obligations		1,360,258	1,226,078	1,359,644	1,225,664
TOTAL LIABILITIES		47,008,067	48,974,866	37,932,903	40,196,007
Share capital		1,548,106	1,548,106	1,548,106	796,517
Reserves		3,809,548	3,639,929	3,135,530	3,567,211
Shares held for Employees' Share Scheme		(35,216)	(73,837)	-	-
TOTAL EQUITY		5,322,438	5,114,198	4,683,636	4,363,728
TOTAL LIABILITIES AND EQUITY		52,330,505	54,089,064	42,616,539	44,559,735
COMMITMENTS AND CONTINGENCIES	A29	23,925,095	26,493,954	21,563,397	24,538,276
Net assets per share attributable to Equity holders of the Bank (RM)*		3.44	3.30	3.03	5.48

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

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 2017.

ALLIANCE BANK MALAYSIA BERHAD

(88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements

Unaudited Consolidated Statements of Comprehensive Income

for the Financial Period Ended 31 December 2017

GROUP	Note	3rd Quarter Ended		Nine Months Ended	
		31 December	Restated	31 December	Restated
		2017	31 December	2017	31 December
		RM'000	RM'000	RM'000	RM'000
Interest income	A23	478,089	471,002	1,446,875	1,409,487
Interest expense	A24	(257,776)	(252,553)	(778,747)	(774,692)
Net interest income		220,313	218,449	668,128	634,795
Net income from Islamic banking business	A25	78,763	74,768	234,846	220,557
		299,076	293,217	902,974	855,352
Fee and commission income	A26	76,600	73,761	230,072	221,576
Fee and commission expense	A26	(24,680)	(23,640)	(72,575)	(71,186)
Investment income	A26	22,739	38,742	85,877	104,922
Other income	A26	14,269	(3,438)	22,145	(8,491)
Other operating income	A26	88,928	85,425	265,519	246,821
Net income		388,004	378,642	1,168,493	1,102,173
Other operating expenses	A27	(215,297)	(174,326)	(581,890)	(510,742)
Operating profit before allowances		172,707	204,316	586,603	591,431
Write-back of/(allowance for) losses on loans, advances and financing and other receivables	A28	7,971	(32,448)	(55,752)	(67,392)
Allowance for impairment on other assets		-	-	-	(1,208)
Operating profit after allowances		180,678	171,868	530,851	522,831
Share of results of joint venture		(4)	19	(3)	57
Profit before taxation		180,674	171,887	530,848	522,888
Taxation	B6	(58,120)	(42,205)	(150,491)	(128,153)
Net profit for the financial period		122,554	129,682	380,357	394,735
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Revaluation reserve on financial investments available-for-sale					
- Net (loss)/gain from change in fair value		(27)	(95,828)	50,997	(20,107)
- Realised gain transferred to statement of income on disposal and impairment		-	(2,272)	(4,958)	(5,684)
- Transfer from/(to) deferred tax		7	23,544	(11,049)	6,190
Other comprehensive (expense)/income, net of tax		(20)	(74,556)	34,990	(19,601)
Total comprehensive income for the financial period		122,534	55,126	415,347	375,134

ALLIANCE BANK MALAYSIA BERHAD**(88103-W)**

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Consolidated Statements of Comprehensive Income****for the Financial Period Ended 31 December 2017 (contd.)**

	3rd Quarter Ended		Nine Months Ended	
		Restated		Restated
	31 December	31 December	31 December	31 December
	2017	2016	2017	2016
<u>GROUP</u>	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period attributable to:				
Equity holders of the Bank	<u>122,554</u>	<u>129,682</u>	<u>380,357</u>	<u>394,735</u>
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	<u>122,534</u>	<u>55,126</u>	<u>415,347</u>	<u>375,134</u>
Earnings per share attributable to Equity holders of the Bank				
- Basic (sen)	B14(a) 8.0	8.5	24.7	25.9
- Diluted (sen)	B14(b) 8.0	8.5	24.7	25.8

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 2017.

ALLIANCE BANK MALAYSIA BERHAD

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(Incorporated in Malaysia)

**Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the Financial Period Ended 31 December 2017**

	Note	3rd Quarter Ended		Nine Months Ended	
		31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
BANK					
Interest income	A23	469,024	466,081	1,430,598	1,391,203
Interest expense	A24	(249,489)	(248,909)	(756,784)	(763,659)
Net interest income		219,535	217,172	673,814	627,544
Fee and commission income	A26	66,839	66,045	198,445	194,831
Fee and commission expense	A26	(21,860)	(21,645)	(63,463)	(63,654)
Investment income	A26	49,633	60,231	118,599	153,969
Other income	A26	14,304	(3,473)	22,029	(11,284)
Other operating income	A26	108,916	101,158	275,610	273,862
Net income		328,451	318,330	949,424	901,406
Other operating expenses	A27	(175,934)	(135,667)	(463,095)	(397,359)
Operating profit before allowances		152,517	182,663	486,329	504,047
Write-back of/(allowance for) losses on loans, advances and financing and other receivables	A28	15,048	(15,010)	(13,191)	(30,049)
Profit before taxation		167,565	167,653	473,138	473,998
Taxation	B6	(48,444)	(35,146)	(126,461)	(102,768)
Net profit for the financial period		119,121	132,507	346,677	371,230

Other comprehensive income:

**Items that may be reclassified subsequently
to profit or loss:**

Revaluation reserve on financial investments available-for-sale					
- Net gain/(loss) from change in fair value		349	(63,326)	41,357	(10,139)
- Realised gain transferred to statement of income on disposal and impairment		-	(2,273)	(2,987)	(3,372)
- Transfer (to)/from deferred tax		(84)	15,744	(9,209)	3,243
Other comprehensive income/(expense), net of tax		265	(49,855)	29,161	(10,268)

**Total comprehensive income for the
financial period**

	119,386	82,652	375,838	360,962
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Earnings per share attributable to

Equity holders of the Bank

- Basic (sen)	B14(a)	7.7	9.2	23.2	25.6
- Diluted (sen)	B14(b)	7.7	9.2	23.2	25.6

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ALLIANCE BANK MALAYSIA BERHAD
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Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity for the Financial Period Ended 31 December 2017

	←----- Attributable to Equity holders of the Bank ----->										
	Ordinary shares RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Capital reserves RM'000	Revaluation reserves RM'000	Equity contribution from parent RM'000	Employees' share scheme (‘ESS’) reserve RM'000	Shares held for ESS RM'000	Retained profits RM'000	Total equity RM'000
GROUP											
At 1 April 2017											
As previously reported	796,517	401,517	1,223,525	157,900	10,018	99,268	6,062	-	-	2,306,158	5,000,965
Effect of group reorganisation	751,589	(401,517)	-	-	79,992	-	(6,062)	6,444	(73,837)	(243,376)	113,233
As restated	1,548,106	-	1,223,525	157,900	90,010	99,268	-	6,444	(73,837)	2,062,782	5,114,198
Net profit after taxation	-	-	-	-	-	-	-	-	-	380,357	380,357
Other comprehensive income	-	-	-	-	-	34,990	-	-	-	-	34,990
Total comprehensive income for the financial period	-	-	-	-	-	34,990	-	-	-	380,357	415,347
Share-based payment under ESS	-	-	-	-	-	-	-	204	-	-	204
ESS on share lapsed:											
- employees of subsidiaries	-	-	-	-	-	-	-	(157)	-	157	-
- own employees	-	-	-	-	-	-	-	(1,037)	-	1,037	-
ESS shares grant vested to:											
- employees of subsidiaries	-	-	-	-	-	-	-	(488)	488	-	-
- employees of joint venture	-	-	-	-	-	-	-	(111)	111	-	-
- own employees	-	-	-	-	-	-	-	(3,099)	3,099	-	-
ESS shares option exercised by:											
- employees of subsidiaries	-	-	-	-	-	-	-	(22)	22	-	-
- own employees	-	-	-	-	-	-	-	(96)	96	-	-
Proceeds from share option exercised	-	-	-	-	-	-	-	-	4,032	-	4,032
Transfer of ESS recharged											
difference on shares vested	-	-	-	-	-	-	-	(1,638)	-	1,638	-
Disposal of ESS share	-	-	-	-	-	-	-	-	30,773	-	30,773
Gain from disposal of ESS share	-	-	-	-	-	-	-	-	-	4,032	4,032
Transfer (from)/to reserves	-	-	(1,223,525)	26,900	10,140	-	-	-	-	1,186,485	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	(247,697)	(247,697)
Dividends added back for shares held in trust	-	-	-	-	-	-	-	-	-	1,549	1,549
At 31 December 2017	1,548,106	-	-	184,800	100,150	134,258	-	-	(35,216)	3,390,340	5,322,438

ALLIANCE BANK MALAYSIA BERHAD
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Condensed Interim Financial Statements (Contd.)
Unaudited Statements of Changes in Equity for the Financial Period Ended 31 December 2017 (Contd.)

←----- Attributable to Equity holders of the Bank -----→

GROUP	Ordinary shares RM'000	Share premium RM'000	Statutory reserves RM'000	Regulatory reserves RM'000	Capital reserves RM'000	Revaluation reserves RM'000	Equity contribution from parent RM'000	ESS reserve RM'000	Shares held for ESS RM'000	Retained profits RM'000	Total equity RM'000
At 1 April 2016											
As previously reported	796,517	401,517	1,200,019	157,174	10,018	114,786	10,896	-	-	2,047,248	4,738,175
Effect of group reorganisation	751,589	(401,517)	-	-	67,644	-	(10,896)	11,516	(79,897)	(234,606)	103,833
As restated	1,548,106	-	1,200,019	157,174	77,662	114,786	-	11,516	(79,897)	1,812,642	4,842,008
Net profit after taxation	-	-	-	-	-	-	-	-	-	394,735	394,735
Other comprehensive income	-	-	-	-	-	(19,601)	-	-	-	-	(19,601)
Total comprehensive income for the financial period	-	-	-	-	-	(19,601)	-	-	-	394,735	375,134
Share-based payment under ESS	-	-	-	-	-	-	-	2,246	-	-	2,246
ESS shares grant vested to:											
- employees of subsidiaries	-	-	-	-	-	-	-	(412)	412	-	-
- employees of joint ventures	-	-	-	-	-	-	-	(92)	92	-	-
- own employees	-	-	-	-	-	-	-	(3,070)	3,070	-	-
ESS share options exercised by:											
- own employees	-	-	-	-	-	-	-	(116)	116	-	-
Proceeds from share option exercised	-	-	-	-	-	-	-	-	1,754	-	1,754
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	-	-	(1,162)	-	1,162	-
Transfer to reserves	-	-	11,789	(553)	-	-	-	-	-	(11,236)	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	-	(232,216)	(232,216)
Dividends added back for shares held in trust	-	-	-	-	-	-	-	-	-	3,290	3,290
At 31 December 2016	1,548,106	-	1,211,808	156,621	77,662	95,185	-	8,910	(74,453)	1,968,377	4,992,216

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ALLIANCE BANK MALAYSIA BERHAD
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(Incorporated in Malaysia)

Condensed Interim Financial Statements

Unaudited Statements of Changes in Equity for the Financial Period Ended 31 December 2017

	Non-distributable reserves						Distributable reserves		Total equity RM'000
	Ordinary shares RM'000	Share premium RM'000	Statutory reserves RM'000	Capital reserve RM'000	Regulatory reserves RM'000	Revaluation reserves RM'000	ESS reserve RM'000	Retained profits RM'000	
BANK									
At 1 April 2017	796,517	401,517	835,401	-	144,349	64,916	5,523	2,115,505	4,363,728
Net profit after taxation	-	-	-	-	-	-	-	346,677	346,677
Other comprehensive income	-	-	-	-	-	29,161	-	-	29,161
Total comprehensive income for the financial period	-	-	-	-	-	29,161	-	346,677	375,838
Issuance of shares to former holding company	100,000	-	-	-	-	-	-	-	100,000
Bonus issue	651,589	(401,517)	-	-	-	-	-	(250,072)	-
Acquisition of subsidiary under group reorganisation	-	-	-	95,515	-	-	-	-	95,515
Share-based payment under ESS	-	-	-	-	-	-	188	-	188
Payment for ESS recharged from former holding company	-	-	-	-	-	-	(3,195)	-	(3,195)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	(1,479)	1,479	-
ESS on share options lapsed	-	-	-	-	-	-	(1,037)	1,037	-
Transfer to retained profits	-	-	(835,401)	-	23,285	-	-	812,116	-
Dividends paid	-	-	-	-	-	-	-	(248,438)	(248,438)
At 31 December 2017	1,548,106	-	-	95,515	167,634	94,077	-	2,778,304	4,683,636
At 1 April 2016	796,517	401,517	835,401	-	140,864	73,152	10,064	1,888,285	4,145,800
Net profit after taxation	-	-	-	-	-	-	-	371,230	371,230
Other comprehensive income	-	-	-	-	-	(10,268)	-	-	(10,268)
Total comprehensive income for the financial period	-	-	-	-	-	(10,268)	-	371,230	360,962
Share-based payment under ESS	-	-	-	-	-	-	1,834	-	1,834
Payment for ESS recharged from former holding company	-	-	-	-	-	-	(3,187)	-	(3,187)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	(1,041)	1,041	-
Transfer to regulatory reserves	-	-	-	-	4,942	-	-	(4,942)	-
Dividends paid	-	-	-	-	-	-	-	(232,503)	(232,503)
At 31 December 2016	796,517	401,517	835,401	-	145,806	62,884	7,670	2,023,111	4,272,906

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ALLIANCE BANK MALAYSIA BERHAD

(88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements

Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 31 December 2017

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2017 RM'000	Restated 31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	530,848	522,888	473,138	473,998
Adjustments for:				
Accretion of discount less amortisation of premium of financial investments	(59,474)	(55,877)	(57,309)	(55,526)
Allowance for losses on loans, advances and financing	60,650	75,171	19,418	38,330
Allowance for other receivables	2,904	2,222	2,313	1,962
Amortisation of computer software	18,522	16,699	17,967	16,290
Computer software written off	325	120	236	120
Depreciation of property, plant and equipment	15,599	16,109	15,045	15,479
Dividends from financial investments available-for-sale	(1,861)	(3,165)	(1,311)	(2,440)
Dividends from subsidiaries	-	-	(33,913)	(51,856)
Interest expense on subordinated obligations	53,272	52,348	53,355	52,456
Interest expense on other borrowings	167	179	167	179
Interest expense on loan sold to Cagamas Berhad	16,493	16,350	16,493	16,350
Interest income from financial investments held-to-maturity	(15,755)	(20,108)	(14,157)	(16,316)
Interest income from financial investments available-for-sale	(203,344)	(177,649)	(198,969)	(177,281)
Interest income from financial assets held-for-trading	(3,134)	(4,904)	(3,134)	(4,904)
Allowance for impairment on other assets	-	1,208	-	-
Provision on other liabilities	4,615	-	4,400	-
Loss on disposal of property, plant and equipment	106	346	-	346
Net gain from sale of financial assets held-for-trading	(429)	(2,556)	(429)	(2,556)
Net gain from sale of financial investments available-for-sale	(3,680)	(5,239)	(2,987)	(3,154)
Property, plant and equipment written off	175	181	167	181
Share options/grants under ESS	189	2,173	191	1,834
Share of results of joint venture	3	(57)	-	-
Unrealised loss on revaluation of financial assets held-for-trading	41	3,684	(11)	3,684
Unrealised loss/(gain) on revaluation of derivative financial instruments	94,331	(210,814)	94,331	(212,007)
Unrealised (gain)/loss arising from financial liabilities designated at fair value	(18,564)	3,301	(18,564)	4,494
Zakat	4	1	-	-
Operating profit before working capital changes	492,003	232,611	366,437	99,663
Changes in working capital:				
Amount due to/(from) clients and brokers	10,256	(2,444)	-	-
Deposits and placements of banks and other financial institutions	765,938	(161,436)	212,500	(213,113)
Deposits and placements with banks and other financial institution	-	195,865	-	195,865
Deposits from customers	(4,088,362)	(674,865)	(3,418,974)	(234,149)
Financial liabilities designated at fair value	201,382	2,314	201,382	2,314
Financial assets held-for-trading	162,374	(27,557)	87,018	(27,194)
Loans, advances and financing	166,688	(589,846)	457,843	(144,435)
Other assets	(37,990)	(21,062)	(115,418)	(20,274)
Other liabilities	224,044	(253,600)	213,445	(232,211)
Statutory deposits	19,048	(7,831)	36,545	5,337
Cash used in operations	(2,084,619)	(1,307,851)	(1,959,222)	(568,197)
Taxes paid	(127,554)	(89,380)	(105,632)	(75,543)
Zakat paid	(102)	(26)	-	-
Net cash used in operating activities	(2,212,275)	(1,397,257)	(2,064,854)	(643,740)

ALLIANCE BANK MALAYSIA BERHAD

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(Incorporated in Malaysia)

Condensed Interim Financial Statements

Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 31 December 2017 (contd.)

	GROUP		BANK	
	31 December 2017	Restated 31 December 2016	31 December 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received from financial investments available-for-sale	1,861	3,165	1,311	2,440
Dividends received from subsidiaries	-	-	33,913	51,856
Interest received from financial investments held-to-maturity	17,858	20,078	13,970	14,161
Interest received from financial investments available-for-sale	199,566	167,610	190,460	158,716
Interest received from financial assets held-for-trading	4,010	4,904	3,435	4,540
Purchase of computer software	(38,693)	(24,913)	(36,847)	(23,500)
Purchase of property, plant and equipment	(12,630)	(6,034)	(12,277)	(5,312)
Proceeds from disposal of property, plant and equipment	39	270	-	271
Proceeds from disposal of financial investments held-to-maturity (net of purchase)	559,902	258,245	319,872	108,029
Proceeds from redemption/disposal of financial investments available-for-sale (net of purchase)	1,187,482	(2,089,361)	1,104,476	(1,778,318)
Net cash generated from/(used in) investing activities	<u>1,919,395</u>	<u>(1,666,036)</u>	<u>1,618,313</u>	<u>(1,467,117)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to shareholders of the company	(246,148)	(228,926)	(248,438)	(232,503)
Interest paid on other borrowings	(238)	(238)	(238)	(238)
Interest paid on loan sold to Cagamas	(15,839)	(16,337)	(16,351)	(16,337)
Interest paid on subordinated obligations	(68,654)	(83,434)	(68,654)	(83,434)
Amount due to Cagamas Berhad	650,008	-	300,006	-
Settlement on other borrowings	(5,000)	-	(5,000)	-
Subscription of shares from former holding company	-	-	100,000	-
Payment for ESS recharged from former parent	-	-	(3,195)	(3,186)
Payment for deferral cash awards	-	-	-	-
Proceeds from ESS exercised by employees/joint venture	4,143	1,846	-	-
Proceeds from disposal of share held in trust	34,829	-	-	-
Proceeds from issuance of/(Redemption on) subordinated notes	150,000	(600,000)	150,000	(600,000)
Transaction costs paid on issuance of subordinated notes	(438)	-	(721)	-
Net cash generated from/(used in) financing activities	<u>502,663</u>	<u>(927,089)</u>	<u>207,409</u>	<u>(935,698)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	209,783	(3,990,382)	(239,132)	(3,046,555)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	1,381,779	4,943,700	1,618,617	4,300,877
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>1,591,562</u>	<u>953,318</u>	<u>1,379,485</u>	<u>1,254,322</u>
Cash and cash equivalents comprise the following:				
Cash and short-term funds	<u>1,591,562</u>	<u>953,318</u>	<u>1,379,485</u>	<u>1,254,322</u>

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 2017.

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Explanatory Notes

PART A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard 134 ("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 third financial quarter and nine months ended 31 December 2017 have been prepared under the historical cost convention, as modified by the financial investments available-for-sale and financial assets/liabilities (including derivative instruments) at fair value through profit and loss.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB"), IAS 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB"), Chapter 9.22 of Bursa Malaysia Securities Berhad's Listing Requirements and should be read in conjunction with the audited annual financial statements of the Group and the Bank for the financial year ended 31 March 2017.

On 26 September 2016, the Group has completed the corporate reorganisation exercise upon the transfer of listing from Alliance Financial Group Berhad ("AFG") to the Bank on the Main Market of Bursa Malaysia Securities Berhad. AFG is now the wholly-owned subsidiary of the Bank, as disclosed in Note A8.

In a group reorganisation, the assets and liabilities of AFG are included in the consolidated financial statements of the Group at their existing carrying amounts without fair value uplift. The difference between the consideration given and the aggregate carrying amounts of the assets and liabilities (as of the date of the transaction) is recognised in equity. No goodwill is recognised. AFG's assets and liabilities are incorporated in the consolidated financial statements of the Group as if the entities had always been, prior to the group reorganisation.

The comparative financial information of the Group are restated arising from the group reorganisation and restatement are disclosed in Note B15.

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

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

The adoption of the 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.

The following MFRS have been issued by the MASB and are effective for annual periods commencing on or after 1 April 2018, and have yet to be adopted by the Group and the Bank:

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

A1 Basis of Preparation (Contd.)

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 judgement in the process of applying the Bank and Group'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 2017 was not subject to any qualification.

A3 Seasonality or Cyclicity of Operations

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical fluctuations in the third financial quarter and nine months ended 31 December 2017.

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 in the third financial quarter and nine months ended 31 December 2017 other than disclosed in Note A8 and B15.

A5 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the third financial quarter and nine months ended 31 December 2017.

A6 Debt and Equity Securities

There were no issuance nor repayment of debt and equity securities during the third financial quarter and nine months ended 31 December 2017 other than disclosed as below:

- (a) On 26 August 2017, the Bank has increased its issued and paid-up share capital from RM796,517,043 to RM1,548,105,929 via bonus issue by the Bank of RM651,588,886 of the Bank's new Shares to AFG, after taking into consideration of RM100,000,000 of the Bank's new Shares issued pursuant to the AFG subscription on 25 August 2017;
- (b) Alliance Islamic Bank Berhad a wholly owned subsidiary of the Bank, has established RM180.0 million, thirty (30)-years of Subordinated Sukuk Murabahah Programme on 18 September 2017 and completed its first issuance as below:

Issuance Date	Nominal Amount	Tenure	Call Date	Profit Rate
29 September 2017	RM130.0 million	Ten (10)-years Non-Callable Five (5)-years	29 September 2022 and thereafter on every periodic payment date	5.50% per annum

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A6 Debt and Equity Securities (Contd.)

- (c) The Bank has established RM1.0 billion Additional Tier 1 Capital Securities Programme on 3 October 2017 and completed its first issuance as below:

Issuance Date	Nominal Amount	Tenure	Call Date	Distribution Rate
8 November 2017	RM150.0 million	Perpetual Non-callable Five (5)- years	8 November 2022 and thereafter on every distribution payment date	6.25% per annum

- (d) The total number of 8,843,800 shares held in trust for ESS was disposed at an average market price of RM3.88 per share as at 31 December 2017.

A7 Dividend Paid

- (a) The Bank had on 20 June 2017, paid a second interim dividend of 14.67 sen, tax exempt under the single tier tax system, on 796,517,043 ordinary shares amounting to approximately RM116,849,000 in respect of the financial year ended 31 March 2017 to the former holding company AFG, and was eliminated at Group level.
- (b) AFG had on 22 June 2017, paid a second interim dividend of 7.5 sen, tax exempt under single tier tax system, on 1,548,105,929 ordinary shares amounting to approximately RM116,108,000 in respect of the financial year ended 31 March 2017 to the shareholders. Subsequent to the completion of the group reorganisation exercise, the Bank becomes the holding company for AFG, as a result, the dividend paid by AFG to the shareholders will be reflected at the Group.

Dividends paid on the shares held in Trust pursuant to the Group's ESS which are classified as shares held for ESS are not accounted for in the total equity. An amount of RM1,549,000 being dividends paid for those shares were added back to the appropriation of retained profits in respect of the second interim dividend for financial year ended 31 March 2017.

- (c) The Bank had on 28 December 2017, paid a first interim dividend of approximately 8.5 sen, tax exempt under the single tier tax system, on 1,548,105,929 ordinary shares amounting to RM131,589,000 in respect of the financial year ended 31 March 2018.

A8 Significant Events

On 21 September 2016, AFG, the former holding company of the Bank announced that it proposed to undertake a corporate reorganisation exercise whereby the listing status of AFG will be assumed by the Bank. The proposal involved, among others, the shareholders of AFG exchanging their existing AFG shares for the Bank's shares on a 1-for-1 basis, where their number of shares held and percentage shareholdings in AFG will be the same in the Bank upon completion of the corporate reorganisation exercise. This will enable the existing shareholders of AFG to have direct participation in the equity and future growth of the Bank.

On 26 September 2017, the corporate reorganisation exercise was completed upon the transfer of listing from AFG to the Bank on the Main Market of Bursa Malaysia Securities Berhad. AFG is now the wholly-owned subsidiary of the Bank.

A circular to shareholders and notice of Extraordinary General Meeting in relation to the corporate reorganisation exercise was issued on 19 June 2017 and the shareholders of AFG had, at the Extraordinary General Meeting held on 12 July 2017, approved the group reorganisation. Refer to the circular for further details.

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

There was no material event subsequent to the end of 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 have been entered into in the normal course of business.

A11 Changes in the Composition of the Group

Following the completion of the corporation reorganisation exercise, the former holding company, AFG and its non-banking subsidiaries had on 26 September 2017 as disclosed in Note A8 effectively become the subsidiaries of the Bank.

A12 Amount Due From Clients And Brokers

	<u>GROUP</u>	
	31 December 2017 RM'000	Restated 31 March 2017 RM'000
Due from clients	108,282	96,499
Due from brokers	47,006	17,358
	155,288	113,857
Less:		
Allowance for other losses	(840)	(835)
	154,448	113,022

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

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

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

	<u>GROUP</u>	
	31 December 2017 RM'000	Restated 31 March 2017 RM'000
Classified as doubtful	35	101
Classified as bad	860	846
	895	947

The movements in allowance for other losses are as follows:

At beginning of financial year	835	837
Allowance for/(write-back) during the financial period/year (net)	5	(2)
At end of financial year	840	835

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A13 Financial Assets Held-for-trading

	<u>GROUP</u>		<u>BANK</u>	
	As at 31 December 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 31 December 2017 RM'000	As at 31 March 2017 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government investment certificates	50,726	20,049	50,726	20,049
Commercial papers	84,813	104,773	84,813	69,908
Malaysia Government securities	10,258	20,125	10,258	20,125
Negotiable instruments of deposits	300	-	300	-
	146,097	144,947	146,097	110,082
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	27,976	190,313	27,976	149,619
	27,976	190,313	27,976	149,619
Total financial assets held-for-trading	174,073	335,260	174,073	259,701

A14 Financial Investments Available-for-sale

	<u>GROUP</u>		<u>BANK</u>	
	As at 31 December 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 31 December 2017 RM'000	As at 31 March 2017 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government securities	1,706,745	1,890,820	1,593,977	1,729,625
Malaysian Government investment certificates	2,079,982	1,849,621	1,191,794	1,166,584
Negotiable instruments of deposits	781,622	2,332,427	1,594,450	2,529,876
Commercial papers	54,899	49,491	14,980	49,491
Khazanah bonds	112,615	138,731	112,615	138,731
	4,735,863	6,261,090	4,507,816	5,614,307
<u>Quoted securities in Malaysia:</u>				
Shares	23	26	23	26
Accumulated impairment	(11)	(11)	(11)	(11)
	12	15	12	15
<u>Unquoted securities:</u>				
Shares	182,442	166,719	123,789	111,377
Accumulated impairment	(1,440)	(1,440)	-	-
	181,002	165,279	123,789	111,377
Unit Trust Funds	-	4,960	-	-
	-	4,960	-	-
Corporate bonds and sukuk	4,213,578	4,040,124	2,412,060	2,509,432
Accumulated impairment	(25,350)	(231,911)	-	(135,681)
	4,188,228	3,808,213	2,412,060	2,373,751
	4,369,230	3,978,452	2,535,849	2,485,128
Total financial investments available-for-sale	9,105,105	10,239,557	7,043,677	8,099,450

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A15 Financial Investments Held-to-maturity

	<u>GROUP</u>		<u>BANK</u>	
	As at 31 December 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 31 December 2017 RM'000	As at 31 March 2017 RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government securities	262,785	689,470	171,355	568,160
Malaysian Government investment certificates	-	80,957	-	-
Khazanah bonds	145,867	141,920	92,203	89,704
	408,652	912,347	263,558	657,864
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	18,938	18,938	133,472	1,631
Accumulated impairment	(14,193)	(14,193)	(1,294)	(1,294)
	4,745	4,745	132,178	337
Total financial investments held-to-maturity	413,397	917,092	395,736	658,201

A16 Loans, Advances and Financing

	<u>GROUP</u>		<u>BANK</u>	
	As at 31 December 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 31 December 2017 RM'000	As at 31 March 2017 RM'000
Overdrafts	3,033,707	2,763,678	2,351,952	2,248,119
Term loans/financing				
- Housing loans/financing	14,013,112	14,437,368	11,634,262	12,015,876
- Syndicated term loans/financing	328,644	363,508	183,681	217,224
- Hire purchase receivables	1,193,448	1,299,638	729,836	764,163
- Other term loans/financing	13,572,882	13,674,780	10,614,676	10,680,430
Bills receivables	220,277	502,836	216,513	494,267
Trust receipts	200,723	199,515	181,379	172,842
Claims on customers under acceptance credits	2,794,580	2,616,395	2,188,677	2,060,637
Staff loans	28,266	29,864	8,611	10,123
Credit/charge card receivables	631,651	604,197	631,651	604,197
Revolving credits	1,797,961	1,745,060	1,349,527	1,480,339
Share margin financing	1,249,308	1,098,842	1,008,689	898,084
Gross loans, advances and financing	39,064,559	39,335,681	31,099,454	31,646,301
Add: Sales commissions and handling fees	51,644	35,963	59,079	24,390
Less: Allowance for impairment on loans, advances and financing				
- Individual assessment allowance	(68,703)	(66,627)	(59,036)	(64,147)
- Collective assessment allowance	(283,150)	(313,328)	(204,851)	(234,637)
Total net loans, advances and financing	38,764,350	38,991,689	30,894,646	31,371,907

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A16 Loans, Advances and Financing (contd.)

A16a By type of customers:

	<u>GROUP</u>		<u>BANK</u>	
	As at 31 December 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 31 December 2017 RM'000	As at 31 March 2017 RM'000
Domestic non-bank financial institutions	373,160	351,484	295,798	300,971
Domestic business enterprises				
- Small and medium enterprises	9,945,921	9,786,917	7,753,303	7,641,456
- Others	7,298,785	7,632,297	5,767,375	6,345,144
Government and statutory bodies	4,630	5,952	4,082	5,287
Individuals	20,475,582	20,523,924	16,415,266	16,428,669
Other domestic entities	173,918	188,394	166,792	181,071
Foreign entities	792,563	846,713	696,838	743,703
Gross loans, advances and financing	39,064,559	39,335,681	31,099,454	31,646,301

A16b By interest/profit rate sensitivity:

	<u>GROUP</u>		<u>BANK</u>	
	As at 31 December 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 31 December 2017 RM'000	As at 31 March 2017 RM'000
Fixed rate				
- Housing loans/financing	36,506	40,638	4,468	5,541
- Hire purchase receivables	1,162,833	1,262,655	699,221	727,180
- Other fixed rate loans/financing	2,609,069	2,417,180	1,245,395	990,381
Variable rate				
- Base lending rate plus	26,174,271	26,754,482	21,525,696	22,182,402
- Base rate plus	2,474,380	1,807,725	2,235,791	1,693,697
- Cost plus	6,515,044	6,721,766	5,296,427	5,715,865
- Other variable rates loans/financing	92,456	331,235	92,456	331,235
Gross loans, advances and financing	39,064,559	39,335,681	31,099,454	31,646,301

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A16 Loans, Advances and Financing (contd.)

A16c By economic purposes:

	<u>GROUP</u>		<u>BANK</u>	
	As at 31 December 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 31 December 2017 RM'000	As at 31 March 2017 RM'000
Purchase of securities	1,240,701	1,109,188	1,000,082	908,430
Purchase of transport vehicles	963,817	1,078,821	523,814	563,845
Purchase of landed property	21,957,039	22,487,331	18,355,900	18,825,353
of which: - Residential	15,092,655	15,506,791	12,676,152	13,066,242
- Non-residential	6,864,384	6,980,540	5,679,748	5,759,111
Purchase of fixed assets excluding land & buildings	303,887	291,617	257,814	254,742
Personal use	3,044,860	2,656,823	1,789,365	1,457,449
Credit card	631,651	604,197	631,651	604,197
Construction	423,112	655,891	406,874	641,281
Mergers and acquisitions	117,718	117,688	117,718	117,688
Working capital	7,954,105	7,844,844	6,162,539	6,277,761
Others	2,427,669	2,489,281	1,853,697	1,995,555
Gross loans, advances and financing	39,064,559	39,335,681	31,099,454	31,646,301

A16d By geographical distribution:

	<u>GROUP</u>		<u>BANK</u>	
	As at 31 December 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 31 December 2017 RM'000	As at 31 March 2017 RM'000
Northern region	2,682,463	2,652,319	2,064,305	2,082,450
Central region	28,249,131	28,237,847	22,733,025	22,856,016
Southern region	4,783,934	4,652,964	3,708,185	3,584,358
Sabah region	2,470,677	2,530,304	1,946,834	2,029,525
Sarawak region	878,354	1,262,247	647,105	1,093,952
Gross loans, advances and financing	39,064,559	39,335,681	31,099,454	31,646,301

A16e By maturity structure:

	<u>GROUP</u>		<u>BANK</u>	
	As at 31 December 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 31 December 2017 RM'000	As at 31 March 2017 RM'000
Within one year	10,148,372	9,595,942	8,105,218	7,993,587
One year to three years	1,349,903	1,480,000	941,131	1,149,354
Three years to five years	2,447,791	2,467,214	1,885,641	1,862,734
Over five years	25,118,493	25,792,525	20,167,464	20,640,626
Gross loans, advances and financing	39,064,559	39,335,681	31,099,454	31,646,301

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A16 Loans, Advances and Financing (contd.)
A16f Movements in impaired loans, advances and financing ("impaired loans") are as follows:

	<u>GROUP</u>		<u>BANK</u>	
	As at 31 December 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 31 December 2017 RM'000	As at 31 March 2017 RM'000
At beginning of financial year	393,349	487,868	339,580	373,199
Impaired during the financial period/year	542,829	600,685	387,855	446,621
Reclassified as unimpaired during the financial period/year	(242,067)	(419,465)	(183,697)	(284,275)
Recoveries	(143,531)	(176,471)	(118,239)	(142,857)
Amount written-off	(88,753)	(99,268)	(54,316)	(53,108)
At end of financial period/year	461,827	393,349	371,183	339,580
Individual allowance for impairment	(68,703)	(66,627)	(59,036)	(64,147)
Collective allowance for impairment (impaired portion)	(96,218)	(94,714)	(71,786)	(74,410)
Net impaired loans, advances and financing	296,906	232,008	240,361	201,023
Gross impaired loans as % of gross loans, advances and financing	1.2%	1.0%	1.2%	1.1%

A16g Impaired loans analysed by economic purposes are as follows:

	<u>GROUP</u>		<u>BANK</u>	
	As at 31 December 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 31 December 2017 RM'000	As at 31 March 2017 RM'000
Purchase of securities	48	7	48	7
Purchase of transport vehicles	11,371	11,497	8,033	7,695
Purchase of landed property	267,703	231,786	219,588	207,435
of which: - Residential	183,555	176,996	154,360	158,701
- Non-residential	84,148	54,790	65,228	48,734
Purchase of fixed assets excluding land & buildings	3,294	1,206	2,054	1,206
Personal use	56,997	43,475	33,702	25,390
Credit card	13,560	10,201	13,560	10,201
Construction	3,865	3,888	3,865	3,888
Working capital	78,070	71,965	68,747	66,453
Others	26,919	19,324	21,586	17,305
Gross impaired loans	461,827	393,349	371,183	339,580

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A16 Loans, Advances and Financing (contd.)

A16h Impaired loans by geographical distribution:

	<u>GROUP</u>		<u>BANK</u>	
	As at 31 December 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 31 December 2017 RM'000	As at 31 March 2017 RM'000
Northern region	38,724	30,552	36,241	28,290
Central region	318,490	277,515	250,218	238,742
Southern region	73,530	58,562	56,953	49,829
Sabah region	25,019	23,737	21,931	20,245
Sarawak region	6,064	2,983	5,840	2,474
Gross impaired loans	461,827	393,349	371,183	339,580

A16i Movements in the allowance for impairment on loans, advances and financing are as follows:

	<u>GROUP</u>		<u>BANK</u>	
	As at 31 December 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 31 December 2017 RM'000	As at 31 March 2017 RM'000
Individual assessment allowance				
At beginning of financial year	66,627	68,331	64,147	58,061
Net allowance made during the financial period/year	23,171	23,506	16,299	21,344
Amount written-off	(22,506)	(21,875)	(22,187)	(12,003)
Transfers from/(to) collective assessment allowance	1,411	(3,335)	777	(3,255)
At end of financial period/year	68,703	66,627	59,036	64,147

	<u>GROUP</u>		<u>BANK</u>	
	As at 31 December 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 31 December 2017 RM'000	As at 31 March 2017 RM'000
Collective assessment allowance				
At beginning of financial year	313,328	306,978	234,637	236,501
Net allowance made during the financial period/year	37,480	80,408	3,120	35,986
Amount written-off	(66,247)	(77,393)	(32,129)	(41,105)
Transfers (to)/from individual assessment allowance	(1,411)	3,335	(777)	3,255
At end of financial period/year	283,150	313,328	204,851	234,637

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A17 Other Assets

	<u>GROUP</u>		<u>BANK</u>	
	As at 31 December 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 31 December 2017 RM'000	As at 31 March 2017 RM'000
Other receivables	46,111	53,361	33,794	42,173
Derivative margin	27,893	22,381	27,893	22,381
Settlement account	58,675	34,923	58,675	34,923
Deposits	8,829	9,245	8,041	8,464
Prepayment	34,124	19,529	32,135	18,498
Trade receivables	-	49	-	-
Amount due from subsidiaries	-	-	83,753	2,696
Amount due from related companies	-	-	-	37
Amount due from associate	-	-	3	-
Amount due from joint venture	368	387	368	378
	176,000	139,875	244,662	129,550
Less:				
Allowance for other receivables	(30,869)	(29,535)	(26,721)	(24,409)
	145,131	110,340	217,941	105,141

A18 Deposits from Customers

	<u>GROUP</u>		<u>BANK</u>	
	As at 31 December 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 31 December 2017 RM'000	As at 31 March 2017 RM'000
Amortised cost				
Demand deposits	14,099,342	13,605,203	11,736,423	11,347,501
Savings deposits	1,835,116	1,864,445	1,509,846	1,523,658
Fixed/investment deposits	21,316,658	24,232,158	17,123,861	19,355,858
Money market deposits	2,390,549	1,412,241	1,746,631	1,142,226
Negotiable instruments of deposits	715,693	3,331,673	576,766	2,743,258
	40,357,358	44,445,720	32,693,527	36,112,501

A18a By type of deposits:

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A18 Deposits from Customers (contd.)

A18b By type of customers:

	<u>GROUP</u>		<u>BANK</u>	
	As at 31 December 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 31 December 2017 RM'000	As at 31 March 2017 RM'000
Domestic financial institutions	702,094	3,299,060	585,522	2,845,588
Domestic non-bank financial institutions	2,343,988	2,292,516	1,741,832	2,069,893
Government and statutory bodies	3,826,878	3,647,891	1,673,203	1,265,071
Business enterprises	16,054,450	15,562,716	12,830,397	11,979,574
Individuals	16,366,351	18,553,298	14,900,845	16,964,325
Foreign entities	579,370	638,800	527,048	584,019
Others	484,227	451,439	434,680	404,031
	40,357,358	44,445,720	32,693,527	36,112,501

A18c The maturity structure of fixed/investment deposits, money market deposits and negotiable instruments of deposits are as follow:

	<u>GROUP</u>		<u>BANK</u>	
	As at 31 December 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 31 December 2017 RM'000	As at 31 March 2017 RM'000
Due within six months	18,385,930	21,189,833	14,425,162	16,533,626
Six months to one year	5,003,583	7,566,156	4,239,413	6,611,177
One year to three years	896,747	32,637	771,750	64,464
Three years to five years	136,640	187,446	10,933	32,075
	24,422,900	28,976,072	19,447,258	23,241,342

A19 Deposits and Placements of Banks and Other Financial Institutions

	<u>GROUP</u>		<u>BANK</u>	
	As at 31 December 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 31 December 2017 RM'000	As at 31 March 2017 RM'000
Licensed banks	1,005,190	273,325	480,880	273,325
Bank Negara Malaysia	623,652	589,579	381,349	376,404
	1,628,842	862,904	862,229	649,729

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A20 Financial Liabilities Designated at Fair Value

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

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

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

	GROUP/BANK	
	As at	Restated
	31 December	As at
	2017	31 March
	RM'000	2017
		RM'000
Structured investments	628,027	426,644
Fair value changes arising from designation at fair value through profit or loss	(42,474)	(23,910)
	585,553	402,734

Structured investments that are not principal guaranteed which are applying fair value option are reclassified from Deposit to Customers to Financial Liabilities Designated at Fair Value in order to conform with Bank Negara Malaysia's Classification and regulatory Treatment for Structured Products under Financial Services Act 2013 and Islamic Financial Services Act 2013 presentation.

A21 Amount Due To Clients And Brokers

	GROUP	
	As at	Restated
	31 December	As at
	2017	31 March
	RM'000	2017
		RM'000
Due to clients	120,748	69,066
Due to brokers	-	-
	120,748	69,066

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

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

Following the issuance of FRSIC Consensus 18, the Group no longer recognises trust monies balances in the statement of financial position, as the Group does not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies. The trust monies maintained by the Group amounting to RM65,476,000 (31.3.17: RM75,447,000) have been excluded accordingly.

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A22 Other Liabilities

	<u>GROUP</u>		<u>BANK</u>	
	As at 31 December 2017 RM'000	Restated As at 31 March 2017 RM'000	As at 31 December 2017 RM'000	As at 31 March 2017 RM'000
Other payables	261,551	228,941	216,653	189,311
Bills payable	174,139	203,663	167,643	194,225
Settlement account	67,808	30,116	67,808	30,116
Clearing account	339,473	331,384	262,605	253,267
Sundry deposits	58,479	43,340	50,371	35,835
Provision and accruals	103,245	99,829	104,399	89,426
Remisiers account	22,635	23,149	-	-
Allowance for commitment and contingencies	153	2,301	153	2,301
Finance lease liabilities	3,964	5,805	3,964	5,805
Structured investments	541,229	379,982	541,229	379,982
Amount due to subsidiaries	-	-	226	21,338
Amount due to joint venture	138	260	-	-
	1,572,814	1,348,770	1,415,051	1,201,606

Structured investments that are not principal guaranteed and are accounted separately from the embedded derivative are reclassified from Deposit to Customers to Other Liabilities in order to conform with Bank Negara Malaysia's Classification and regulatory Treatment for Structured Products under Financial Services Act 2013 and Islamic Financial Services Act 2013 presentation.

A23 Interest Income

	<u>3rd Quarter Ended</u>		<u>Nine Months Ended</u>	
	31 December 2017 RM'000	Restated 31 December 2016 RM'000	31 December 2017 RM'000	Restated 31 December 2016 RM'000
GROUP				
Loans, advances and financing	378,661	376,047	1,142,805	1,121,024
Money at call and deposit placements with financial institutions	3,427	4,893	8,747	21,518
Financial assets held-for-trading	858	1,746	3,134	4,904
Financial investments available-for-sale	66,544	60,259	203,344	177,649
Financial investments held-to-maturity	3,061	6,760	15,755	20,108
Others	5,081	2,903	13,616	8,407
	457,632	452,608	1,387,401	1,353,610
Accretion of discount less amortisation of premium	20,457	18,394	59,474	55,877
	478,089	471,002	1,446,875	1,409,487

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A23 Interest Income (contd.)

	3rd Quarter Ended		Nine Months Ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
<u>BANK</u>				
Loans, advances and financing	370,468	370,545	1,130,626	1,104,499
Money at call and deposit placements with financial institutions	4,348	6,368	12,788	24,271
Financial assets held-for-trading	858	1,746	3,134	4,904
Financial investments available-for-sale	64,641	60,776	198,969	177,281
Financial investments held-to-maturity	3,901	5,492	14,157	16,316
Others	5,081	2,903	13,615	8,406
	449,297	447,830	1,373,289	1,335,677
Accretion of discount less amortisation of premium	19,727	18,251	57,309	55,526
	469,024	466,081	1,430,598	1,391,203

A24 Interest Expense

	3rd Quarter Ended		Nine Months Ended	
	31 December 2017 RM'000	Restated 31 December 2016 RM'000	31 December 2017 RM'000	Restated 31 December 2016 RM'000
<u>GROUP</u>				
Deposits and placements of banks and other financial institutions	6,309	4,032	18,040	12,291
Deposits from customers	210,928	217,325	647,347	666,917
Loan sold to Cagamas	5,562	5,450	16,493	16,350
Other borrowings	48	60	167	179
Subordinated obligations	18,727	17,335	53,272	52,348
Others	16,202	8,351	43,428	26,607
	257,776	252,553	778,747	774,692

	3rd Quarter Ended		Nine Months Ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
<u>BANK</u>				
Deposits and placements of banks and other financial institutions	2,898	3,386	9,951	10,764
Deposits from customers	206,016	214,292	633,390	657,303
Loan sold to Cagamas	5,562	5,450	16,493	16,350
Other borrowings	48	60	167	179
Subordinated obligations	18,763	17,370	53,355	52,456
Others	16,202	8,351	43,428	26,607
	249,489	248,909	756,784	763,659

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A25 Net Income from Islamic Banking Business

	3rd Quarter Ended		Nine Months Ended	
		Restated		Restated
	31 December	31 December	31 December	31 December
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
GROUP				
Income derived from investment of depositors' funds and others	119,899	117,039	362,347	353,333
Income derived from investment of Islamic Banking funds	14,135	12,260	40,197	34,885
Income attributable to the depositors and financial institutions	(55,271)	(54,531)	(167,698)	(167,661)
	78,763	74,768	234,846	220,557

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A26 Other Operating Income

<u>GROUP</u>	3rd Quarter Ended		Nine Months Ended	
	31 December 2017 RM'000	Restated 31 December 2016 RM'000	31 December 2017 RM'000	Restated 31 December 2016 RM'000
(a) <u>Fee and commission income:</u>				
Commissions	21,563	21,705	67,513	65,046
Service charges and fees	8,546	8,931	24,251	23,802
Corporate advisory fees	427	160	2,158	1,505
Underwriting commissions	304	-	472	85
Brokerage fees	8,469	5,837	27,080	20,132
Guarantee fees	4,018	4,900	11,836	14,311
Processing fees	3,955	3,752	8,390	11,518
Commitment fees	4,129	4,033	12,287	11,857
Cards related income	24,438	23,672	73,834	71,050
Other fee income	751	771	2,251	2,270
	76,600	73,761	230,072	221,576
(b) <u>Fee and commission expense:</u>				
Commissions expense	(340)	(465)	(1,061)	(1,516)
Brokerage fees expense	(2,826)	(1,999)	(9,118)	(7,536)
Guarantee fees expense	(93)	(155)	(459)	(650)
Cards related expense	(21,421)	(21,021)	(61,937)	(61,484)
	(24,680)	(23,640)	(72,575)	(71,186)
(c) <u>Investment income:</u>				
Gain arising from sale/redemption of:				
- Financial assets held-for-trading	119	549	429	2,556
- Financial investments available-for-sale	-	2,272	3,680	5,239
Marked-to-market revaluation of gain/(loss):				
- Financial assets held-for-trading	36	(3,046)	(41)	(3,684)
- Derivative instruments	(14,497)	119,376	(94,331)	210,814
- Financial liabilities designated at fair value	14,491	(788)	18,564	(3,301)
Realised gain/(loss) on derivative instruments	21,838	(79,931)	155,715	(109,867)
Gross dividend income from:				
- Financial investments available-for-sale	752	310	1,861	3,165
	22,739	38,742	85,877	104,922
(d) <u>Other income :</u>				
Foreign exchange loss	6,778	(10,110)	1,906	(30,523)
Loss on disposal of property, plant and equipment	(106)	1	(106)	(346)
Others	7,597	6,671	20,345	22,378
	14,269	(3,438)	22,145	(8,491)
Total other operating income	88,928	85,425	265,519	246,821

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A26 Other Operating Income (contd.)

	3rd Quarter Ended		Nine Months Ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
<u>BANK</u>				
(a) <u>Fee and commission income:</u>				
Commissions	21,563	21,705	67,513	65,046
Service charges and fees	8,355	8,785	23,610	23,361
Guarantee fees	4,018	4,900	11,836	14,179
Processing fees	3,597	2,187	7,140	7,091
Commitment fees	4,118	4,027	12,262	11,836
Cards related income	24,438	23,672	73,834	71,050
Other fee income	750	769	2,250	2,268
	66,839	66,045	198,445	194,831
(b) <u>Fee and commission expense:</u>				
Commissions expense	(346)	(469)	(1,067)	(1,520)
Guarantee fees expense	(93)	(155)	(459)	(650)
Cards related expense	(21,421)	(21,021)	(61,937)	(61,484)
	(21,860)	(21,645)	(63,463)	(63,654)
(c) <u>Investment income:</u>				
Gain arising from sale/redemption of:				
- Financial assets held-for-trading	119	549	429	2,556
- Financial investments available-for-sale	-	2,272	2,987	3,154
Marked-to-market revaluation gain/(loss) of:				
- Financial assets held-for-trading	36	(3,046)	11	(3,684)
- Derivative instruments	(14,497)	119,376	(94,331)	210,814
- Financial liabilities designated at fair value	14,491	(788)	18,564	(3,301)
Realised gain/(loss) on derivative instruments	21,838	(79,931)	155,715	(109,867)
Gross dividend income from:				
- Financial investments available-for-sale	632	159	1,311	2,440
- Subsidiaries	27,014	21,640	33,913	51,857
	49,633	60,231	118,599	153,969
(d) <u>Other income:</u>				
Foreign exchange loss	6,672	(10,213)	1,680	(30,855)
Rental income	170	200	511	527
Loss on disposal of property, plant and equipment	-	1	-	(346)
Others	7,462	6,539	19,838	19,390
	14,304	(3,473)	22,029	(11,284)
Total other operating income	108,916	101,158	275,610	273,862

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A27 Other Operating Expenses

	3rd Quarter Ended		Nine Months Ended	
	31 December 2017 RM'000	Restated 31 December 2016 RM'000	31 December 2017 RM'000	Restated 31 December 2016 RM'000
GROUP				
Personnel costs				
- Salaries, allowances and bonuses	87,628	83,087	261,451	251,376
- Contribution to EPF	13,924	13,962	41,454	41,249
- Share options/grants under ESS	3	525	189	2,173
- Others	42,221	7,618	76,316	26,530
	143,776	105,192	379,410	321,328
Establishment costs				
- Depreciation of property, plant and equipment	5,121	5,217	15,599	16,109
- Amortisation of computer software	6,244	5,606	18,522	16,699
- Rental of premises	7,382	7,507	22,230	22,826
- Water and electricity	1,785	2,059	6,013	5,908
- Repairs and maintenance	2,302	2,535	7,196	7,315
- Information technology expenses	13,113	12,611	36,473	35,377
- Others	2,653	3,042	9,057	9,651
	38,600	38,577	115,090	113,885
Marketing expenses				
- Promotion and advertisement	1,628	1,556	4,951	4,386
- Branding and publicity	1,543	3,484	5,000	5,165
- Others	1,856	1,886	5,185	5,736
	5,027	6,926	15,136	15,287
Administration and general expenses				
- Communication expenses	2,134	3,759	7,309	10,318
- Printing and stationery	625	771	2,059	2,356
- Insurance	2,778	2,771	8,517	8,024
- Professional fees	6,815	6,142	19,463	16,200
- Others	15,542	10,188	34,906	23,344
	27,894	23,631	72,254	60,242
Total other operating expenses	215,297	174,326	581,890	510,742

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A27 Other Operating Expenses (contd.)

	3rd Quarter Ended		Nine Months Ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
<u>BANK</u>				
Personnel costs				
- Salaries, allowances and bonuses	67,893	63,774	199,078	192,771
- Contribution to EPF	10,806	10,838	31,843	31,916
- Share options/grants under ESS	3	453	191	1,834
- Others	39,837	5,617	71,030	21,756
	118,539	80,682	302,142	248,277
Establishment costs				
- Depreciation of property, plant and equipment	4,930	4,967	15,045	15,479
- Amortisation of computer software	6,012	5,451	17,967	16,290
- Rental of premises	5,791	5,927	17,299	17,749
- Water and electricity	1,364	1,532	4,360	4,314
- Repairs and maintenance	1,828	1,959	5,613	5,501
- Information technology expenses	10,781	10,066	29,331	27,466
- Others	600	830	2,590	2,703
	31,306	30,732	92,205	89,502
Marketing expenses				
- Promotion and advertisement	1,512	1,088	4,477	3,394
- Branding and publicity	1,383	3,234	3,970	4,770
- Others	1,091	1,083	3,091	3,304
	3,986	5,405	11,538	11,468
Administration and general expenses				
- Communication expenses	1,541	2,984	5,220	8,050
- Printing and stationery	500	625	1,654	1,891
- Insurance	2,541	2,552	7,791	7,406
- Professional fees	5,394	4,038	15,392	11,715
- Others	12,127	8,649	27,153	19,050
	22,103	18,848	57,210	48,112
Total other operating expenses	175,934	135,667	463,095	397,359

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A28 (Write-back of)/Allowance for Losses on Loans, Advances and Financing and Other Receivables

	3rd Quarter Ended		Nine Months Ended	
	31 December 2017 RM'000	Restated 31 December 2016 RM'000	31 December 2017 RM'000	Restated 31 December 2016 RM'000
GROUP				
Allowance for loans and financing and other receivables:				
(a) Individual assessment allowance				
- made during the period (net)	5,524	5,179	23,171	15,510
(b) Collective assessment allowance				
- (write-back)/made during the period (net)	(14,722)	29,848	37,480	59,661
(c) Bad debts on loans and financing				
- Recovered	(4,850)	(7,979)	(23,682)	(24,650)
- Written-off	5,110	4,777	15,880	14,649
	(8,938)	31,825	52,849	65,170
Allowance for other receivables, net	962	623	2,898	2,224
Allowance for/(write-back of) losses from amount due from clients	5	-	5	(2)
	(7,971)	32,448	55,752	67,392

	3rd Quarter Ended		Nine Months Ended	
	31 December 2017 RM'000	31 December 2016 RM'000	31 December 2017 RM'000	31 December 2016 RM'000
BANK				
Allowance for loans and financing and other receivables:				
(a) Individual assessment allowance				
- made during the period (net)	4,040	4,253	16,299	14,130
(b) Collective assessment allowance				
- (write-back)/made during the period (net)	(18,721)	13,054	3,120	24,200
(c) Bad debts on loans and financing				
- Recovered	(3,759)	(5,687)	(16,532)	(18,337)
- Written-off	2,535	2,824	7,992	8,095
	(15,905)	14,444	10,879	28,088
Allowance for other receivables, net	857	566	2,312	1,961
	(15,048)	15,010	13,191	30,049

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A29 Commitments and Contingencies

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

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2017 RM'000	Restated 31 March 2017 RM'000	31 December 2017 RM'000	31 March 2017 RM'000
<u>Credit-related exposures</u>				
Direct credit substitutes	732,498	757,816	593,011	649,782
Transaction-related contingent items	743,380	710,106	671,572	653,885
Short-term self-liquidating trade-related contingencies	180,188	138,588	138,251	114,249
Irrevocable commitments to extend credit:				
- maturity exceeding one year	1,117,108	1,111,249	787,311	927,426
- maturity not exceeding one year	7,541,167	6,527,092	5,762,498	4,943,831
Unutilised credit card lines	1,694,485	1,584,784	1,694,485	1,584,784
	12,008,826	10,829,635	9,647,128	8,873,957
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	6,895,963	11,082,789	6,895,963	11,082,789
- over one year to three years	160,349	116,546	160,349	116,546
- over three years	20,267	37,817	20,267	37,817
Interest rate related contracts:				
- one year or less	746,324	750,000	746,324	750,000
- over one year to three years	2,032,059	1,988,572	2,032,059	1,988,572
- over three years	1,907,402	1,605,860	1,907,402	1,605,860
Equity related contracts				
- one year or less	103,205	52,405	103,205	52,405
- over one year to three years	50,700	30,330	50,700	30,330
	11,916,269	15,664,319	11,916,269	15,664,319
	23,925,095	26,493,954	21,563,397	24,538,276

A30 Segment Information

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

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

The Group is organised into the following key operating segments:

(i) Consumer Banking

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

(ii) Business Banking

Business Banking segment covers Small and Medium Enterprise ("SME"), Corporate and Commercial Banking. SME Banking customers comprise self-employed, small and medium scale enterprises. Corporate and Commercial Banking serves public-listed and large corporate business customers including family-owned businesses. Business Banking provides a wide range of products and services including loans, trade finance, cash management, treasury and structured solutions.

(iii) Financial Markets

Financial Markets provide foreign exchange, money market, hedging and investment (capital market instruments) solutions for banking customers. It also manages the assets and liabilities, liquidity and statutory reserve requirements of the banking entities in the Group.

(iv) Stockbroking and Corporate Advisory

Stockbroking and Corporate Advisory covers stockbroking activities and corporate advisory which includes initial public offering, equity fund raising, debt fund raising, mergers and acquisitions and corporate restructuring.

(v) Others

Others refer to mainly other business operations such as alternative distribution channels, trustee services and head office.

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A30 Segment information (contd.)

Group	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Stockbroking and Corporate Advisory RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
3rd Quarter ended 31 December 2017								
Net interest income								
- external income	102,297	80,070	42,050	3,355	317	228,089	(7,776)	220,313
- inter-segment	(24,970)	24,620	2,282	(1,932)	-	-	-	-
	77,327	104,690	44,332	1,423	317	228,089	(7,776)	220,313
Net income from Islamic banking business	28,265	23,535	14,016	-	-	65,816	12,947	78,763
Other operating income	30,542	43,535	8,544	7,212	6,330	96,163	(7,235)	88,928
Net income	136,134	171,760	66,892	8,635	6,647	390,068	(2,064)	388,004
Other operating expenses	(77,863)	(68,461)	(13,568)	(9,442)	(35,622)	(204,956)	1,024	(203,932)
Depreciation and amortisation	(6,666)	(3,758)	(611)	(329)	(1)	(11,365)	-	(11,365)
Operating profit/(loss)	51,605	99,541	52,713	(1,136)	(28,976)	173,747	(1,040)	172,707
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(23,696)	31,727	(22)	(44)	6	7,971	-	7,971
Segment result	27,909	131,268	52,691	(1,180)	(28,970)	181,718	(1,040)	180,678
Share of results of joint venture								(4)
Taxation								(58,120)
Net profit for the financial period								122,554
Segment assets	21,180,283	17,186,063	15,592,734	101,250	118,955	54,179,285	(2,332,806)	51,846,479
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								647
Property, plant and equipment								70,650
Tax recoverable and deferred tax assets								15,523
Intangible assets								397,206
Total assets								52,330,505
Segment liabilities	23,322,653	21,465,043	3,214,985	221,034	6,871	48,230,586	(1,282,046)	46,948,540
Provision for taxation and zakat and deferred tax liabilities								59,527
Total liabilities								47,008,067

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A30 Segment information (contd.)

Group	Consumer Banking	Business Banking	Financial Markets	Stockbroking and Corporate Advisory	Others	Total Operations	Inter-segment Elimination	Total
Nine months ended 31 December 2017	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income								
- external income	300,385	246,776	126,316	9,480	1,896	684,853	(16,725)	668,128
- inter-segment	(54,324)	61,064	(1,086)	(5,654)	-	-	-	-
	246,061	307,840	125,230	3,826	1,896	684,853	(16,725)	668,128
Net income from Islamic banking business	84,432	72,492	42,696	-	-	199,620	35,226	234,846
Other operating income	93,435	120,232	29,830	23,176	19,553	286,226	(20,707)	265,519
Net income	423,928	500,564	197,756	27,002	21,449	1,170,699	(2,206)	1,168,493
Other operating expenses	(228,334)	(194,697)	(36,924)	(28,383)	(63,520)	(551,858)	4,089	(547,769)
Depreciation and amortisation	(19,901)	(11,417)	(1,950)	(849)	(4)	(34,121)	-	(34,121)
Operating profit/(loss)	175,693	294,450	158,882	(2,230)	(42,075)	584,720	1,883	586,603
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(66,751)	11,114	11	214	(340)	(55,752)	-	(55,752)
Segment result	108,942	305,564	158,893	(2,016)	(42,415)	528,968	1,883	530,851
Share of results of joint venture								(3)
Taxation								(150,491)
Net profit for the financial period								380,357
Segment assets	21,180,283	17,186,063	15,592,734	101,250	118,955	54,179,285	(2,332,806)	51,846,479
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								647
Property, plant and equipment								70,650
Tax recoverable and deferred tax assets								15,523
Intangible assets								397,206
Total assets								52,330,505
Segment liabilities	23,322,653	21,465,043	3,214,985	221,034	6,871	48,230,586	(1,282,046)	46,948,540
Provision for taxation and zakat and deferred tax liabilities								59,527
Total liabilities								47,008,067

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A30 Segment information (contd.)

Group	Consumer Banking	Business Banking	Financial Markets	Stockbroking and Corporate Advisory	Others	Total Operations	Inter-segment Elimination	Total
Restated								
3rd Quarter ended 31 December 2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income/(expense)								
- external income	107,773	82,649	30,746	2,599	986	224,753	(6,304)	218,449
- inter-segment	(24,276)	21,663	4,177	(1,564)	-	-	-	-
	83,497	104,312	34,923	1,035	986	224,753	(6,304)	218,449
Net income from Islamic banking business	29,402	22,656	12,671	-	-	64,729	10,039	74,768
Other operating income	29,923	41,935	9,065	8,002	7,865	96,790	(11,365)	85,425
Net income	142,822	168,903	56,659	9,037	8,851	386,272	(7,630)	378,642
Other operating expenses	(75,470)	(63,955)	(11,360)	(9,610)	(4,535)	(164,930)	1,427	(163,503)
Depreciation and amortisation	(5,782)	(3,954)	(765)	(245)	(77)	(10,823)	-	(10,823)
Operating profit/(loss)	61,570	100,994	44,534	(818)	4,239	210,519	(6,203)	204,316
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(20,154)	(12,332)	(16)	54	-	(32,448)	-	(32,448)
Segment result	41,416	88,662	44,518	(764)	4,239	178,071	(6,203)	171,868
Share of results of joint venture								19
Taxation								(42,205)
Net profit for the financial period								129,682
Segment assets	21,487,200	17,083,526	16,802,363	282,669	1,916,250	57,572,008	(4,201,193)	53,370,815
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								768
Property, plant and equipment								75,867
Tax recoverable and deferred tax assets								22,022
Intangible assets								369,868
Total assets								53,839,340
Segment liabilities	23,019,092	20,304,083	6,929,485	58,121	6,260	50,317,041	(1,493,430)	48,823,611
Provision for taxation and zakat and deferred tax liabilities								23,513
Total liabilities								48,847,124

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A30 Segment information (contd.)

Group	Consumer Banking	Business Banking	Financial Markets	Stockbroking and Corporate Advisory	Others	Total Operations	Inter-segment Elimination	Total
Restated								
Nine months ended 31 December 2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income/(expense)								
- external income	330,478	240,212	68,502	7,826	4,872	651,890	(17,095)	634,795
- inter-segment	(85,349)	59,237	30,763	(4,651)	-	-	-	-
	245,129	299,449	99,265	3,175	4,872	651,890	(17,095)	634,795
Net income from Islamic banking business	84,759	64,906	38,360	-	-	188,025	32,532	220,557
Other operating income	86,489	122,310	17,632	22,242	21,787	270,460	(23,639)	246,821
Net income	416,377	486,665	155,257	25,417	26,659	1,110,375	(8,202)	1,102,173
Other operating expenses	(222,735)	(187,865)	(32,016)	(27,537)	(12,404)	(482,557)	4,623	(477,934)
Depreciation and amortisation	(17,534)	(12,081)	(2,373)	(646)	(174)	(32,808)	-	(32,808)
Operating profit/(loss)	176,108	286,719	120,868	(2,766)	14,081	595,010	(3,579)	591,431
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(53,419)	(14,007)	(15)	49	-	(67,392)	-	(67,392)
Allowance for impairment on other assets	-	-	-	(1,208)	-	(1,208)	-	(1,208)
Segment result	122,689	272,712	120,853	(3,925)	14,081	526,410	(3,579)	522,831
Share of results of joint venture								57
Taxation								(128,153)
Net profit for the financial period								394,735
Segment assets	21,487,200	17,083,526	16,802,363	282,669	1,916,250	57,572,008	(4,201,193)	53,370,815
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								768
Property, plant and equipment								75,867
Tax recoverable and deferred tax assets								22,022
Intangible assets								369,868
Total assets								53,839,340
Segment liabilities	23,019,092	20,304,083	6,929,485	58,121	6,260	50,317,041	(1,493,430)	48,823,611
Provision for taxation and zakat and deferred tax liabilities								23,513
Total liabilities								48,847,124

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A31 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 Group and the Bank are as follows:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2017	Restated 31 March 2017	31 December 2017	31 March 2017
<u>Before deducting proposed dividends</u>				
CET I capital ratio	13.567%	13.334%	12.024%	11.558%
Tier I capital ratio	14.013%	13.334%	12.579%	11.558%
Total capital ratio	18.716%	17.999%	16.930%	16.347%
<u>After deducting proposed dividends</u>				
CET I capital ratio	13.567%	12.990%	12.024%	11.136%
Tier I capital ratio	14.013%	12.990%	12.579%	11.136%
Total capital ratio	18.716%	17.655%	16.930%	15.924%

(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>	
	31 December 2017 RM'000	Restated 31 March 2017 RM'000	31 December 2017 RM'000	31 March 2017 RM'000
<u>CET I Capital</u>				
Paid-up share capital	1,548,106	1,548,106	1,548,106	796,517
Share Premium	-	-	-	401,517
Retained profits	3,267,786	2,062,782	2,659,183	2,115,505
Statutory reserves	-	1,223,525	-	835,401
Revaluation reserves	134,258	99,268	94,077	64,916
Capital reserves	100,150	90,010	95,515	-
	5,050,300	5,023,691	4,396,881	4,213,856
Less: Regulatory adjustment				
- Goodwill and other intangibles	(397,206)	(377,361)	(280,630)	(261,986)
- Deferred tax assets	(11,766)	(14,738)	-	(4,088)
- 55% of revaluation reserves	(73,842)	(54,597)	(51,742)	(35,704)
- Direct/indirect investment in own ordinary shares	(35,216)	(73,837)	(35,216)	-
- Investment in subsidiaries, associate and joint venture	(518)	(610)	(790,852)	(714,440)
Total CET I Capital	4,531,752	4,502,548	3,238,441	3,197,638
Additional Tier 1 Capital Securities	149,280	-	149,282	-
Total Additional Tier 1 Capital	149,280	-	149,282	-
Total Tier I Capital	4,681,032	4,502,548	3,387,723	3,197,638

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A31 Capital Adequacy (Contd.)

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

Tier II Capital

Subordinated obligations	1,199,301	1,199,177	1,198,968	1,198,764
Collective assessment allowance and regulatory reserves	371,732	376,514	300,699	304,576
Less: Regulatory adjustment				
- Investment in subsidiaries, associate and joint venture	(129)	(153)	(197,713)	(178,610)
- Investment in Tier 2 capital instruments	-	-	(130,000)	-
Total Tier II Capital	1,570,904	1,575,538	1,171,954	1,324,730
Total Capital	6,251,936	6,078,086	4,559,677	4,522,368

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

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2017	Restated 31 March 2017	31 December 2017	31 March 2017
	RM'000	RM'000	RM'000	RM'000
Credit risk	30,507,018	30,938,021	24,388,338	25,162,190
Market risk	146,610	126,042	146,610	104,490
Operational risk	2,750,237	2,704,544	2,397,580	2,398,898
Total RWA and capital requirements	33,403,865	33,768,607	26,932,528	27,665,578

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

	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
31 December 2017		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	13.085%	79.667%
Tier I capital ratio	13.085%	79.667%
Total capital ratio	16.088%	80.376%
<u>After deducting proposed dividends</u>		
CET I capital ratio	13.085%	79.667%
Tier I capital ratio	13.085%	79.667%
Total capital ratio	16.088%	80.376%
31 March 2017		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	13.430%	84.804%
Tier I capital ratio	13.430%	84.804%
Total capital ratio	14.509%	85.516%
<u>After deducting proposed dividends</u>		
CET I capital ratio	13.430%	83.729%
Tier I capital ratio	13.430%	83.729%
Total capital ratio	14.509%	84.441%

A32 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 Bank and the Group recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(i) Financial instruments in Level 1

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

(ii) Financial instruments in Level 2

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

(iii) Financial instruments in Level 3

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

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

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A32 Fair Value Measurements (contd.)

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

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

<u>GROUP</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 December 2017	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading				
- Money market instruments	-	146,097	-	146,097
- Unquoted securities	-	27,976	-	27,976
Financial investments available-for-sale				
- Money market instruments	-	4,735,863	-	4,735,863
- Quoted securities in Malaysia	12	-	-	12
- Unquoted securities	-	4,188,228	181,002	4,369,230
Derivative financial assets	-	80,017	-	80,017
<u>Liabilities</u>				
Derivative financial liabilities	-	169,591	-	169,591

<u>BANK</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 December 2017	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading				
- Money market instruments	-	146,097	-	146,097
- Unquoted securities	-	27,976	-	27,976
Financial investments available-for-sale				
- Money market instruments	-	4,507,816	-	4,507,816
- Quoted securities in Malaysia	12	-	-	12
- Unquoted securities	-	2,412,060	123,789	2,535,849
Derivative financial assets	-	80,017	-	80,017
<u>Liabilities</u>				
Derivative financial liabilities	-	169,591	-	169,591

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A32 Fair Value Measurements (contd.)

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

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

<u>GROUP</u> 31 March 2017	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets held-for-trading				
- Money market instruments	-	144,947	-	144,947
- Unquoted securities	-	190,313	-	190,313
Financial investments available-for-sale				
- Money market instruments	-	6,261,090	-	6,261,090
- Quoted securities in Malaysia	15	-	-	15
- Unquoted securities	-	3,808,213	170,239	3,978,452
Derivative financial assets	-	86,345	-	86,345
<u>Liabilities</u>				
Derivative financial liabilities	-	81,892	-	81,892

<u>BANK</u> 31 March 2017	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets held-for-trading				
- Money market instruments	-	110,082	-	110,082
- Unquoted securities	-	149,619	-	149,619
Financial investments available-for-sale				
- Money market instruments	-	5,614,307	-	5,614,307
- Quoted securities in Malaysia	15	-	-	15
- Unquoted securities	-	2,373,751	111,377	2,485,128
Derivative financial assets	-	86,345	-	86,345
<u>Liabilities</u>				
Derivative financial liabilities	-	81,892	-	81,892

A32 Fair Value Measurements (contd.)

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

Reconciliation of movements in Level 3 financial instruments:

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2017 RM'000	Restated 31 March 2017 RM'000	31 December 2017 RM'000	31 March 2017 RM'000
At beginning of financial period/year	170,239	157,333	111,377	102,657
Disposal	(4,970)	-	-	-
Total gains/(losses) recognised in:				
- Other comprehensive income				
(i) Revaluation reserves	15,763	12,906	12,412	8,720
- Statement of comprehensive income				
(i) Loss arising from sales of financial investments available-for-sales	(30)	-	-	-
At end of financial period/year	181,002	170,239	123,789	111,377

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

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A33 Offsetting Financial Assets And Financial Liabilities

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

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

(a) Financial assets

	Gross amounts of recognised financial assets RM'000	Gross amounts of recognised financial liabilities set off in the balance sheet RM'000	Net amounts of financial assets presented in the balance sheet RM'000	Related amounts not set off in the balance sheet		Net Amount RM'000
				Financial Instruments RM'000	Cash collateral received RM'000	
GROUP						
December 2017						
Derivative financial assets	80,017	-	80,017	(7,320)	(14,210)	58,487
Amount due from clients and brokers	226,747	(72,299)	154,448	-	-	154,448
	<u>306,764</u>	<u>(72,299)</u>	<u>234,465</u>	<u>(7,320)</u>	<u>(14,210)</u>	<u>212,935</u>
BANK						
December 2017						
Derivative financial assets	80,017	-	80,017	(7,320)	(14,210)	58,487
GROUP						
Restated						
March 2017						
Derivative financial assets	86,345	-	86,345	(18,681)	-	67,664
Amount due from clients and brokers	213,368	(100,346)	113,022	-	-	113,022
Total	<u>299,713</u>	<u>(100,346)</u>	<u>199,367</u>	<u>(18,681)</u>	<u>-</u>	<u>180,686</u>
BANK						
March 2017						
Derivative financial assets	86,345	-	86,345	(18,681)	-	67,664

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A33 Offsetting Financial Assets And Financial Liabilities (Contd.)**(b) Financial liabilities**

	Gross amounts of recognised financial liabilities RM'000	Gross amounts of recognised financial assets set off in the balance sheet RM'000	Net amounts of financial liabilities presented in the balance sheet RM'000	Related amounts not set off in the balance sheet		Net Amount RM'000
				Financial Instruments RM'000	Cash collateral received RM'000	
GROUP						
December 2017						
Derivative financial liabilities	169,591	-	169,591	(7,320)	(27,888)	134,383
Amount due to clients and brokers	193,047	(72,299)	120,748	-	-	120,748
Total	362,638	(72,299)	290,339	(7,320)	(27,888)	255,131
BANK						
December 2017						
Derivative financial liabilities	169,591	-	169,591	(7,320)	(27,888)	134,383
GROUP						
Restated						
March 2017						
Derivative financial liabilities	81,892	-	81,892	(18,681)	(22,381)	40,830
Amount due to clients and brokers	169,412	(100,346)	69,066	-	-	69,066
Total	251,304	(100,346)	150,958	(18,681)	(22,381)	109,896
BANK						
March 2017						
Derivative financial liabilities	81,892	-	81,892	(18,681)	(22,381)	40,830

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

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

B1 Financial Review for Financial Quarter and Financial Year to Date

GROUP

	3rd Quarter Ended 31 December 2017 RM'000	Restated 3rd Quarter Ended 31 December 2016 RM'000	Changes %
Net income/revenue	388,004	378,642	2.5
Operating profit before allowances	172,707	204,316	(15.5)
Operating profit after allowances	180,678	171,868	5.1
Profit before tax	180,674	171,887	5.1
Profit after tax	122,554	129,682	(5.5)
Profit attributable to equity holders of the Bank	122,554	129,682	(5.5)

	Nine Months Ended 31 December 2017 RM'000	Restated Nine Months Ended 31 December 2016 RM'000	Changes %
Net income/revenue	1,168,493	1,102,173	6.0
Operating profit before allowances	586,603	591,431	(0.8)
Operating profit after allowances	530,851	522,831	1.5
Profit before tax	530,848	522,888	1.5
Profit after tax	380,357	394,735	(3.6)
Profit attributable to equity holders of the Bank	380,357	394,735	(3.6)

	3rd Quarter Ended 31 December 2017 RM'000	2nd Quarter Ended 30 September 2017 RM'000	Changes %
Net income/revenue	388,004	393,876	(1.5)
Operating profit before allowances	172,707	203,722	(15.2)
Operating profit after allowances	180,678	170,199	6.2
Profit before tax	180,674	170,179	6.2
Profit after tax	122,554	122,799	(0.2)
Profit attributable to equity holders of the Bank	122,554	122,799	(0.2)

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B1 Financial Review for Financial Quarter and Financial Year to Date (Contd.)

Bank

	3rd Quarter Ended 31 December 2017 RM'000	3rd Quarter Ended 31 December 2016 RM'000	Changes %
Net income/revenue	328,451	318,330	3.2
Operating profit before allowances	152,517	182,663	(16.5)
Operating profit after allowances	167,565	167,653	(0.1)
Profit before tax	167,565	167,653	(0.1)
Profit after tax	119,121	132,507	(10.1)
Profit attributable to equity holders of the Bank	119,121	132,507	(10.1)
	Nine Months Ended 31 December 2017 RM'000	Nine Months Ended 31 December 2016 RM'000	Changes %
Net income/revenue	949,424	901,406	5.3
Operating profit before allowances	486,329	504,047	(3.5)
Operating profit after allowances	473,138	473,998	(0.2)
Profit before tax	473,138	473,998	(0.2)
Profit after tax	346,677	371,230	(6.6)
Profit attributable to equity holders of the Bank	346,677	371,230	(6.6)
	3rd Quarter Ended 31 December 2017 RM'000	2nd Quarter Ended 30 September 2017 RM'000	Changes %
Net income/revenue	328,451	316,315	3.8
Operating profit before allowances	152,517	166,079	(8.2)
Operating profit after allowances	167,565	148,462	12.9
Profit before tax	167,565	148,462	12.9
Profit after tax	119,121	107,941	10.4
Profit attributable to equity holders of the Bank	119,121	107,941	10.4

B2 Review Of Performance

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

For 9 months ended 31 December 2017, the Group's net profit after taxation was RM380.4 million.

Revenue grew by RM66.3 million or 6.0%, primarily from higher net interest income and Islamic Banking Income which increased by RM44.6 million or 5.3% mainly due to expansion of average loan base and better asset and deposit mix. Consequently net interest margin improved by 10bps to 236bps.

Other operating income improved by RM21.8 million or 8.4% mainly from higher treasury income, brokerage fees, cards income and wealth management income.

Operating expenses increased by RM71.1 million or 13.9% due to restructuring cost and strategic initiatives. Cost to income ratio is recorded at 49.8%. Excluding restructuring cost and strategic initiatives, cost to income ratio stood at 44.9%.

Credit cost recorded at 19.0 bps, maintaining within expected level.

Gross impaired loans ratio increased moderately to 1.2%. While loan loss coverage stood at 116.2%, reflecting a healthy book.

The Current Account/Savings Account ratio improved to 39.5% from 34.8% last year. The loan-to-fund ratio stood at 87.2%.

The Group's total capital ratio stood healthy at 18.7%, with a Common Equity Tier 1 Capital ratio of 13.6% and Additional Tier 1 Capital ratio at 14.0% as at 31 December 2017.

Performance by business segment:

The Group's businesses are presented in the following business segments: Consumer Banking, Business Banking, Financial Markets and Stockbroking and Corporate Advisory Services. Please refer to Note A30 on Segment Information for the composition of each business segment.

Consumer Banking profit before tax stood at RM108.9 million where the net income was higher by RM7.6 million or 1.8% offset by higher operating expenses by RM8.0 million or 3.3% compared to last corresponding period. Allowance for loans, advances and financing was higher by RM13.3 million. Segment asset was RM0.3 billion or 1.4% lower, while liabilities registered growth of RM0.3 billion or 1.3% higher.

Business Banking profit before tax stood at RM305.6 million where the operating profit was higher by RM7.7 million or 2.7% mainly due to increase in the revenue by RM13.9 million or 2.9% compared to last corresponding period. Allowance for loans, advances and financing improved by RM25.1 million. Segment asset and liabilities registered growth of RM0.1 billion or 0.6% and RM1.1 billion or 5.7% respectively.

Financial Markets profit before tax stood at RM158.9 million where the operating profit was higher by RM38.0 million or 31.5% mainly due to increase in the revenue by RM42.5 million or 27.4% compared to last corresponding period. Segment asset and liabilities was RM1.2 billion or 7.2% and RM3.7 billion or 53.6% lower respectively.

Stockbroking and Corporate Advisory Services profit before tax improved by RM1.9 million compared to last corresponding period mainly due to higher brokerage income.

B2 Review Of Performance (Contd.)

Current Quarter vs Previous Year Corresponding Quarter

The Group's profit after taxation of RM122.6 million for the quarter ended 31 December 2017.

Key quarter-on-quarter performance highlights:

- Revenue was higher by RM9.4 million or 2.5% mainly from net interest income and other operating income;
- NIM was recorded at 238bps, which was 6bps higher than last corresponding period;
- Other operating income was higher by RM3.6 million or 4.0% due to higher fee income and treasury income; and
- Operating expense increased by RM41.0 million or 23.5% mainly due to the restructuring costs.

B3 Review Of Performance

Comparison With Immediate Preceding Quarter (3Q FY2018 vs. 2Q FY2018)

The Group's profit after taxation of RM122.6 million for the quarter ended 31 December 2017.

Key quarter-on-quarter performance highlights:

- Net profit after tax was slightly lower by RM0.2 million or 0.2%;
- Net income was lower RM5.9 million or 1.5% mainly due to lower net interest income while offset by higher other operating income;
- Net Interest Margin remains stable at 238bps;
- Other operating income increased by RM2.7 million or 3.0% mainly from higher treasury income by RM2.2 million; and
- Other operating expenses increased RM25.1 million mainly due to restructuring costs.

B4 Prospect for the Current Financial Period

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

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

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

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

This will position us as a Bank that provides innovative solutions that are fast, simple and responsive and aligned to our customers' needs, which is the essence of our brand promise.

While we expect these strategic investments to significantly lift our level of performance in the longer term over the next three to five years, we would expect the profitability of the current financial year will be somewhat impacted.

B5 Profit Forecast

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

B6 Taxation

	3rd Quarter Ended		Nine Months Ended	
	31 December 2017	Restated 31 December 2016	31 December 2017	Restated 31 December 2016
	RM'000	RM'000	RM'000	RM'000
Group				
Taxation				
- Income tax	55,994	44,356	145,556	121,908
- Over provision in prior financial period	(1,438)	(916)	(615)	(916)
- Deferred tax	3,564	(1,235)	5,550	7,161
	<u>58,120</u>	<u>42,205</u>	<u>150,491</u>	<u>128,153</u>
Bank				
Taxation				
- Income tax	46,200	37,093	120,758	98,798
- Under/(over) provision in prior financial period	952	(989)	934	(989)
- Deferred tax	1,292	(958)	4,769	4,959
	<u>48,444</u>	<u>35,146</u>	<u>126,461</u>	<u>102,768</u>

The Group's and the Bank effective tax rate for the third financial quarter and nine months ended 31 December 2017 was higher than the current statutory tax rate of 24% due to certain expenses being disallowed for tax purpose.

B7 Profit/(Loss) On Sale Of Unquoted Investments Or Properties

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

B8 Purchase And Disposal Of Quoted Securities

There was no purchase or disposal of quoted securities for the third financial quarter and nine months ended 31 December 2017 other than disclosed as below:

- The total number of 8,843,800 shares held in trust for ESS was disposed at an average market price of RM3.88 per share as at 31 December 2017;
- Investments held by the Group and the Bank whose activities are regulated by law relating to banking companies and are subject to supervision by Bank Negara Malaysia ("BNM").

B9 Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the financial reporting date.

B10 Deposits From Customers, Deposits And Placements Of Banks And Other Financial Institutions And Debts Securities

	<u>GROUP</u>		<u>BANK</u>	
	31 December 2017 RM'000	Restated 31 March 2017 RM'000	31 December 2017 RM'000	31 March 2017 RM'000
(a) Deposits from customers				
Fixed deposits, negotiable instruments of deposits and money market deposits:				
- One year or less (short term)	23,389,513	28,755,989	18,664,575	23,144,803
- More than one year (medium/long term)	1,033,387	220,083	782,683	96,539
	24,422,900	28,976,072	19,447,258	23,241,342
Others	15,934,458	15,469,648	13,246,269	12,871,159
	40,357,358	44,445,720	32,693,527	36,112,501
(b) Deposits and placements of banks and other financial institutions				
- One year or less (short term)	1,049,148	309,563	520,006	298,740
- More than one year (medium/long term)	579,694	553,341	342,223	350,989
	1,628,842	862,904	862,229	649,729
(c) Other borrowings				
Senior Medium Term Notes (unsecured)				
- One year or less (short term)	-	5,070	-	5,070
(d) Subordinated obligations				
Tier II Subordinated Medium Term Notes (unsecured)				
- More than one year (medium/long term)	1,209,591	1,226,078	1,208,975	1,225,664
Additional Tier 1 Capital Securities (unsecured)				
- More than one year (medium/long term)	150,667	-	150,669	-
	1,360,258	1,226,078	1,359,644	1,225,664

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B11 Derivative Financial Assets/(Liabilities)

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

BANK/GROUP	As at 31 December 2017			As at 31 March 2017		
	Principal RM'000	Fair value		Principal RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Foreign exchange and commodity contracts						
Currency forwards						
- one year or less	1,373,697	6,689	(62,329)	1,282,544	45,673	(4,340)
- over one year to three years	127,280	-	(6,326)	72,316	73	(569)
- over three years	20,267	-	(1,606)	37,817	42	(200)
Currency swaps						
- one year or less	4,996,277	39,787	(57,119)	9,631,122	15,809	(34,170)
- over one year to three years	-	-	-	44,230	-	(12,700)
Currency spots						
- one year or less	323,209	297	(419)	40,255	56	(60)
Currency options						
- one year or less	202,780	1,577	(784)	128,868	265	(24)
- over one year to three years	33,069	604	(125)	-	-	-
	7,076,579	48,954	(128,708)	11,237,152	61,918	(52,063)
Interest rate derivatives						
Interest rate swap						
- one year or less	4,685,785	30,346	(28,990)	4,344,432	24,339	(24,455)
- over one year to three years	746,324	1,269	(1,427)	750,000	227	(697)
- over three years	2,032,059	7,980	(5,586)	1,988,572	8,336	(8,937)
	1,907,402	21,097	(21,977)	1,605,860	15,776	(14,821)
Equity related derivatives						
- one year or less	103,205	684	(6,871)	52,405	58	(4,005)
- over one year to three years	50,700	33	(5,022)	30,330	30	(1,369)
Total derivatives assets/(liabilities)	11,916,269	80,017	(169,591)	15,664,319	86,345	(81,892)

- (i) The Group's and the Bank's derivative are subject to credit risk, market risk and liquidity risk as follow detail.

Credit Risk

Credit risk is the risk of financial loss resulting from the failure of the counterparties to fulfil their contractual obligations to settle commitments. Exposure to credit risk may be categorised as primary or secondary. This exposure is monitored on an on-going basis against predetermined counterparty limits. As at 31 December 2017, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM80,017,000 (31.3.2017: RM86,345,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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B11 Derivative Financial Assets/(Liabilities) (Contd.)

- (i) The Group's and the Bank's derivative are subject to credit risk, market risk and liquidity risk as follow detail. (Contd.)

Market Risk

Market Risk is the risk of loss of earnings arising from changes in interest rates, foreign exchange rates, equity prices, commodity prices and in their implied volatilities.

The Group has established a framework of approved risk policies, measurement methodologies and risk limits as approved by the Group Risk Management Committee to manage market risk. Market risk arising from the trading activities is controlled via position limits, sensitivity limits and regular revaluation of positions versus market prices, where available.

Liquidity Risk

Liquidity risk is the inability of the Group to meet financial commitment when due.

The Group's liquidity risk profile is managed using Bank Negara Malaysia's Liquidity Coverage Ratio Guideline, other internal policies and GALCO benchmarks. A contingency funding plan is also established by the Group as a forward-looking measure to ensure that liquidity risk can be addressed according to the degrees of key risk indicators, and which incorporates alternative funding strategies which are ready to be implemented on a timely basis to mitigate the impact of unforeseen adverse changes in liquidity in the market place.

- (ii) Cash Requirements of the Derivatives

Cash requirements of the derivatives may arise from margin requirements to post cash collateral with counterparties as the fair value moves beyond the agreed upon threshold limits in the counterparties' favour, or upon downgrade in the Group's and the Bank's credit ratings. As at 31 December 2017, the Group and the Bank had posted cash collateral of RM27,888,000 (31.3.2017: RM22,381,000) on their derivative contracts.

- (iii) Related accounting policies

Derivative financial instruments are initially recognised at fair value, which is normally zero or negligible at inception except for options and subsequently re-measured at their fair value. The fair value of options at inception is normally equivalent to the premium received (for options written) or paid (for options purchased). All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value are recognised in the statement of comprehensive income.

Interest income and expenses associated with interest rate swaps are recognised over the life of the swap agreement as a component of interest income or interest expense.

- (iv) There have been no changes since the end of the previous financial year in respect of the following:
- (a) the types of derivative financial contracts entered into and the rationale for entering into such contracts, as well as the expected benefits accruing from these contracts;
 - (b) the risk management policies in place for mitigating and controlling the risks associated with these financial derivative contracts; and
 - (c) the related accounting policies.

The credit risk, market risk and liquidity risk associated with the derivatives and the policies in place for mitigating or controlling the risks with these derivatives are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2017.

B12 Changes in Material Litigation

The Group and the Bank do not have any material litigation which would materially and adversely affect the financial position of the Group and the Bank for the third financial quarter and nine months ended 31 December 2017.

B13 Dividend Declared

No dividend has been declared during the third financial quarter and nine months ended 31 December 2017.

B14 Earnings Per Share

(a) Basic

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

	3rd Quarter Ended		Nine Months Ended	
	31 December 2017	Restated 31 December 2016	31 December 2017	Restated 31 December 2016
<u>GROUP</u>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	<u>122,554</u>	<u>129,682</u>	<u>380,357</u>	<u>394,735</u>
Weighted average numbers of ordinary shares in issue ('000)	<u>1,548,106</u>	1,548,106	<u>1,548,106</u>	1,548,106
Shares held for ESS ('000)	<u>(10,121)</u>	<u>(21,379)</u>	<u>(10,121)</u>	<u>(21,379)</u>
	<u>1,537,985</u>	<u>1,526,727</u>	<u>1,537,985</u>	<u>1,526,727</u>
Basic earnings per share (sen)	<u>8.0</u>	<u>8.5</u>	<u>24.7</u>	<u>25.9</u>
<u>BANK</u>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	<u>119,121</u>	<u>132,507</u>	<u>346,677</u>	<u>371,230</u>
Weighted average numbers of ordinary shares in issue ('000)	<u>1,548,106</u>	1,448,106	<u>1,492,550</u>	1,448,106
Basic earnings per share (sen)	<u>7.7</u>	<u>9.2</u>	<u>23.2</u>	<u>25.6</u>

B14 Earnings Per Share (contd.)

(b) Diluted

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

	3rd Quarter Ended		Nine Months Ended	
	31 December 2017	Restated 31 December 2016	31 December 2017	Restated 31 December 2016
<u>GROUP</u>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	122,554	129,682	380,357	394,735
Weighted average numbers of ordinary shares in issue ('000)	1,548,106	1,548,106	1,548,106	1,548,106
Shares held for ESS ('000)	(10,121)	(21,379)	(10,121)	(21,379)
Share Grants under ESS ('000)	-	1,324	-	1,324
	1,537,985	1,528,051	1,537,985	1,528,051
Diluted earnings per share (sen)	8.0	8.5	24.7	25.8

	3rd Quarter Ended		Nine Months Ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
<u>BANK</u>				
Net profit for the financial period attributable to Equity holder of the Bank (RM'000)	119,121	132,507	346,677	371,230
Weighted average numbers of ordinary shares in issue ('000)	1,548,106	1,448,106	1,492,550	1,448,106
Diluted earnings per share (sen)	7.7	9.2	23.2	25.6

B15 Restatement for Comparatives

(a) Restatement of comparatives due to corporate reorganisation

The comparatives of the Group was restated in order to reflect the completion of group corporate reorganisation exercise on 26 September 2017 as below:

- (i) AFG subscription of RM100,000,000 new ABMB Shares at the issue price of RM1.00 per share;
- (ii) The bonus issue by the Bank of RM651,588,886 new ABMB Shares to AFG, after taking into consideration the RM100,000,000 new ABMB Shares issued pursuant to AFG Subscription;
- (iii) The transfer of AFG and its non-banking subsidiaries to the Bank is accounted for as an internal reorganisation within the AFG Group. Consequently the assets, liabilities and equity of AFG Group, at their carrying amounts, are included in the consolidated financial statements of the ABMB Group, as disclosed in note A8.

B15 Restatement for Comparatives (Contd.)

(b) Reclassification of structured investments

Structured investments of the Group and the Bank which are not principal guaranteed were reclassified from Deposit from Customers to Financial Liabilities Designated at Fair Value and Other Liabilities to conform with Bank Negara Malaysia's Classification and regulatory Treatment for Structured Products under Financial Services Act 2013 and Islamic Financial Services Act 2013 presentation.

The effects of items (a) and (b) to the Group and the Bank are as follow:

GROUP

Statements of Financial Position as at 31 March 2017

	As previously stated RM'000	Effect of corporate reorganisation RM'000 (a)	Structured investments reclassification RM'000 (b)	As restated RM'000
ASSETS				
Cash and short-term funds	1,368,636	13,143	-	1,381,779
Amount due from clients and brokers	113,022	-	-	113,022
Financial assets held-for-trading	335,260	-	-	335,260
Financial investments available-for-sale	10,239,557	-	-	10,239,557
Financial investments held-to-maturity	917,092	-	-	917,092
Derivative financial assets	86,345	-	-	86,345
Loans, advances and financing	38,991,689	-	-	38,991,689
Other assets	109,908	432	-	110,340
Tax recoverable	9,726	-	-	9,726
Statutory deposits	1,437,344	100	-	1,437,444
Investment in associate	530	(530)	-	-
Investment in joint venture	650	113	-	763
Property, plant and equipment	73,789	159	-	73,948
Deferred tax assets	14,033	705	-	14,738
Intangible assets	377,361	-	-	377,361
TOTAL ASSETS	54,074,942	14,122	-	54,089,064
LIABILITIES AND EQUITY				
Deposits from customers	45,330,615	(102,179)	(782,716)	44,445,720
Deposits and placements of banks and other financial institutions	862,904	-	-	862,904
Financial liabilities designated at fair value	-	-	402,734	402,734
Amount due to clients and brokers	69,066	-	-	69,066
Derivative financial liabilities	81,892	-	-	81,892
Amount due to Cagamas Berhad	502,713	-	-	502,713
Other liabilities	965,906	2,882	379,982	1,348,770
Provision for taxation	19,567	186	-	19,753
Provision for zakat	206	-	-	206
Deferred tax liabilities	9,960	-	-	9,960
Other borrowings	5,070	-	-	5,070
Subordinated obligations	1,226,078	-	-	1,226,078
TOTAL LIABILITIES	49,073,977	(99,111)	-	48,974,866
Share capital	796,517	751,589	-	1,548,106
Reserves	4,204,448	(564,519)	-	3,639,929
Shares held for Employees' Share Scheme	-	(73,837)	-	(73,837)
TOTAL EQUITY	5,000,965	113,233	-	5,114,198
TOTAL LIABILITIES AND EQUITY	54,074,942	14,122	-	54,089,064

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B15 Restatement for Comparatives (Contd.)

BANK

Statements of Financial Position as at 31 March 2017

	As previously stated RM'000	Structured investments reclassification RM'000 (b)	After reclassification RM'000
ASSETS			
Cash and short-term funds	1,618,617	-	1,618,617
Financial assets held-for-trading	259,701	-	259,701
Financial investments available-for-sale	8,099,450	-	8,099,450
Financial investments held-to-maturity	658,201	-	658,201
Derivative financial assets	86,345	-	86,345
Loans, advances and financing	31,371,907	-	31,371,907
Other assets	105,141	-	105,141
Statutory deposits with Bank Negara Malaysia	1,129,366	-	1,129,366
Investments in subsidiaries	892,820	-	892,820
Investment in associate	230	-	230
Investment in joint venture	-	-	-
Property, plant and equipment	71,883	-	71,883
Deferred tax assets	4,088	-	4,088
Intangible assets	261,986	-	261,986
TOTAL ASSETS	44,559,735	-	44,559,735
LIABILITIES AND EQUITY			
Deposits from customers	36,895,217	(782,716)	36,112,501
Deposits and placements of banks and other financial institutions	649,729	-	649,729
Financial liabilities designated at fair value	-	402,734	402,734
Derivative financial liabilities	81,892	-	81,892
Amount due to Cagamas Berhad	502,713	-	502,713
Other liabilities	821,624	379,982	1,201,606
Provision for taxation	14,098	-	14,098
Other borrowings	5,070	-	5,070
Subordinated obligations	1,225,664	-	1,225,664
TOTAL LIABILITIES	40,196,007	-	40,196,007
Share capital	796,517	-	796,517
Reserves	3,567,211	-	3,567,211
TOTAL EQUITY	4,363,728	-	4,363,728
TOTAL LIABILITIES AND EQUITY	44,559,735	-	44,559,735

ALLIANCE BANK MALAYSIA BERHAD
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B15 Restatement and Comparatives (Contd.)

GROUP	3rd Quarter Ended 31 December 2016			Nine Months Ended 31 December 2016		
	As previously stated RM'000	Effect of corporate reorganisation RM'000 (a)	As restated RM'000	As previously stated RM'000	Effect of corporate reorganisation RM'000 (a)	As restated RM'000
Statements of Comprehensive Income						
Interest income	470,913	89	471,002	1,409,232	255	1,409,487
Interest expense	(253,402)	849	(252,553)	(777,202)	2,510	(774,692)
Net interest income	217,511	938	218,449	632,030	2,765	634,795
Net income from Islamic banking business	74,768	-	74,768	220,557	-	220,557
	292,279	938	293,217	852,587	2,765	855,352
Fee and commission income	74,259	(498)	73,761	222,074	(498)	221,576
Fee and commission expense	(23,640)	-	(23,640)	(71,186)	-	(71,186)
Investment income	38,742	-	38,742	104,922	-	104,922
Other income	(3,452)	14	(3,438)	(8,610)	119	(8,491)
Other operating income	85,909	(484)	85,425	247,200	(379)	246,821
Net income	378,188	454	378,642	1,099,787	2,386	1,102,173
Other operating expenses	(173,688)	(638)	(174,326)	(509,838)	(904)	(510,742)
Operating profit before allowances	204,500	(184)	204,316	589,949	1,482	591,431
Allowance for losses on loans, advances and financing and other receivables	(32,448)	-	(32,448)	(67,392)	-	(67,392)
Allowance for impairment on other assets	-	-	-	(1,208)	-	(1,208)
Operating profit after allowances	172,052	(184)	171,868	521,349	1,482	522,831
Share of results of associate	3	(3)	-	7	(7)	-
Share of results of joint venture	19	-	19	57	-	57
Profit before taxation	172,074	(187)	171,887	521,413	1,475	522,888
Taxation	(41,952)	(253)	(42,205)	(126,951)	(1,202)	(128,153)
Net profit for the financial period	130,122	(440)	129,682	394,462	273	394,735
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Revaluation reserve on financial investments available-for-sale						
- Net gain from change in fair value	(95,828)	-	(95,828)	(20,107)	-	(20,107)
- Realised gain transferred to statement of income on disposal and impairment	(2,272)	-	(2,272)	(5,684)	-	(5,684)
- Transfer to deferred tax	23,544	-	23,544	6,190	-	6,190
Other comprehensive income, net of tax	(74,556)	-	(74,556)	(19,601)	-	(19,601)
Total comprehensive income for the financial period	55,566	(440)	55,126	374,861	273	375,134
Net profit for the financial period attributable to: Equity holders of the Bank	130,122	(440)	129,682	394,462	273	394,735
Total comprehensive income for the financial period attributable to: Equity holders of the Bank	55,566	(440)	55,126	374,861	273	375,134
Earnings per share attributable to Equity holders of the Bank						
- Basic (sen)	16.3	(7.8)	8.5	49.5	(23.6)	25.9
- Diluted (sen)	16.3	(7.8)	8.5	49.5	(23.7)	25.8

ALLIANCE BANK MALAYSIA BERHAD**(88103-W)**

(Incorporated in Malaysia)

B15 Restatement and Comparatives (Contd.)

	As previously stated	GROUP Effect of corporate reorganisation (a)	As restated
Statements of Changes in Equity as at 31 March 2017			
Ordinary shares	796,517	751,589	1,548,106
Share premium	401,517	(401,517)	-
Capital reserve	10,018	79,992	90,010
Equity contribution from parent	99,268	(99,268)	-
ESS reserve	6,062	382	6,444
Shares held fro ESS	-	(73,837)	(73,837)
Retained profits	2,306,158	(243,376)	2,062,782
Total Equity	5,000,965	113,233	5,114,198

	As previously stated	GROUP Effect of corporate reorganisation (a)	As restated
Statements of Cash Flows for the Financial Period Ended 31 December 2016			
Profit before taxation	521,413	1,475	522,888
Net cash used in operating activities	(1,407,592)	10,335	(1,397,257)
Net cash generated from investing activities	(1,666,926)	890	(1,666,036)
Net cash used in financing activities	(919,404)	(7,685)	(927,089)
Net changes in cash and cash equivalents	(3,993,922)	3,540	(3,990,382)

	As previously stated	GROUP Effect of corporate reorganisation (a)	As restated
Capital Adequacy as at 31 March 2017			
<u>Before deducting proposed dividends</u>			
CET I capital ratio	12.891%	0.443%	13.334%
Tier I capital ratio	12.891%	0.443%	13.334%
Total capital ratio	17.518%	0.481%	17.999%
<u>After deducting proposed dividends</u>			
CET I capital ratio	12.548%	0.442%	12.990%
Tier I capital ratio	12.548%	0.442%	12.990%
Total capital ratio	17.175%	0.480%	17.655%

By Order of the Board**LEE WEI YEN (MAICSA 7001798)**

Group Company Secretary

Kuala Lumpur

26 February 2018