

**ALLIANCE BANK MALAYSIA BERHAD**

**198201008390 (88103-W)**

(Incorporated in Malaysia)

**Condensed Interim Financial Statements**

**Unaudited Statements of Financial Position as at 30 September 2019**

	Note	<u>GROUP</u>		<u>BANK</u>	
		30 September 2019 RM'000	31 March 2019 RM'000	30 September 2019 RM'000	31 March 2019 RM'000
<b>ASSETS</b>					
Cash and short-term funds		1,675,343	1,804,734	1,238,930	1,571,995
Deposits and placements with banks and other financial institutions		-	500	-	-
Amounts due from clients and brokers	A11	54,175	77,008	-	-
Financial assets at fair value through profit or loss	A12	348,322	230,440	283,930	169,656
Financial investments at fair value through other comprehensive income	A13	10,249,530	9,478,462	7,496,723	6,852,866
Financial investments at amortised cost	A14	226,646	235,720	250,909	311,930
Derivative financial assets	B11	106,150	55,442	106,150	55,442
Loans, advances and financing	A15	42,758,132	42,320,301	32,315,614	32,622,976
Other assets	A16	237,020	199,138	285,755	320,794
Tax recoverable		51,571	20,282	28,616	5,501
Statutory deposits		1,618,629	1,521,592	1,195,125	1,142,108
Investments in subsidiaries		-	-	989,102	989,102
Investment in joint venture		850	802	-	-
Right-of-use assets		122,536	-	122,430	-
Property, plant and equipment		73,186	70,497	71,870	69,178
Deferred tax assets		41,466	72,972	23,139	50,116
Intangible assets		428,836	432,961	323,648	323,804
<b>TOTAL ASSETS</b>		<b>57,992,392</b>	<b>56,520,851</b>	<b>44,731,941</b>	<b>44,485,468</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	A17	46,096,269	45,017,632	35,384,665	34,982,862
Deposits and placements of banks and other financial institutions	A18	1,691,052	858,708	693,818	344,835
Financial liabilities designated at fair value through profit or loss	A19	290,885	778,423	290,885	778,423
Amounts due to clients and brokers	A20	30,480	51,164	-	-
Derivative financial liabilities	B11	62,740	57,545	62,740	57,545
Recourse obligations on loans and financing sold to Cagamas		800,681	800,669	300,047	300,076
Lease liabilities		135,935	-	135,808	-
Other liabilities	A21	1,478,348	1,740,797	1,309,204	1,572,308
Provision for zakat		720	686	-	-
Deferred tax liabilities		6,912	2,163	-	-
Subordinated obligations		1,520,480	1,480,222	1,480,005	1,479,580
<b>TOTAL LIABILITIES</b>		<b>52,114,502</b>	<b>50,788,009</b>	<b>39,657,172</b>	<b>39,515,629</b>
Share capital		1,548,106	1,548,106	1,548,106	1,548,106
Reserves		4,329,784	4,184,736	3,526,663	3,421,733
<b>TOTAL EQUITY</b>		<b>5,877,890</b>	<b>5,732,842</b>	<b>5,074,769</b>	<b>4,969,839</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>57,992,392</b>	<b>56,520,851</b>	<b>44,731,941</b>	<b>44,485,468</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A30	<b>32,537,914</b>	<b>24,181,704</b>	<b>29,743,809</b>	<b>21,570,720</b>
<b>Net assets per share attributable to equity holders of the Bank (RM)*</b>		<b>3.80</b>	<b>3.70</b>	<b>3.28</b>	<b>3.21</b>

\* 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 2019.

**ALLIANCE BANK MALAYSIA BERHAD**
**198201008390 (88103-W)**

(Incorporated in Malaysia)

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

<b>GROUP</b>	Note	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
		<b>30 September</b>	30 September	<b>30 September</b>	30 September
		<b>2019</b>	2018	<b>2019</b>	2018
		<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Interest income	A22	<b>517,897</b>	496,273	<b>1,038,855</b>	987,425
Interest expense	A23	<b>(276,087)</b>	(249,535)	<b>(549,002)</b>	(497,576)
Net interest income		<b>241,810</b>	246,738	<b>489,853</b>	489,849
Net income from Islamic banking business	A24	<b>91,872</b>	88,025	<b>184,993</b>	170,859
		<b>333,682</b>	334,763	<b>674,846</b>	660,708
Fee and commission income	A25	<b>69,534</b>	72,036	<b>138,209</b>	146,239
Fee and commission expense	A25	<b>(19,127)</b>	(20,722)	<b>(43,290)</b>	(42,582)
Investment income	A25	<b>32,286</b>	9,588	<b>46,851</b>	25,678
Other income	A25	<b>12,908</b>	3,521	<b>19,599</b>	10,215
Other operating income	A25	<b>95,601</b>	64,423	<b>161,369</b>	139,550
Net income		<b>429,283</b>	399,186	<b>836,215</b>	800,258
Other operating expenses	A26	<b>(197,999)</b>	(191,532)	<b>(396,050)</b>	(374,712)
Operating profit before allowances		<b>231,284</b>	207,654	<b>440,165</b>	425,546
Allowance for expected credit losses on loans, advances and financing and other financial assets	A27	<b>(77,234)</b>	(21,024)	<b>(132,985)</b>	(58,297)
Write-back of/(allowance for) expected credit losses on financial investments	A28	<b>1,649</b>	146	<b>(47,756)</b>	567
Allowance for impairment losses on non-financial assets	A29	<b>(3,686)</b>	-	<b>(3,686)</b>	-
Operating profit after allowances		<b>152,013</b>	186,776	<b>255,738</b>	367,816
Share of results of joint venture		<b>18</b>	32	<b>49</b>	52
Profit before taxation		<b>152,031</b>	186,808	<b>255,787</b>	367,868
Taxation	B6	<b>(36,508)</b>	(46,286)	<b>(63,578)</b>	(90,979)
Net profit for the financial period		<b>115,523</b>	140,522	<b>192,209</b>	276,889
<b>Net profit for the financial period attributable to:</b>					
Equity holders of the Bank		<b>115,523</b>	140,522	<b>192,209</b>	276,889
Earnings per share attributable to Equity holders of the Bank					
- Basic (sen)	B14(a)	<b>7.5</b>	9.1	<b>12.4</b>	17.9
- Diluted (sen)	B14(b)	<b>7.5</b>	9.1	<b>12.4</b>	17.9

**ALLIANCE BANK MALAYSIA BERHAD****198201008390 (88103-W)**

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Consolidated Statements of Comprehensive Income****for the Financial Period Ended 30 September 2019 (Contd.)**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September</b>	30 September	<b>30 September</b>	30 September
	<b>2019</b>	2018	<b>2019</b>	2018
<b><u>GROUP</u></b>	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Net profit for the financial period</b>	<b>115,523</b>	140,522	<b>192,209</b>	276,889
<b>Other comprehensive income:</b>				
Items that may be reclassified subsequently to profit or loss:				
Revaluation reserve on financial investments at fair value through other comprehensive income ("FVOCI")				
- Net gain from change in fair value	<b>71,210</b>	36,818	<b>144,077</b>	10,575
- Realised gain transferred to statement of income on disposal	<b>(9,577)</b>	(1,486)	<b>(14,175)</b>	(1,569)
- Transfer to deferred tax	<b>(14,791)</b>	(8,480)	<b>(31,176)</b>	(2,161)
- Changes in expected credit losses	<b>16</b>	(146)	<b>(9,421)</b>	(567)
Other comprehensive income, net of tax	<b>46,858</b>	26,706	<b>89,305</b>	6,278
<b>Total comprehensive income for the financial period</b>	<b>162,381</b>	167,228	<b>281,514</b>	283,167
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	<b>162,381</b>	167,228	<b>281,514</b>	283,167

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

**ALLIANCE BANK MALAYSIA BERHAD****198201008390 (88103-W)**

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Statements of Income****for the Financial Period Ended 30 September 2019 (Contd.)**

	Note	2nd Quarter Ended		Six Months Ended	
		30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
<b><u>BANK</u></b>					
Interest income	A22	505,978	492,830	1,014,630	976,208
Interest expense	A23	(264,510)	(243,506)	(525,999)	(484,009)
Net interest income		241,468	249,324	488,631	492,199
Fee and commission income	A25	61,353	60,912	121,159	125,035
Fee and commission expense	A25	(16,947)	(18,149)	(39,582)	(37,457)
Investment income	A25	25,486	8,796	66,484	61,907
Other income	A25	13,247	4,124	20,249	10,591
Other operating income	A25	83,139	55,683	168,310	160,076
Net income		324,607	305,007	656,941	652,275
Other operating expenses	A26	(151,637)	(153,837)	(306,829)	(295,639)
Operating profit before allowances		172,970	151,170	350,112	356,636
Allowance for expected credit losses on loans, advances and financing and other financial assets	A27	(48,695)	(9,408)	(90,679)	(43,613)
Write-back of/(allowance for) expected credit losses on financial investments	A28	876	153	(23,797)	601
Profit before taxation		125,151	141,915	235,636	313,624
Taxation	B6	(29,459)	(35,638)	(51,285)	(69,575)
Net profit for the financial period		95,692	106,277	184,351	244,049
<b>Net profit for the financial period attributable to:</b>					
Equity holders of the Bank		95,692	106,277	184,351	244,049
Earnings per share attributable to Equity holders of the Bank					
- Basic (sen)	B14(a)	6.2	6.9	11.9	15.8
- Diluted (sen)	B14(b)	6.2	6.9	11.9	15.8

**ALLIANCE BANK MALAYSIA BERHAD****198201008390 (88103-W)**

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Statements of Comprehensive Income****for the Financial Period Ended 30 September 2019 (Contd.)**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September</b>	30 September	<b>30 September</b>	30 September
	<b>2019</b>	2018	<b>2019</b>	2018
<b><u>BANK</u></b>	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Net profit for the financial period</b>	<b>95,692</b>	106,277	<b>184,351</b>	244,049
<b>Other comprehensive income/(expense):</b>				
Items that may be reclassified subsequently to profit or loss:				
Revaluation reserve on financial investments at FVOCI				
- Net gain/(loss) from change in fair value	<b>38,388</b>	18,823	<b>85,551</b>	(1,590)
- Realised gain transferred to statement of income on disposal	<b>(6,624)</b>	(927)	<b>(10,482)</b>	(1,011)
- Transfer (to)/from deferred tax	<b>(7,624)</b>	(4,296)	<b>(18,017)</b>	624
- Changes in expected credit losses	<b>6</b>	(150)	<b>(20)</b>	(465)
Other comprehensive income/(expense), net of tax	<b>24,146</b>	13,450	<b>57,032</b>	(2,442)
<b>Total comprehensive income for the financial period</b>	<b>119,838</b>	119,727	<b>241,383</b>	241,607
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	<b>119,838</b>	119,727	<b>241,383</b>	241,607

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

**ALLIANCE BANK MALAYSIA BERHAD**  
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**Condensed Interim Financial Statements**  
**Unaudited Statements of Changes in Equity for the Financial Period Ended 30 September 2019**

	←----- Attributable to Equity holders of the Bank -----→					
	Ordinary <u>shares</u>	Regulatory <u>reserves</u>	Capital <u>reserves</u>	FVOCI <u>reserves</u>	Retained <u>profits</u>	Total <u>equity</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>GROUP</u></b>						
At 1 April 2019						
As previously stated	1,548,106	178,397	100,150	78,513	3,827,676	5,732,842
Effects of adoption of MFRS 16	-	-	-	-	(9,521)	(9,521)
As restated	1,548,106	178,397	100,150	78,513	3,818,155	5,723,321
Net profit for the financial period	-	-	-	-	192,209	192,209
Other comprehensive income	-	-	-	89,305	-	89,305
Total comprehensive income for the financial period	-	-	-	89,305	192,209	281,514
Transfer to regulatory reserves	-	4,122	-	-	(4,122)	-
Dividends paid to shareholders	-	-	-	-	(126,945)	(126,945)
<b>At 30 September 2019</b>	<b>1,548,106</b>	<b>182,519</b>	<b>100,150</b>	<b>167,818</b>	<b>3,879,297</b>	<b>5,877,890</b>

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

**ALLIANCE BANK MALAYSIA BERHAD**  
**198201008390 (88103-W)**  
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**Condensed Interim Financial Statements**  
**Unaudited Statements of Changes in Equity for the Financial Period Ended 30 September 2019 (Contd.)**

	←----- Attributable to Equity holders of the Bank -----→						
	Ordinary shares	Regulatory reserves	Capital reserves	FVOCI reserves	Revaluation reserves	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>GROUP</b>							
At 1 April 2018							
As previously stated	1,548,106	186,064	100,150	-	114,987	3,510,283	5,459,590
Effect of adoption of MFRS 9	-	(17,330)	-	16,923	(114,987)	41,819	(73,575)
Effects of adoption of MFRS 15	-	-	-	-	-	(15,500)	(15,500)
As restated	1,548,106	168,734	100,150	16,923	-	3,536,602	5,370,515
Net profit for the financial period	-	-	-	-	-	276,889	276,889
Other comprehensive income	-	-	-	6,278	-	-	6,278
Total comprehensive income for the financial period	-	-	-	6,278	-	276,889	283,167
Transfer to regulatory reserves	-	2,878	-	-	-	(2,878)	-
Dividends paid to shareholders	-	-	-	-	-	(105,271)	(105,271)
At 30 September 2018	1,548,106	171,612	100,150	23,201	-	3,705,342	5,548,411

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

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

	← Non-Distributable reserves →			Distributable reserves		Total equity RM'000
	Ordinary shares RM'000	Regulatory reserves RM'000	Capital reserves RM'000	FVOCI reserves RM'000	Retained profits RM'000	
<b><u>BANK</u></b>						
At 1 April 2019						
As previously stated	1,548,106	160,798	95,515	36,831	3,128,589	4,969,839
Effects of adoption of MFRS 16	-	-	-	-	(9,508)	(9,508)
As restated	1,548,106	160,798	95,515	36,831	3,119,081	4,960,331
Net profit for the financial period	-	-	-	-	184,351	184,351
Other comprehensive income	-	-	-	57,032	-	57,032
Total comprehensive income for the financial period	-	-	-	57,032	184,351	241,383
Transfer from regulatory reserves	-	(3,220)	-	-	3,220	-
Dividends paid to shareholders	-	-	-	-	(126,945)	(126,945)
<b>At 30 September 2019</b>	<b>1,548,106</b>	<b>157,578</b>	<b>95,515</b>	<b>93,863</b>	<b>3,179,707</b>	<b>5,074,769</b>

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

	← Non-Distributable reserves →				Distributable reserves		Total equity
	<u>Ordinary shares</u>	<u>Regulatory reserves</u>	<u>Capital reserves</u>	<u>FVOCI reserves</u>	<u>Revaluation reserves</u>	<u>Retained profits</u>	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>BANK</u></b>							
At 1 April 2018							
As previously stated	1,548,106	160,029	95,515	-	74,907	2,866,142	4,744,699
Effects of adoption of MFRS 9	-	327	-	9,814	(74,907)	29,297	(35,469)
Effects of adoption of MFRS 15	-	-	-	-	-	(15,500)	(15,500)
As restated	1,548,106	160,356	95,515	9,814	-	2,879,939	4,693,730
Net profit for the financial period	-	-	-	-	-	244,049	244,049
Other comprehensive expense	-	-	-	(2,442)	-	-	(2,442)
Total comprehensive (expense)/income for the financial period	-	-	-	(2,442)	-	244,049	241,607
Transfer to regulatory reserves	-	2,139	-	-	-	(2,139)	-
Dividends paid to shareholders	-	-	-	-	-	(105,271)	(105,271)
At 30 September 2018	1,548,106	162,495	95,515	7,372	-	3,016,578	4,830,066

**ALLIANCE BANK MALAYSIA BERHAD****198201008390 (88103-W)**

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 30 September 2019**

	<b>GROUP</b>		<b>BANK</b>	
	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	<b>255,787</b>	367,868	<b>235,636</b>	313,624
Adjustments for:				
Accretion of discount less amortisation of premium of financial investments	<b>(43,540)</b>	(43,406)	<b>(43,219)</b>	(42,630)
Allowance for expected credit losses on loans, advances and financing	<b>130,221</b>	77,350	<b>88,729</b>	50,069
Allowance for/(write-back of) expected credit losses on commitment and contingencies loans, advances and financing	<b>784</b>	(11,539)	<b>827</b>	(667)
Allowance for/(write-back of) expected credit losses on financial investments	<b>47,756</b>	(567)	<b>23,797</b>	(601)
Allowance for expected credit losses on amounts due from clients and brokers	-	12	-	-
Allowance for expected credit losses on other receivables	<b>2,042</b>	2,220	<b>1,959</b>	1,446
Write-back of expected credit losses on short term funds	<b>(27)</b>	(500)	<b>(27)</b>	(500)
Allowance for impairment losses on non-financial assets	<b>3,686</b>	-	-	-
Amortisation of computer software	<b>17,821</b>	12,875	<b>17,079</b>	12,356
Depreciation of property, plant and equipment	<b>11,716</b>	11,458	<b>11,420</b>	11,084
Depreciation of right-of-use assets	<b>12,132</b>	-	<b>12,103</b>	-
Dividends from financial assets at fair value through profit or loss	<b>(1,299)</b>	(1,020)	<b>(749)</b>	(589)
Dividends from subsidiaries	-	-	<b>(27,604)</b>	(37,490)
Interest expense on recourse obligations on loans and financing sold to Cagamas	<b>6,850</b>	13,492	<b>6,850</b>	13,492
Interest expense on lease liabilities	<b>3,771</b>	-	<b>3,767</b>	-
Interest expense on subordinated obligations	<b>42,266</b>	39,276	<b>42,362</b>	39,365
Interest income from financial investments at fair value through other comprehensive income	<b>(155,817)</b>	(127,742)	<b>(144,945)</b>	(124,043)
Interest income from financial investments at amortised cost	<b>(4,273)</b>	(2,660)	<b>(6,876)</b>	(5,807)
Property, plant and equipment written-off	<b>71</b>	13	<b>44</b>	12
Computer software written-off	<b>4,375</b>	1,724	<b>4,375</b>	1,724
Net gain from sale of financial assets at fair value through profit or loss	<b>(6,078)</b>	(1,468)	<b>(5,958)</b>	(1,467)
Net gain from sale of financial investments at fair value through other comprehensive income	<b>(14,175)</b>	(1,569)	<b>(10,482)</b>	(1,011)
Net gain from sale of other investments	<b>(9)</b>	-	<b>(9)</b>	-
Unrealised gain arising from financial assets at fair value through profit or loss	<b>(16,680)</b>	(2,253)	<b>(13,072)</b>	(1,982)
Unrealised gain arising from derivative instruments	<b>(24,067)</b>	(40,088)	<b>(24,067)</b>	(40,088)
Unrealised loss arising from financial liabilities designated at fair value through profit or loss	<b>31,246</b>	1,705	<b>31,246</b>	1,705
Share of results of joint venture	<b>(49)</b>	(52)	-	-
Zakat	<b>39</b>	81	-	-
Cash flow from operating activities before working capital changes carried forward	<b>304,549</b>	295,210	<b>203,186</b>	188,002

**ALLIANCE BANK MALAYSIA BERHAD**

**198201008390 (88103-W)**

(Incorporated in Malaysia)

**Condensed Interim Financial Statements**

**Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 30 September 2019 (Contd.)**

	<b>GROUP</b>		<b>BANK</b>	
	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES (contd.)</b>				
Cash flow from operating activities before capital changes brought forward:	<b>304,549</b>	295,210	<b>203,186</b>	188,002
Changes in working capital:				
Deposits from customers	<b>1,078,637</b>	171,433	<b>401,803</b>	(419,977)
Deposits and placements of banks and other financial institutions	<b>832,344</b>	(18,766)	<b>348,983</b>	(38,312)
Other liabilities	<b>(267,993)</b>	123,628	<b>(268,466)</b>	119,888
Deposits and placements with banks and other financial institutions	<b>500</b>	76,283	-	77,283
Financial liabilities designated at fair value through profit or loss	<b>(518,784)</b>	60,895	<b>(518,784)</b>	60,895
Proceeds from redemption/disposal of financial assets at fair value through profit or loss (net of purchase)	<b>(96,689)</b>	(40,100)	<b>(96,807)</b>	(45,356)
Loans, advances and financing	<b>(568,006)</b>	(765,992)	<b>218,632</b>	(357,615)
Other assets	<b>(39,924)</b>	(61,787)	<b>33,080</b>	(55,304)
Amounts due from clients and brokers	<b>2,149</b>	(2,504)	-	-
Statutory deposits	<b>(97,037)</b>	(41,330)	<b>(53,017)</b>	(17,650)
Cash generated from/(used in) operations	<b>629,746</b>	(203,030)	<b>268,610</b>	(488,146)
Taxation paid	<b>(82,035)</b>	(94,584)	<b>(57,901)</b>	(75,829)
Zakat paid	<b>(5)</b>	(19)	-	-
Net cash generated from/(used in) operating activities	<b>547,706</b>	(297,633)	<b>210,709</b>	(563,975)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Dividends from financial assets at fair value through profit or loss	<b>1,299</b>	1,020	<b>749</b>	589
Dividends from subsidiaries	-	-	<b>27,604</b>	37,490
Interest received from financial assets at fair value through profit or loss	<b>1,565</b>	-	<b>1,565</b>	-
Interest received from financial investments at fair value through other comprehensive income	<b>165,673</b>	120,512	<b>154,814</b>	125,586
Interest received from financial investments at amortised costs	<b>4,666</b>	2,675	<b>8,146</b>	5,822
Net interest expense for derivative instruments	<b>(21,447)</b>	(26,070)	<b>(21,447)</b>	(26,070)
Purchase of property, plant and equipment	<b>(14,475)</b>	(17,002)	<b>(14,157)</b>	(16,955)
Purchase of computer software	<b>(21,758)</b>	(28,975)	<b>(21,298)</b>	(28,725)
Proceeds from redemption/disposal of financial investments at amortised cost (net of purchase)	<b>5,258</b>	128,051	<b>80,343</b>	92,871
Proceeds from redemption/disposal financial investments at fair value through other comprehensive income (net of purchase)	<b>(647,099)</b>	(502,398)	<b>(569,373)</b>	151,690
Net cash (used in)/generated from investing activities	<b>(526,318)</b>	(322,187)	<b>(353,054)</b>	342,298

**ALLIANCE BANK MALAYSIA BERHAD****198201008390 (88103-W)**

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 30 September 2019 (Contd.)**

	<b>GROUP</b>		<b>BANK</b>	
	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid to shareholders of the company	<b>(126,945)</b>	(105,271)	<b>(126,945)</b>	(105,271)
Interest paid on recourse obligations on loans and financing sold to Cagamas	<b>(6,837)</b>	(13,476)	<b>(6,878)</b>	(13,414)
Interest paid on subordinated obligations	<b>(42,008)</b>	(38,774)	<b>(41,937)</b>	(38,905)
Lease liabilities	<b>(14,989)</b>	-	<b>(14,960)</b>	-
Proceeds from issuance of subordinated notes	<b>40,000</b>	-	-	-
Net cash used in financing activities	<b>(150,779)</b>	(157,521)	<b>(190,720)</b>	(157,590)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(129,391)</b>	(777,341)	<b>(333,065)</b>	(379,267)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>1,804,734</b>	2,768,758	<b>1,571,995</b>	1,715,961
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>1,675,343</b>	1,991,417	<b>1,238,930</b>	1,336,694
<b>Cash and cash equivalents comprise the following:</b>				
Cash and short-term funds	<b>1,675,343</b>	1,991,417	<b>1,238,930</b>	1,336,694

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

## **Explanatory Notes**

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

#### **A1 Basis of Preparation**

The unaudited condensed interim financial statements for second financial quarter and first half year ended 30 September 2019 have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, financial investment at fair value through other comprehensive income, derivative financial instruments and financial liabilities designated at fair value through profit or loss that are measured at fair value.

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"), 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 2019.

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

- MFRS 16 "Leases"
- Amendments to MFRS 9 "Prepayment features with negative compensation"
- Amendments to MFRS 128 "Long-term Interest in Associates and Joint Ventures"
- Annual Improvements to MFRSs 2015 - 2017 Cycles
  - Amendments to MFRS 3 "Business Combinations"
  - Amendments to MFRS 11 "Joint Arrangements"
  - Amendments to MFRS 112 "Income Taxes"
  - Amendments to MFRS 123 "Borrowing Costs"
- IC interpretation 23 "Uncertainty over Income Tax Treatments"

The adoption the above standards, amendments to published standards and interpretation to existing standards did not have any significant impact on the financial statements of the Group and the Bank other than the adoption of MFRS 16 where the impact are shown in Note A36.

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

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

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

#### **A2 Auditors' Report on Preceding Annual Financial Statements**

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

**A3 Seasonality or Cyclicity of Operations**

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical fluctuations during the second quarter and financial half year ended 30 September 2019.

**A4 Unusual Items Due to Their Nature, Size or Incidence**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the second quarter and financial half year ended 30 September 2019.

**A5 Changes in Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect during the second quarter and financial half year ended 30 September 2019.

**A6 Debt and Equity Securities**

There were no issuance nor repayment of debt and equity securities during the second quarter and financial half year ended 30 September 2019.

**A7 Dividend Paid**

The Bank had on 27 June 2019, paid a second interim dividend of 8.2 sen, tax exempt under the single tier tax system, on 1,548,105,929 ordinary shares amounting to approximately RM126,945,000 in respect of the financial year ended 31 March 2019.

**A8 Significant Event**

The Bank had on 22 April 2019 entered into an exclusive 15-year bancassurance agreement with Zurich General Insurance Malaysia Berhad. The agreement will see the Bank strengthen its position in providing end-to-end financing solutions for both individuals and small and medium enterprise (SME) community.

**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 and the Bank have been entered into in the normal course of business.

**A11 Amounts Due From Clients And Brokers**

	<u>GROUP</u>	
	<b>30 September 2019 RM'000</b>	31 March 2019 RM'000
Due from clients	38,331	77,182
Due from brokers	15,844	665
	<u>54,175</u>	<u>77,847</u>
Less:		
Allowance for expected credit losses	-	(839)
	<u>54,175</u>	<u>77,008</u>

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 two (2) market days in accordance with the Bursa Malaysia Securities Berhad's ("Bursa") Fixed Delivery and Settlement System ("FDSS") trading rules.

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

	<u>GROUP</u>	
	<b>30 September 2019 RM'000</b>	31 March 2019 RM'000
At beginning of financial period/year	839	840
Write-back during the financial period/year (net)	-	(1)
Written-off during the financial period/year	(839)	-
At end of financial period/year	<u>-</u>	<u>839</u>

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

**A12 Financial Assets at Fair Value Through Profit or Loss ("FVTPL")**

	<u>GROUP</u>		<u>BANK</u>	
	<b>30 September 2019 RM'000</b>	31 March 2019 RM'000	<b>30 September 2019 RM'000</b>	31 March 2019 RM'000
<b>At fair value</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	52,159	-	52,159	-
Malaysian Government investment issues	83,934	41,002	83,934	41,002
Commercial papers	10,069	-	10,069	-
	<u>146,162</u>	<u>41,002</u>	<u>146,162</u>	<u>41,002</u>
<u>Unquoted securities:</u>				
Shares	202,160	187,517	137,768	126,733
Corporate bonds and sukuk	-	1,921	-	1,921
	<u>202,160</u>	<u>189,438</u>	<u>137,768</u>	<u>128,654</u>
Total financial assets at FVTPL	<u>348,322</u>	<u>230,440</u>	<u>283,930</u>	<u>169,656</u>

**A13 Financial Investments at Fair Value Through Other Comprehensive Income ("FVOCI")**

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2019 RM'000	31 March 2019 RM'000	30 September 2019 RM'000	31 March 2019 RM'000
<b>At fair value</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	2,404,904	2,137,524	2,199,347	1,914,515
Malaysian Government investment issues	3,105,322	3,064,770	1,621,221	1,710,316
Negotiable instruments of deposits	-	-	981,072	732,211
Commercial papers	158,610	87,001	109,177	48,318
	<u>5,668,836</u>	<u>5,289,295</u>	<u>4,910,817</u>	<u>4,405,360</u>
<u>Quoted securities:</u>				
Shares	8	8	8	8
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	4,580,686	4,189,159	2,585,898	2,447,498
Total financial investments at FVOCI	<u>10,249,530</u>	<u>9,478,462</u>	<u>7,496,723</u>	<u>6,852,866</u>

Movements in allowance for expected credit losses are as follows:

	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
<b>GROUP</b>				
At 1 April 2019	120	444	9,409	9,973
New financial investments originated or purchased	20	-	-	20
Changes due to change in credit risk	(1)	(6)	-	(7)
Financial investments derecognised other than write-off	(25)	-	-	(25)
Total write-back from income statement	(6)	(6)	-	(12)
Write-off	-	-	(9,409)	(9,409)
<b>At 30 September 2019</b>	<u>114</u>	<u>438</u>	<u>-</u>	<u>552</u>
At 1 April 2018				
As previously stated	-	-	-	-
Effects of adoption of MFRS 9	241	1,106	9,409	10,756
As restated	241	1,106	9,409	10,756
New financial investments originated or purchased	20	-	-	20
Changes due to change in credit risk	(80)	(662)	-	(742)
Financial investments derecognised other than write-off	(61)	-	-	(61)
Total write-back from income statement	(121)	(662)	-	(783)
At 31 March 2019	<u>120</u>	<u>444</u>	<u>9,409</u>	<u>9,973</u>

**A13 Financial Investments at Fair Value Through Other Comprehensive Income ("FVOCI") (Contd.)**

Movements in allowance for expected credit losses are as follows: (contd.)

	<b>12 months ECL (Stage 1) RM'000</b>	<b>Lifetime ECL Not-credit Impaired (Stage 2) RM'000</b>	<b>Total RM'000</b>
<b><u>BANK</u></b>			
At 1 April 2019	55	327	382
New financial investments originated or purchased	10	-	10
Changes due to change in credit risk	-	(5)	(5)
Financial investments derecognised other than write-off	(25)	-	(25)
Total write-back from income statement	(15)	(5)	(20)
<b>At 30 September 2019</b>	<b>40</b>	<b>322</b>	<b>362</b>
At 1 April 2018			
As previously stated	-	-	-
Effects of adoption of MFRS 9	134	872	1,006
As restated	134	872	1,006
New financial investments originated or purchased	8	-	8
Changes due to change in credit risk	(45)	(545)	(590)
Financial investments derecognised other than write-off	(42)	-	(42)
Total write-back from income statement	(79)	(545)	(624)
At 31 March 2019	55	327	382

During the financial period/year, there were no expected credit losses under Stage 3.

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

	<b>30 September 2019 RM'000</b>	<b>31 March 2019 RM'000</b>
<b><u>GROUP</u></b>		
At beginning of financial period/year		
As previously stated	9,409	-
Effects of adoption of MFRS 9	-	9,409
As restated	9,409	9,409
Write-off during the financial period/year	(9,409)	-
At end of financial period/year	-	9,409

As at 30 September 2019, the Bank's gross exposure of financial investment at FVOCI that are credit impaired is at RM NIL (31 March 2019: RM9,409,000). There is no movement during the financial period.

**A14 Financial Investments at Amortised Cost**

	<b>GROUP</b>		<b>BANK</b>	
	<b>30 September 2019 RM'000</b>	<b>31 March 2019 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>31 March 2019 RM'000</b>
<b>At amortised cost</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	120,625	121,789	100,318	101,446
Commercial papers	-	38,686	-	34,880
	<b>120,625</b>	<b>160,475</b>	<b>100,318</b>	<b>136,326</b>
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	168,556	90,020	176,302	177,498
Allowance for expected credit losses	(62,535)	(14,775)	(25,711)	(1,894)
	<b>106,021</b>	<b>75,245</b>	<b>150,591</b>	<b>175,604</b>
<b>Total financial investments at amortised cost</b>	<b>226,646</b>	<b>235,720</b>	<b>250,909</b>	<b>311,930</b>

Movements in allowance for expected credit losses are as follows:

	<b>12 months ECL (Stage 1) RM'000</b>	<b>Lifetime ECL Not-credit Impaired (Stage 2) RM'000</b>	<b>Lifetime ECL Credit Impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b>GROUP</b>				
At 1 April 2019	42	540	14,193	14,775
Transfer to Stage 3	-	(1,652)	50,000	48,348
New financial investments originated or purchased	86	-	-	86
Changes due to change in credit risk	(5)	1,112	(1,756)	(649)
Financial investments derecognised other than write-off	(25)	-	-	(25)
Total charge to/(write-back from) income statement	56	(540)	48,244	47,760
<b>At 30 September 2019</b>	<b>98</b>	<b>-</b>	<b>62,437</b>	<b>62,535</b>
At 1 April 2018				
As previously stated	-	-	-	-
Effects of adoption of MFRS 9	-	-	14,193	14,193
As restated	-	-	14,193	14,193
New financial investments originated or purchased	42	540	-	582
Total charge to income statement	42	540	-	582
At 31 March 2019	42	540	14,193	14,775

**A14 Financial Investments at Amortised Cost (Contd.)**

Movements in allowance for expected credit losses are as follows: (Contd.)

	12 months ECL <u>(Stage 1)</u> RM'000	Lifetime ECL Not-credit Impaired <u>(Stage 2)</u> RM'000	Lifetime ECL Credit Impaired <u>(Stage 3)</u> RM'000	<u>Total</u> RM'000
<b><u>BANK</u></b>				
At 1 April 2019	330	270	1,294	1,894
Transfer to Stage 3	-	(826)	25,000	24,174
Changes due to change in credit risk	(13)	556	(878)	(335)
Financial investments derecognised other than write-off	(22)	-	-	(22)
Total (write-back from)/charge to income statement	(35)	(270)	24,122	23,817
<b>At 30 September 2019</b>	<b>295</b>	<b>-</b>	<b>25,416</b>	<b>25,711</b>
At 1 April 2018				
As previously stated	-	-	-	-
Effects of adoption of MFRS 9	425	-	1,294	1,719
As restated	425	-	1,294	1,719
New financial investments originated or purchased	42	270	-	312
Changes due to change in credit risk	(137)	-	-	(137)
Total (write-back from)/charge to income statement	(95)	270	-	175
At 31 March 2019	330	270	1,294	1,894

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

	30 September 2019 RM'000	31 March 2019 RM'000
<b><u>GROUP</u></b>		
At beginning of financial period/year		
As previously stated	18,565	-
Effects of adoption of MFRS 9	-	18,565
As restated	18,565	18,565
Impaired during the financial period/year	50,000	-
Write-back during the financial period/year	(1,756)	-
At end of financial period/year	<b>66,809</b>	<b>18,565</b>
	30 September 2019 RM'000	31 March 2019 RM'000
<b><u>BANK</u></b>		
At beginning of financial period/year		
As previously stated	1,294	-
Effects of adoption of MFRS 9	-	1,294
As restated	1,294	1,294
Impaired during the financial period/year	25,000	-
Write-back during the financial period/year	(878)	-
At end of financial period/year	<b>25,416</b>	<b>1,294</b>

**A15 Loans, Advances and Financing**

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2019 RM'000	31 March 2019 RM'000	30 September 2019 RM'000	31 March 2019 RM'000
<b>At amortised cost</b>				
Overdrafts	4,316,656	4,254,342	2,709,361	2,811,642
Term loans/financing				
- Housing loans/financing	14,247,620	14,169,222	10,991,795	11,220,949
- Syndicated term loans/financing	522,341	542,646	382,056	400,597
- Hire purchase receivables	889,849	997,023	648,615	700,548
- Other term loans/financing	15,716,257	15,144,370	11,978,667	11,726,939
Bills receivables	529,244	416,944	479,193	404,862
Trust receipts	226,396	238,682	175,588	199,118
Claims on customers under acceptance credits	3,143,951	3,262,886	2,453,686	2,492,765
Staff loans				
(Loan to Directors:RM Nil [31 March 2019:RM Nil])	22,217	23,217	5,437	6,233
Credit/charge card receivables	626,726	628,329	626,726	628,329
Revolving credits	1,777,512	1,842,108	1,199,465	1,333,991
Share margin financing	1,214,305	1,210,678	970,596	957,244
Gross loans, advances and financing	<u>43,233,074</u>	<u>42,730,447</u>	<u>32,621,185</u>	<u>32,883,217</u>
Add: Sales commissions and handling fees	97,714	92,517	107,697	102,848
Less: Allowance for expected credit losses on loans, advances and financing				
- Expected credit losses	<u>(572,656)</u>	<u>(502,663)</u>	<u>(413,268)</u>	<u>(363,089)</u>
Total net loans, advances and financing	<u><u>42,758,132</u></u>	<u><u>42,320,301</u></u>	<u><u>32,315,614</u></u>	<u><u>32,622,976</u></u>

The Bank has entered into an arrangement on Commodity Murabahah Term Financing ("CMTF") with Alliance Islamic Bank Berhad ("AIS"), the Bank's wholly owned subsidiary. The contract is based on Wakalah principle where the Bank will provide the funds, while the assets are managed by AIS (as the Wakeel or agent). The risk and rewards of the underlying assets are recognised and borne by the Bank. Hence, the underlying assets and allowances for expected credit losses/impairment losses are recognised and accounted for by the Bank. The total loans, advances and financing for CMTF was at RM160,000,000 as at 30 September 2019 (31 March 2019: RM179,795,000).

**A15a By maturity structure:**

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2019 RM'000	31 March 2019 RM'000	30 September 2019 RM'000	31 March 2019 RM'000
Within one year	11,930,482	11,948,217	8,679,814	8,882,437
One year to three years	1,995,526	2,028,957	1,502,914	1,596,836
Three years to five years	2,467,793	2,507,701	1,715,283	1,734,480
Over five years	26,839,273	26,245,572	20,723,174	20,669,464
Gross loans, advances and financing	<u>43,233,074</u>	<u>42,730,447</u>	<u>32,621,185</u>	<u>32,883,217</u>

**A15 Loans, Advances and Financing (Contd.)**

**A15b** By type of customers:

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2019 RM'000	31 March 2019 RM'000	30 September 2019 RM'000	31 March 2019 RM'000
Domestic non-bank financial institutions	315,375	454,420	258,404	397,339
Domestic business enterprises				
- Small and medium enterprises	11,684,573	11,134,591	9,066,503	8,715,301
- Others	7,931,128	8,378,248	6,078,557	6,462,979
Government and statutory bodies	63,711	62,011	63,711	62,011
Individuals	22,513,438	21,940,809	16,535,554	16,586,050
Other domestic entities	27,746	18,154	2,135	2,087
Foreign entities	697,103	742,214	616,321	657,450
<b>Gross loans, advances and financing</b>	<b>43,233,074</b>	<b>42,730,447</b>	<b>32,621,185</b>	<b>32,883,217</b>

**A15c** By interest/profit rate sensitivity:

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2019 RM'000	31 March 2019 RM'000	30 September 2019 RM'000	31 March 2019 RM'000
Fixed rate				
- Housing loans/financing	31,723	30,924	6,207	3,819
- Hire purchase receivables	871,942	975,868	630,732	679,421
- Other fixed rate loans/financing	6,486,359	6,680,657	4,427,671	4,632,043
Variable rate				
- Base lending rate plus	24,999,211	26,180,959	20,348,491	20,862,144
- Base rate plus	6,534,226	4,659,660	3,984,334	3,485,583
- Cost plus	4,309,613	4,202,379	3,223,750	3,220,207
<b>Gross loans, advances and financing</b>	<b>43,233,074</b>	<b>42,730,447</b>	<b>32,621,185</b>	<b>32,883,217</b>

**A15d** By economic purposes:

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2019 RM'000	31 March 2019 RM'000	30 September 2019 RM'000	31 March 2019 RM'000
Purchase of securities	1,208,100	1,204,373	964,391	950,940
Purchase of transport vehicles	691,247	777,449	465,181	496,279
Purchase of landed property	22,321,055	22,319,389	17,653,485	18,002,032
of which: - Residential	15,198,167	15,172,297	11,874,617	12,160,606
- Non-residential	7,122,888	7,147,092	5,778,868	5,841,426
Purchase of fixed assets				
excluding land & buildings	306,315	322,933	259,604	283,977
Personal use	5,179,403	4,624,412	2,774,783	2,575,790
Credit card	626,726	628,329	626,726	628,329
Construction	757,772	598,923	685,114	542,695
Working capital	9,650,391	9,673,428	7,338,740	7,455,372
Others	2,492,065	2,581,211	1,853,161	1,947,803
<b>Gross loans, advances and financing</b>	<b>43,233,074</b>	<b>42,730,447</b>	<b>32,621,185</b>	<b>32,883,217</b>

**A15 Loans, Advances and Financing (Contd.)**

**A15e** By geographical distribution:

	<u>GROUP</u>		<u>BANK</u>	
	<b>30 September 2019 RM'000</b>	31 March 2019 RM'000	<b>30 September 2019 RM'000</b>	31 March 2019 RM'000
Northern region	<b>3,151,103</b>	3,099,338	<b>2,236,194</b>	2,231,147
Central region	<b>30,780,233</b>	30,518,935	<b>23,475,562</b>	23,759,896
Southern region	<b>5,381,251</b>	5,273,067	<b>4,101,887</b>	3,989,423
Sabah region	<b>2,919,016</b>	2,867,868	<b>2,089,789</b>	2,174,295
Sarawak region	<b>1,001,471</b>	971,239	<b>717,753</b>	728,456
Gross loans, advances and financing	<b>43,233,074</b>	42,730,447	<b>32,621,185</b>	32,883,217

**A15f** Movements in credit impaired loans, advances and financing ("impaired loans") in Stage 3:

	<u>GROUP</u>		<u>BANK</u>	
	<b>30 September 2019 RM'000</b>	31 March 2019 RM'000	<b>30 September 2019 RM'000</b>	31 March 2019 RM'000
At beginning of financial period/year				
As previously stated	<b>476,602</b>	577,519	<b>369,124</b>	470,646
Effects of adoption of MFRS 9	-	(16,386)	-	(15,008)
As restated	<b>476,602</b>	561,133	<b>369,124</b>	455,638
Impaired during the financial period/year	<b>585,024</b>	722,929	<b>436,964</b>	533,179
Recovered during the financial period/year	<b>(42,502)</b>	(100,684)	<b>(38,207)</b>	(75,340)
Reclassified as unimpaired during the financial period/year	<b>(175,264)</b>	(484,529)	<b>(136,572)</b>	(379,515)
Financial assets derecognised other than write-off during the financial period/year	<b>(48,743)</b>	(85,352)	<b>(29,735)</b>	(75,194)
Amount written-off	<b>(75,982)</b>	(136,895)	<b>(48,048)</b>	(89,644)
At end of financial period/year	<b>719,135</b>	476,602	<b>553,526</b>	369,124
Gross impaired loans as % of gross loans, advances and financing	<b>1.66%</b>	1.12%	<b>1.70%</b>	1.12%

**A15 Loans, Advances and Financing (Contd.)**

**A15g** Credit impaired loans analysed by economic purposes:

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2019 RM'000	31 March 2019 RM'000	30 September 2019 RM'000	31 March 2019 RM'000
Purchase of transport vehicles	21,714	17,088	18,845	14,777
Purchase of landed property	357,768	234,412	271,681	184,647
of which: - Residential	269,133	153,789	218,699	129,916
- Non-residential	88,635	80,623	52,982	54,731
Purchase of fixed assets excluding land & buildings	23,611	21,220	23,211	20,579
Personal use	137,673	81,293	86,673	47,995
Credit card	11,073	9,045	11,073	9,045
Construction	8,191	8,429	8,191	8,429
Working capital	127,527	79,382	104,278	60,685
Others	31,578	25,733	29,574	22,967
Gross impaired loans	719,135	476,602	553,526	369,124

**A15h** Credit impaired loans by geographical distribution:

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2019 RM'000	31 March 2019 RM'000	30 September 2019 RM'000	31 March 2019 RM'000
Northern region	80,292	49,667	58,648	39,874
Central region	499,646	326,982	379,110	246,940
Southern region	99,709	63,370	83,280	49,183
Sabah region	25,237	25,316	18,962	22,554
Sarawak region	14,251	11,267	13,526	10,573
Gross impaired loans	719,135	476,602	553,526	369,124

**A15 Loans, Advances and Financing (Contd.)**

**A15i** Movements in the allowance for expected credit losses on loans, advances and financing are as follows:

	12 months ECL <u>(Stage 1)</u> RM'000	Lifetime ECL Not-credit Impaired <u>(Stage 2)</u> RM'000	Lifetime ECL Credit Impaired <u>(Stage 3)</u> RM'000	<u>Total</u> RM'000
<b>GROUP</b>				
At 1 April 2019	72,679	212,519	217,465	502,663
Transfer to Stage 1	10,599	(60,173)	(4,042)	(53,616)
Transfer to Stage 2	(21,028)	131,887	(46,587)	64,272
Transfer to Stage 3	(71)	(71,667)	193,685	121,947
New financial assets originated or purchased	29,422	67,575	7,564	104,561
Changes due to change in credit risk	(11,089)	11,192	(11,546)	(11,443)
Financial assets derecognised other than write-off	(14,770)	(67,113)	(13,631)	(95,514)
Other adjustments	8	2	4	14
	(6,929)	11,703	125,447	130,221
Unwinding of discount	-	-	(3,814)	(3,814)
Total (write-back from)/charge to income statement	(6,929)	11,703	121,633	126,407
Write-off	(3)	(57)	(56,354)	(56,414)
<b>At 30 September 2019</b>	<b>65,747</b>	<b>224,165</b>	<b>282,744</b>	<b>572,656</b>
At 1 April 2018				
As previously stated under MFRS 139				372,449
Effects of adoption of MFRS 9				90,879
As restated	66,941	203,691	192,696	463,328
Transfer to Stage 1	24,268	(132,004)	(7,270)	(115,006)
Transfer to Stage 2	(40,020)	232,846	(103,159)	89,667
Transfer to Stage 3	(181)	(114,361)	254,377	139,835
New financial assets originated or purchased	70,774	154,861	15,818	241,453
Changes due to change in credit risk	(9,934)	20,361	(7,814)	2,613
Financial assets derecognised other than write-off	(39,199)	(152,890)	(19,415)	(211,504)
Other adjustments	30	150	-	180
	5,738	8,963	132,537	147,238
Unwinding of discount	-	-	(6,941)	(6,941)
Total charge to income statement	5,738	8,963	125,596	140,297
Write-off	-	(135)	(100,827)	(100,962)
At 31 March 2019	72,679	212,519	217,465	502,663

**A15 Loans, Advances and Financing (Contd.)**

**A15i** Movements in the allowance for expected credit losses on loans, advances and financing are as follows: (contd.)

	12 months ECL <u>(Stage 1)</u> RM'000	Lifetime ECL Not-credit Impaired <u>(Stage 2)</u> RM'000	Lifetime ECL Credit Impaired <u>(Stage 3)</u> RM'000	<u>Total</u> RM'000
<b><u>BANK</u></b>				
At 1 April 2019	49,135	142,622	171,332	363,089
Transfer to Stage 1	7,200	(43,545)	(3,678)	(40,023)
Transfer to Stage 2	(14,074)	92,005	(33,273)	44,658
Transfer to Stage 3	(64)	(44,900)	142,115	97,151
New financial assets originated or purchased	17,525	57,779	5,743	81,047
Changes due to change in credit risk	(7,395)	3,420	(13,505)	(17,480)
Financial assets derecognised other than write-off	(9,794)	(57,169)	(9,675)	(76,638)
Other adjustments	8	2	4	14
	<u>(6,594)</u>	<u>7,592</u>	<u>87,731</u>	<u>88,729</u>
Unwinding of discount	-	-	(2,619)	(2,619)
Total (write-back from)/charge to income statement	<u>(6,594)</u>	<u>7,592</u>	<u>85,112</u>	<u>86,110</u>
Write-off	-	(6)	(35,925)	(35,931)
<b>At 30 September 2019</b>	<b><u>42,541</u></b>	<b><u>150,208</u></b>	<b><u>220,519</u></b>	<b><u>413,268</u></b>
At 1 April 2018				
As previously stated under MFRS 139				285,402
Effects of adoption of MFRS 9				52,797
As restated	43,894	137,652	156,653	338,199
Transfer to Stage 1	15,264	(90,649)	(5,930)	(81,315)
Transfer to Stage 2	(24,760)	154,042	(71,881)	57,401
Transfer to Stage 3	(148)	(65,538)	178,889	113,203
New financial assets originated or purchased	46,449	120,924	7,800	175,173
Changes due to change in credit risk	(5,213)	5,001	(4,699)	(4,911)
Financial assets derecognised other than write-off	(26,381)	(118,951)	(16,490)	(161,822)
Other adjustments	30	150	-	180
	<u>5,241</u>	<u>4,979</u>	<u>87,689</u>	<u>97,909</u>
Unwinding of discount	-	-	(5,408)	(5,408)
Total charge to income statement	<u>5,241</u>	<u>4,979</u>	<u>82,281</u>	<u>92,501</u>
Write-off	-	(9)	(67,602)	(67,611)
At 31 March 2019	<u>49,135</u>	<u>142,622</u>	<u>171,332</u>	<u>363,089</u>

**A16 Other Assets**

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2019 RM'000	31 March 2019 RM'000	30 September 2019 RM'000	31 March 2019 RM'000
Other receivables	111,287	86,513	94,287	72,185
Collateral pledged for derivative transactions	18,644	23,292	18,407	23,056
Settlement account	97,232	94,606	97,232	94,606
Deposits	8,864	8,775	8,211	8,122
Prepayment	37,133	20,038	33,357	18,573
Amounts due from subsidiaries	-	-	65,537	133,557
Amount due from joint venture	287	299	287	299
	<u>273,447</u>	<u>233,523</u>	<u>317,318</u>	<u>350,398</u>
Less:				
Allowance for expected credit losses on other receivables [Note (a)]	(36,427)	(34,385)	(31,563)	(29,604)
	<u>237,020</u>	<u>199,138</u>	<u>285,755</u>	<u>320,794</u>

Note:

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

	<u>Lifetime ECL</u>	
	30 September 2019 RM'000	31 March 2019 RM'000
<b>GROUP</b>		
At beginning of financial period/year	34,385	32,017
New financial assets originated or purchased	118	1,174
Changes due to change in credit risk	2,055	3,527
Financial assets derecognised other than write-off	(131)	(1,382)
Total charge to income statement	2,042	3,319
Write-off	-	(951)
At end of financial period/year	<u>36,427</u>	<u>34,385</u>
<b>BANK</b>		
At beginning of financial period/year	29,604	27,578
Changes due to change in credit risk	1,959	2,977
Total charge to income statement	1,959	2,977
Write-off	-	(951)
At end of financial period/year	<u>31,563</u>	<u>29,604</u>

As at 30 September 2019, the Group's and the Bank's gross exposure of other receivables that are under lifetime ECL was at RM36,661,000 and RM31,563,000 (31 March 2019: RM34,385,000 and RM29,604,000).

**A17 Deposits from Customers**

**A17a** By type of deposits:

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2019 RM'000	31 March 2019 RM'000	30 September 2019 RM'000	31 March 2019 RM'000
<b>Amortised cost</b>				
Demand deposits	15,494,255	14,207,328	12,433,406	11,510,890
Savings deposits	1,763,155	1,753,526	1,437,260	1,432,970
Fixed/investment deposits	25,956,687	25,676,643	19,023,925	19,430,211
Money market deposits	2,790,023	2,917,200	2,408,820	2,206,407
Negotiable instruments of deposits	92,149	462,935	81,254	402,384
	<b>46,096,269</b>	<b>45,017,632</b>	<b>35,384,665</b>	<b>34,982,862</b>

**A17b** By type of customers:

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2019 RM'000	31 March 2019 RM'000	30 September 2019 RM'000	31 March 2019 RM'000
Domestic financial institutions	47,013	306,199	68,640	390,046
Domestic non-bank financial institutions	1,623,359	2,516,834	1,329,621	1,769,027
Government and statutory bodies	5,336,431	5,450,441	2,955,939	2,975,054
Business enterprises	17,672,768	16,909,336	13,521,474	12,894,883
Individuals	20,033,065	18,637,918	16,301,098	15,917,675
Foreign entities	772,310	630,733	686,787	559,770
Others	611,323	566,171	521,106	476,407
	<b>46,096,269</b>	<b>45,017,632</b>	<b>35,384,665</b>	<b>34,982,862</b>

**A17c** The maturity structure of fixed/investment deposits, money market deposits and negotiable instruments of deposits are as follows:

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2019 RM'000	31 March 2019 RM'000	30 September 2019 RM'000	31 March 2019 RM'000
Due within six months	21,702,229	19,128,642	17,149,104	14,877,446
Six months to one year	5,854,315	8,833,425	4,224,759	6,994,821
One year to three years	920,213	730,686	133,536	157,981
Three years to five years	362,102	364,025	6,600	8,754
	<b>28,838,859</b>	<b>29,056,778</b>	<b>21,513,999</b>	<b>22,039,002</b>

**A18 Deposits and Placements of Banks and Other Financial Institutions**

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2019 RM'000	31 March 2019 RM'000	30 September 2019 RM'000	31 March 2019 RM'000
Licensed banks	987,454	252,558	377,079	12,467
Licensed Investment banks	105,032	30,051	-	-
Bank Negara Malaysia	548,519	576,099	316,739	332,368
Others	50,047	-	-	-
	<b>1,691,052</b>	<b>858,708</b>	<b>693,818</b>	<b>344,835</b>

**A19 Financial Liabilities Designated at Fair Value Through Profit or Loss**

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

The Group and the Bank have designated certain structured investments at fair value through profit or loss. The structured investments are recorded at fair value.

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

	<b>GROUP/BANK</b>	
	<b>30 September</b>	31 March
	<b>2019</b>	2019
	<b>RM'000</b>	RM'000
Structured investments	296,295	815,079
Fair value changes arising from designation at fair value through profit or loss	<b>(5,410)</b>	<b>(36,656)</b>
	<b>290,885</b>	<b>778,423</b>

**A20 Amounts Due To Clients And Brokers**

	<b>GROUP</b>	
	<b>30 September</b>	31 March
	<b>2019</b>	2019
	<b>RM'000</b>	RM'000
Due to clients	<b>30,480</b>	<b>51,164</b>

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 two (2) 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 RM48,162,000 (31 March 2019: RM56,655,000) have been excluded accordingly.

**A21 Other Liabilities**

	<b>GROUP</b>		<b>BANK</b>	
	<b>30 September</b>	31 March	<b>30 September</b>	31 March
	<b>2019</b>	2019	<b>2019</b>	2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Other payables	473,249	488,686	396,004	406,233
Collateral pledged for derivative transactions	2,854	8,456	2,854	8,456
Bills payable	194,037	175,095	185,878	166,622
Settlement account	13,072	80,059	13,072	80,059
Clearing account	290,416	224,575	229,591	174,407
Sundry deposits	45,725	40,962	40,869	35,705
Provision and accruals	84,049	129,763	75,598	117,929
Remisiers account	5,846	6,122	-	-
Allowance for expected credit losses commitments and contingencies	33,258	32,604	29,275	28,582
Finance lease liabilities	-	688	-	688
Structured investments	335,708	553,627	335,708	553,627
Amount due to subsidiaries	-	-	355	-
Amount due to joint venture	134	160	-	-
	<b>1,478,348</b>	<b>1,740,797</b>	<b>1,309,204</b>	<b>1,572,308</b>

**A21 Other Liabilities (Contd.)**

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

	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
<b>GROUP</b>				
At 1 April 2019	6,833	16,664	9,107	32,604
Transfer to Stage 1	455	(5,509)	(81)	(5,135)
Transfer to Stage 2	(828)	8,860	(467)	7,565
Transfer to Stage 3	-	(359)	629	270
New financial assets originated or purchased	1,368	4,491	-	5,859
Changes due to change in credit risk	(1,920)	(665)	172	(2,413)
Financial assets derecognised other than write-off	(863)	(4,335)	(160)	(5,358)
Other adjustments	1	3	-	4
	(1,787)	2,486	93	792
Unwinding of discount	-	-	(138)	(138)
Total (write-back from)/charge to income statement	(1,787)	2,486	(45)	654
<b>At 30 September 2019</b>	<b>5,046</b>	<b>19,150</b>	<b>9,062</b>	<b>33,258</b>
At 1 April 2018				
As previously stated	-	-	-	-
Effects of adoption of MFRS 9	8,562	21,295	14,143	44,000
As restated	8,562	21,295	14,143	44,000
Transfer to Stage 1	1,023	(10,403)	-	(9,380)
Transfer to Stage 2	(1,396)	11,958	(401)	10,161
Transfer to Stage 3	-	(1,058)	7,298	6,240
New financial assets originated or purchased	5,696	5,704	73	11,473
Changes due to change in credit risk	(3,330)	(2,786)	161	(5,955)
Financial assets derecognised other than write-off	(3,728)	(8,063)	(12,148)	(23,939)
Other adjustments	6	17	-	23
	(1,729)	(4,631)	(5,017)	(11,377)
Unwinding of discount	-	-	(19)	(19)
Total write-back from income statement	(1,729)	(4,631)	(5,036)	(11,396)
At 31 March 2019	6,833	16,664	9,107	32,604

**A21 Other Liabilities (Contd.)**

Movements for allowance for expected credit losses on commitments and contingencies are as follows: (contd.)

	12 months ECL (Stage 1) RM'000	Lifetime ECL Not-credit Impaired (Stage 2) RM'000	Lifetime ECL Credit Impaired (Stage 3) RM'000	Total RM'000
<b>BANK</b>				
At 1 April 2019	6,097	13,483	9,002	28,582
Transfer to Stage 1	374	(4,904)	(81)	(4,611)
Transfer to Stage 2	(728)	7,854	(467)	6,659
Transfer to Stage 3	-	(359)	628	269
New financial assets originated or purchased	1,157	3,502	-	4,659
Changes due to change in credit risk	(1,699)	158	180	(1,361)
Financial assets derecognised other than write-off	(749)	(3,882)	(160)	(4,791)
Other adjustments	1	2	-	3
	(1,644)	2,371	100	827
Unwinding of discount	-	-	(134)	(134)
Total (write-back from)/charge to income statement	(1,644)	2,371	(34)	693
<b>At 30 September 2019</b>	<b>4,453</b>	<b>15,854</b>	<b>8,968</b>	<b>29,275</b>
At 1 April 2018				
As previously stated	-	-	-	-
Effects of adoption of MFRS 9	7,520	15,587	4,183	27,290
As restated	7,520	15,587	4,183	27,290
Transfer to Stage 1	867	(8,597)	-	(7,730)
Transfer to Stage 2	(1,257)	10,651	(395)	8,999
Transfer to Stage 3	-	(1,046)	7,069	6,023
New financial assets originated or purchased	5,120	4,157	73	9,350
Changes due to change in credit risk	(3,011)	(987)	538	(3,460)
Financial assets derecognised other than write-off	(3,148)	(6,291)	(2,454)	(11,893)
Other adjustments	6	9	-	15
	(1,423)	(2,104)	4,831	1,304
Unwinding of discount	-	-	(12)	(12)
Total (write-back from)/charge to income statement	(1,423)	(2,104)	4,819	1,292
At 31 March 2019	6,097	13,483	9,002	28,582

As at 30 September 2019, the Group's and the Bank's gross exposure of commitment and contingencies that are credit impaired was at RM46,110,000 and RM43,784,000 (31 March 2019: RM16,460,000 and RM14,481,000).

**A22 Interest Income**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2019</b>	30 September 2018	<b>30 September 2019</b>	30 September 2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b><u>GROUP</u></b>				
Loans, advances and financing	<b>410,396</b>	404,579	<b>827,006</b>	801,154
Money at call and deposit placements with financial institutions	<b>3,556</b>	2,381	<b>7,992</b>	6,688
Financial investments at fair value through other comprehensive income	<b>80,161</b>	62,826	<b>155,817</b>	127,742
Financial investments at amortised cost	<b>2,244</b>	3,836	<b>4,273</b>	8,094
Others	<b>101</b>	179	<b>227</b>	341
	<b>496,458</b>	473,801	<b>995,315</b>	944,019
Accretion of discount less amortisation of premium	<b>21,439</b>	22,472	<b>43,540</b>	43,406
	<b>517,897</b>	496,273	<b>1,038,855</b>	987,425
	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2019</b>	30 September 2018	<b>30 September 2019</b>	30 September 2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b><u>BANK</u></b>				
Loans, advances and financing	<b>403,282</b>	400,103	<b>810,147</b>	788,980
Money at call and deposit placements with financial institutions	<b>3,707</b>	4,646	<b>9,216</b>	10,355
Financial investments at fair value through other comprehensive income	<b>73,840</b>	60,973	<b>144,945</b>	124,043
Financial investments at amortised cost	<b>3,432</b>	4,816	<b>6,876</b>	9,860
Others	<b>101</b>	178	<b>227</b>	340
	<b>484,362</b>	470,716	<b>971,411</b>	933,578
Accretion of discount less amortisation of premium	<b>21,616</b>	22,114	<b>43,219</b>	42,630
	<b>505,978</b>	492,830	<b>1,014,630</b>	976,208

Included in the interest income on loans, advances and financing for the current financial period is interest/profit accrued on impaired loans/financing of the Group and the Bank of RM2,859,000 (30 September 2018: RM3,809,000 respectively).

**A23 Interest Expense**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2019</b>	<b>30 September 2018</b>	<b>30 September 2019</b>	<b>30 September 2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>GROUP</b>				
Deposits and placements of banks and other financial institutions	9,736	4,255	15,594	10,300
Deposits from customers	240,850	217,792	481,950	432,175
Recourse obligations on loans and financing sold to Cagamas	3,424	6,651	6,850	13,492
Subordinated obligations	21,277	19,777	42,266	39,276
Others	800	1,060	2,342	2,333
	<b>276,087</b>	<b>249,535</b>	<b>549,002</b>	<b>497,576</b>

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2019</b>	<b>30 September 2018</b>	<b>30 September 2019</b>	<b>30 September 2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>BANK</b>				
Deposits and placements of banks and other financial institutions	4,000	2,717	7,073	5,956
Deposits from customers	234,970	213,265	467,372	422,863
Recourse obligations on loans and financing sold to Cagamas	3,424	6,651	6,850	13,492
Subordinated obligations	21,316	19,813	42,362	39,365
Others	800	1,060	2,342	2,333
	<b>264,510</b>	<b>243,506</b>	<b>525,999</b>	<b>484,009</b>

**A24 Net Income from Islamic Banking Business**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2019</b>	<b>30 September 2018</b>	<b>30 September 2019</b>	<b>30 September 2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>GROUP</b>				
Income derived from investment of depositors' funds and others	160,430	149,913	316,484	292,244
Income derived from investment of Islamic Banking funds	16,290	14,674	32,943	29,117
Income attributable to the depositors and financial institutions	(84,848)	(76,562)	(164,434)	(150,502)
	<b>91,872</b>	<b>88,025</b>	<b>184,993</b>	<b>170,859</b>

**A25 Other Operating Income**

<b>GROUP</b>	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>
(a) <u>Fee and commission income:</u>				
Commissions	22,049	20,935	42,876	45,088
Service charges and fees	6,900	6,842	14,461	15,595
Corporate advisory fees	525	729	1,160	1,516
Underwriting commissions	12	148	1,356	148
Brokerage fees	6,252	8,067	12,510	16,352
Guarantee fees	3,430	3,343	7,041	7,636
Processing fees	3,851	4,909	5,340	6,454
Commitment fees	4,443	4,343	8,866	8,611
Cards related income	20,571	20,674	41,597	42,043
Other fee income	1,501	2,046	3,002	2,796
	<b>69,534</b>	<b>72,036</b>	<b>138,209</b>	<b>146,239</b>
(b) <u>Fee and commission expense:</u>				
Commissions expense	(399)	(237)	(4,025)	(487)
Service charges and fees	(475)	-	(475)	-
Brokerage fees expense	(2,186)	(2,576)	(4,126)	(5,130)
Guarantee fees expense	(746)	(72)	(981)	(180)
Cards related expense	(15,321)	(17,837)	(33,683)	(36,785)
	<b>(19,127)</b>	<b>(20,722)</b>	<b>(43,290)</b>	<b>(42,582)</b>
(c) <u>Investment income:</u>				
Realised gain/(loss) arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	3,289	1,470	6,078	1,468
- Financial investments at fair value through other comprehensive income	9,577	1,486	14,175	1,569
- Derivative instruments	9,234	7,923	15,789	(19,015)
- Other investments	-	-	9	-
Marked-to-market revaluation gain/(loss):				
- Financial assets at fair value through profit or loss	15,458	1,198	16,680	2,253
- Derivative instruments	6,795	(11,173)	24,067	40,088
- Financial liabilities designated at fair value through profit or loss	(12,458)	8,501	(31,246)	(1,705)
Gross dividend income from:				
- Financial assets at fair value through profit or loss	391	183	1,299	1,020
	<b>32,286</b>	<b>9,588</b>	<b>46,851</b>	<b>25,678</b>
(d) <u>Other income :</u>				
Foreign exchange gain/(loss)	8,918	(690)	9,892	(3,602)
Rental income	54	-	116	-
Others	3,936	4,211	9,591	13,817
	<b>12,908</b>	<b>3,521</b>	<b>19,599</b>	<b>10,215</b>
Total other operating income	<b>95,601</b>	<b>64,423</b>	<b>161,369</b>	<b>139,550</b>

**A25 Other Operating Income (Contd.)**

	2nd Quarter Ended		Six Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
<b><u>BANK</u></b>				
<b>(a) <u>Fee and commission income:</u></b>				
Commissions	22,049	20,936	42,876	45,089
Service charges and fees	6,763	6,717	14,190	15,347
Guarantee fees	3,424	3,343	7,028	7,636
Processing fees	2,616	2,869	3,629	3,537
Commitment fees	4,431	4,329	8,839	8,589
Cards related income	20,571	20,674	41,597	42,043
Other fee income	1,499	2,044	3,000	2,794
	<b>61,353</b>	<b>60,912</b>	<b>121,159</b>	<b>125,035</b>
<b>(b) <u>Fee and commission expense:</u></b>				
Commissions expense	(399)	(237)	(4,436)	(487)
Service charges and fees	(475)	-	(475)	-
Brokerage fees expense	(6)	(3)	(7)	(5)
Guarantee fees expense	(746)	(72)	(981)	(180)
Cards related expense	(15,321)	(17,837)	(33,683)	(36,785)
	<b>(16,947)</b>	<b>(18,149)</b>	<b>(39,582)</b>	<b>(37,457)</b>
<b>(c) <u>Investment income:</u></b>				
Realised gain/(loss) arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	3,169	1,470	5,958	1,467
- Financial investments at fair value through other comprehensive income	6,624	927	10,482	1,011
- Derivative instruments	9,234	7,923	15,789	(19,015)
- Other investments	-	-	9	-
Marked-to-market revaluation gain/(loss):				
- Financial assets at fair value through profit or loss	11,850	1,036	13,072	1,982
- Derivative instruments	6,795	(11,173)	24,067	40,088
- Financial liabilities designated at fair value through profit or loss	(12,458)	8,501	(31,246)	(1,705)
Gross dividend income from:				
- Financial assets at fair value through profit or loss	272	112	749	589
- Subsidiaries	-	-	27,604	37,490
	<b>25,486</b>	<b>8,796</b>	<b>66,484</b>	<b>61,907</b>
<b>(d) <u>Other income:</u></b>				
Foreign exchange gain/(loss)	8,823	(803)	9,695	(3,866)
Rental income	585	161	1,279	338
Others	3,839	4,766	9,275	14,119
	<b>13,247</b>	<b>4,124</b>	<b>20,249</b>	<b>10,591</b>
<b>Total other operating income</b>	<b>83,139</b>	<b>55,683</b>	<b>168,310</b>	<b>160,076</b>

**A26 Other Operating Expenses**

	2nd Quarter Ended		Six Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
<b>GROUP</b>				
Personnel costs				
- Salaries, allowances and bonuses	100,075	94,202	200,243	189,128
- Contribution to EPF	16,322	14,946	32,238	29,778
- Others	14,366	12,994	27,351	25,362
	<b>130,763</b>	<b>122,142</b>	<b>259,832</b>	<b>244,268</b>
Establishment costs				
- Depreciation of property, plant and equipment	5,934	6,533	11,716	11,458
- Depreciation of right-of-use assets	6,101	-	12,132	-
- Amortisation of computer software	9,142	8,544	17,821	12,875
- Rental of premises	676	7,338	1,522	14,728
- Water and electricity	2,033	1,959	4,075	3,720
- Repairs and maintenance	2,415	2,689	4,481	5,267
- Information technology expenses	16,999	12,456	32,175	25,195
- Others	3,320	2,881	8,960	6,030
	<b>46,620</b>	<b>42,400</b>	<b>92,882</b>	<b>79,273</b>
Marketing expenses				
- Promotion and advertisement	749	3,550	2,061	5,645
- Branding and publicity	1,700	3,162	3,348	3,423
- Others	1,932	1,984	3,917	3,803
	<b>4,381</b>	<b>8,696</b>	<b>9,326</b>	<b>12,871</b>
Administration and general expenses				
- Communication expenses	2,004	3,506	5,021	6,928
- Printing and stationery	602	664	1,169	1,409
- Insurance	2,985	2,898	5,828	5,645
- Professional fees	6,178	5,231	11,719	10,824
- Others	4,466	5,995	10,273	13,494
	<b>16,235</b>	<b>18,294</b>	<b>34,010</b>	<b>38,300</b>
Total other operating expenses	<b>197,999</b>	<b>191,532</b>	<b>396,050</b>	<b>374,712</b>

**A26 Other Operating Expenses (Contd.)**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>30 September 2018 RM'000</b>
<b><u>BANK</u></b>				
Personnel costs				
- Salaries, allowances and bonuses	<b>74,629</b>	74,107	<b>152,568</b>	147,640
- Contribution to EPF	<b>12,272</b>	11,809	<b>24,649</b>	23,406
- Others	<b>11,944</b>	10,710	<b>21,730</b>	21,130
	<b>98,845</b>	96,626	<b>198,947</b>	192,176
Establishment costs				
- Depreciation of property, plant and equipment	<b>5,782</b>	6,337	<b>11,420</b>	11,084
- Depreciation of right-of-use assets	<b>6,086</b>	-	<b>12,103</b>	-
- Amortisation of computer software	<b>8,775</b>	8,210	<b>17,079</b>	12,356
- Rental of premises	<b>553</b>	5,767	<b>813</b>	11,573
- Water and electricity	<b>1,533</b>	1,519	<b>3,066</b>	2,814
- Repairs and maintenance	<b>1,902</b>	2,163	<b>3,377</b>	3,978
- Information technology expenses	<b>11,596</b>	10,140	<b>23,708</b>	20,191
- Others	<b>1,787</b>	983	<b>4,124</b>	2,183
	<b>38,014</b>	35,119	<b>75,690</b>	64,179
Marketing expenses				
- Promotion and advertisement	<b>535</b>	3,323	<b>1,775</b>	5,000
- Branding and publicity	<b>911</b>	2,227	<b>1,634</b>	2,482
- Others	<b>1,278</b>	2,039	<b>2,627</b>	2,455
	<b>2,724</b>	7,589	<b>6,036</b>	9,937
Administration and general expenses				
- Communication expenses	<b>1,408</b>	2,861	<b>3,715</b>	5,409
- Printing and stationery	<b>471</b>	515	<b>900</b>	1,084
- Insurance	<b>2,616</b>	2,635	<b>5,051</b>	5,089
- Professional fees	<b>4,720</b>	4,138	<b>8,916</b>	8,432
- Others	<b>2,839</b>	4,354	<b>7,574</b>	9,333
	<b>12,054</b>	14,503	<b>26,156</b>	29,347
Total other operating expenses	<b>151,637</b>	153,837	<b>306,829</b>	295,639

**A27 Allowance for Expected Credit Losses on Loans, Advances and Financing and Other Financial Assets**

	2nd Quarter Ended		Six Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
<b>GROUP</b>				
Allowance for/(write-back of) expected credit losses on:				
(a) Loans, advances and financing				
- Allowance made during the financial period	<b>76,322</b>	20,284	<b>130,221</b>	77,330
(b) Credit impaired loans, advances and financing				
- Recovered	<b>(8,970)</b>	(9,494)	<b>(18,661)</b>	(25,963)
- Written-off	<b>8,982</b>	8,365	<b>18,626</b>	16,717
(c) Commitments and contingencies on loans, advances and financing				
- (Write-back)/allowance made during the financial period	<b>(119)</b>	597	<b>784</b>	(11,519)
	<b>76,215</b>	19,752	<b>130,970</b>	56,565
(Write-back of)/allowance for expected credit losses on:				
- Amounts due from clients and brokers	<b>(8)</b>	5	-	12
- Other receivables	<b>1,017</b>	1,267	<b>2,042</b>	2,220
- Cash and short term funds	<b>10</b>	-	<b>(27)</b>	(500)
	<b>77,234</b>	21,024	<b>132,985</b>	58,297

	2nd Quarter Ended		Six Months Ended	
	30 September 2019 RM'000	30 September 2018 RM'000	30 September 2019 RM'000	30 September 2018 RM'000
<b>BANK</b>				
Allowance for/(write-back of) expected credit losses on:				
(a) Loans, advances and financing				
- Allowance made during the financial period	<b>47,614</b>	11,435	<b>88,729</b>	50,049
(b) Credit impaired loans, advance and financing				
- Recovered	<b>(5,621)</b>	(6,741)	<b>(11,737)</b>	(16,735)
- Written-off	<b>5,651</b>	4,866	<b>10,928</b>	10,000
(c) Commitments and contingencies on loans, advances and financing				
- Allowance made/(write-back) during the financial period	<b>168</b>	(852)	<b>827</b>	(647)
	<b>47,812</b>	8,708	<b>88,747</b>	42,667
Allowance for/(write-back of) expected credit losses on:				
- Other receivables	<b>873</b>	700	<b>1,959</b>	1,446
- Cash and short term funds	<b>10</b>	-	<b>(27)</b>	(500)
	<b>48,695</b>	9,408	<b>90,679</b>	43,613

**A28 (Write-back of)/Allowance for Expected Credit Losses on Financial Investments**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2019</b>	<b>30 September 2018</b>	<b>30 September 2019</b>	<b>30 September 2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>GROUP</b>				
(a) Financial investments at fair value through other comprehensive income				
- Allowance made/(write-back) during the financial period	16	(146)	(12)	(567)
(b) Financial investments at amortised cost				
- (Write-back)/allowance made during the financial period	(1,668)	-	47,760	-
- Commitment and contingencies	3	-	8	-
	<b>(1,649)</b>	<b>(146)</b>	<b>47,756</b>	<b>(567)</b>

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2019</b>	<b>30 September 2018</b>	<b>30 September 2019</b>	<b>30 September 2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>BANK</b>				
(a) Financial investments at fair value through other comprehensive income				
- Allowance made/(write-back) during the financial period	6	(150)	(20)	(465)
(b) Financial investments at amortised cost				
- (Write-back)/allowance made during the financial period	(882)	(3)	23,817	(136)
	<b>(876)</b>	<b>(153)</b>	<b>23,797</b>	<b>(601)</b>

**A29 Allowance for Impairment Losses on Non Financial Assets**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2019</b>	<b>30 September 2018</b>	<b>30 September 2019</b>	<b>30 September 2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>GROUP</b>				
Intangible assets - goodwill	3,686	-	3,686	-

During the financial period, an impairment loss of RM3,686,000 for the Group and the Bank have been recognised in respect of the stockbroking business. The impairment loss is driven by lower projected cash flows resulting from the reassessment of expected future business performance in the light of current trading and economic conditions.

**A30 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>	
	<b>30 September 2019 RM'000</b>	31 March 2019 RM'000	<b>30 September 2019 RM'000</b>	31 March 2019 RM'000
<u>Commitments and contingencies</u>				
Direct credit substitutes	<b>687,067</b>	650,663	<b>497,804</b>	490,085
Transaction-related contingent items	<b>699,867</b>	680,097	<b>633,865</b>	609,843
Short-term self-liquidating trade-related contingencies	<b>144,398</b>	179,994	<b>125,875</b>	133,405
Forward assets purchase	<b>29,299</b>	236,985	<b>29,299</b>	211,985
Obligations under an on-going underwriting agreement	<b>80,000</b>	46,154	-	-
Irrevocable commitments to extend credit:				
- maturity exceeding one year	<b>1,211,198</b>	1,319,483	<b>811,353</b>	904,181
- maturity not exceeding one year	<b>8,791,424</b>	8,308,840	<b>6,750,952</b>	6,461,733
Unutilised credit card lines	<b>1,480,712</b>	1,600,820	<b>1,480,712</b>	1,600,820
	<b>13,123,965</b>	13,023,036	<b>10,329,860</b>	10,412,052
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	<b>8,747,850</b>	4,561,102	<b>8,747,850</b>	4,561,102
- over one year to three years	<b>530,390</b>	159,580	<b>530,390</b>	159,580
- over three years	<b>276,507</b>	10,209	<b>276,507</b>	10,209
Interest rate related contracts:				
- one year or less	<b>4,141,219</b>	2,034,786	<b>4,141,219</b>	2,034,786
- over one year to three years	<b>2,911,791</b>	1,779,255	<b>2,911,791</b>	1,779,255
- over three years	<b>2,183,272</b>	2,503,968	<b>2,183,272</b>	2,503,968
Equity related contracts				
- one year or less	<b>51,180</b>	78,958	<b>51,180</b>	78,958
- over one year to three years	<b>571,740</b>	30,810	<b>571,740</b>	30,810
	<b>19,413,949</b>	11,158,668	<b>19,413,949</b>	11,158,668
	<b>32,537,914</b>	24,181,704	<b>29,743,809</b>	21,570,720

### **A31 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's 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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**A31 Segment information (Contd.)**

<b>GROUP</b>	Consumer Banking	Business Banking	Financial Markets	Stockbroking and Corporate Advisory	Others	Total Operations	Inter-segment Elimination	Total
<b>2nd Quarter ended 30 September 2019</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income								
- external income	93,261	94,853	59,403	3,426	69	251,012	(9,202)	241,810
- inter-segment	(7,179)	19,263	(9,999)	(2,085)	-	-	-	-
	86,082	114,116	49,404	1,341	69	251,012	(9,202)	241,810
Net income from Islamic banking business	36,651	30,233	13,252	-	78	80,214	11,658	91,872
Other operating income	25,520	41,613	22,619	5,738	4,912	100,402	(4,801)	95,601
Net income	148,253	185,962	85,275	7,079	5,059	431,628	(2,345)	429,283
Other operating expenses	(82,657)	(67,633)	(11,178)	(9,644)	(5,809)	(176,921)	99	(176,822)
Depreciation and amortisation	(10,076)	(8,828)	(1,915)	(667)	(136)	(21,622)	445	(21,177)
Operating profit/(loss)	55,520	109,501	72,182	(3,232)	(886)	233,085	(1,801)	231,284
Allowance for expected credit losses on loans, advances and financing and other financial assets	(50,554)	(26,547)	(16)	(117)	-	(77,234)	-	(77,234)
Write-back of/(allowance for) expected credit losses on financial investments	-	1,665	12	-	-	1,677	(28)	1,649
Allowance for impairment losses on non-financial assets	-	-	-	(5,302)	-	(5,302)	1,616	(3,686)
Segment result	4,966	84,619	72,178	(8,651)	(886)	152,226	(213)	152,013
Share of results of joint venture								18
Taxation								(36,508)
Net profit for the financial period								115,523
Segment assets	22,266,188	21,741,012	15,140,382	328,582	370,108	59,846,272	(2,449,789)	57,396,483
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								850
Property, plant and equipment								73,186
Tax recoverable and deferred tax assets								93,037
Intangible assets								428,836
Total assets								57,992,392

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**A31 Segment information (Contd.)**

<b>GROUP</b>	Consumer Banking	Business Banking	Financial Markets	Stockbroking and Corporate Advisory	Others	Total Operations	Inter-segment Elimination	Total
<b>Six months ended 30 September 2019</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income								
- external income	197,484	185,062	117,774	7,005	154	507,479	(17,626)	489,853
- inter-segment	(26,644)	41,880	(10,954)	(4,282)	-	-	-	-
	170,840	226,942	106,820	2,723	154	507,479	(17,626)	489,853
Net income from Islamic banking business	76,437	57,596	29,652	-	101	163,786	21,207	184,993
Other operating income	49,159	79,484	18,463	13,384	9,256	169,746	(8,377)	161,369
Net income	296,436	364,022	154,935	16,107	9,511	841,011	(4,796)	836,215
Other operating expenses	(167,812)	(135,856)	(22,971)	(18,554)	(9,401)	(354,594)	213	(354,381)
Depreciation and amortisation	(19,810)	(17,357)	(3,798)	(1,334)	(261)	(42,560)	891	(41,669)
Operating profit/(loss)	108,814	210,809	128,166	(3,781)	(151)	443,857	(3,692)	440,165
(Allowance for)/write-back of expected credit losses on loans, advances and financing and other financial assets	(93,884)	(39,224)	117	6	-	(132,985)	-	(132,985)
(Allowance for)/write-back of expected credit losses on financial investments	-	(47,768)	106	-	-	(47,662)	(94)	(47,756)
Allowance for impairment losses on non-financial assets	-	-	-	(5,302)	-	(5,302)	1,616	(3,686)
Segment result	14,930	123,817	128,389	(9,077)	(151)	257,908	(2,170)	255,738
Share of results of joint venture								49
Taxation								(63,578)
Net profit for the financial period								192,209
Segment assets	22,266,188	21,741,012	15,140,382	328,582	370,108	59,846,272	(2,449,789)	57,396,483
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								850
Property, plant and equipment								73,186
Tax recoverable and deferred tax assets								93,037
Intangible assets								428,836
Total assets								57,992,392

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**A31 Segment information (Contd.)**

<b>GROUP</b>	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
<b>2nd Quarter ended 30 September 2018</b>								
Net interest income/(expense)								
- external income	115,186	84,922	53,266	3,795	28	257,197	(10,459)	246,738
- inter-segment	(32,374)	25,017	9,953	(2,596)	-	-	-	-
	82,812	109,939	63,219	1,199	28	257,197	(10,459)	246,738
Net income from Islamic banking business	35,809	26,871	14,818	-	-	77,498	10,527	88,025
Other operating income	21,083	43,946	(8,159)	7,964	9,479	74,313	(9,890)	64,423
Net income	139,704	180,756	69,878	9,163	9,507	409,008	(9,822)	399,186
Other operating expenses	(82,722)	(67,924)	(12,340)	(8,543)	(5,067)	(176,596)	141	(176,455)
Depreciation and amortisation	(7,352)	(5,590)	(1,732)	(394)	(9)	(15,077)	-	(15,077)
Operating profit	49,630	107,242	55,806	226	4,431	217,335	(9,681)	207,654
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(15,969)	(4,798)	11	(252)	(18)	(21,026)	2	(21,024)
Write-back of expected credit losses on financial investments	-	-	150	-	-	150	(4)	146
Segment result	33,661	102,444	55,967	(26)	4,413	196,459	(9,683)	186,776
Share of results of joint venture								32
Taxation								(46,286)
Net profit for the financial period								140,522
Segment assets	21,899,273	18,768,912	14,964,556	326,835	71,881	56,031,457	(2,347,360)	53,684,097
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								745
Property, plant and equipment								74,901
Tax recoverable and deferred tax assets								73,206
Intangible assets								423,779
Total assets								54,256,728

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**A31 Segment information (Contd.)**

<b>GROUP</b>	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
<b>Six months ended 30 September 2018</b>								
Net interest income/(expense)								
- external income	229,630	166,228	104,861	7,568	256	508,543	(18,694)	489,849
- inter-segment	(65,026)	47,972	22,124	(5,070)	-	-	-	-
	164,604	214,200	126,985	2,498	256	508,543	(18,694)	489,849
Net income from Islamic banking business	64,915	54,641	28,092	-	-	147,648	23,211	170,859
Other operating income	46,706	86,436	(13,176)	15,917	18,859	154,742	(15,192)	139,550
Net income	276,225	355,277	141,901	18,415	19,115	810,933	(10,675)	800,258
Other operating expenses	(166,904)	(132,136)	(23,722)	(18,322)	(9,255)	(350,339)	(40)	(350,379)
Depreciation and amortisation	(12,162)	(9,004)	(2,479)	(673)	(15)	(24,333)	-	(24,333)
Operating profit/(loss)	97,159	214,137	115,700	(580)	9,845	436,261	(10,715)	425,546
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(55,982)	(2,932)	384	(245)	476	(58,299)	2	(58,297)
Write-back of expected credit losses on financial investments	-	-	703	-	-	703	(136)	567
Segment result	41,177	211,205	116,787	(825)	10,321	378,665	(10,849)	367,816
Share of results of joint venture								52
Taxation								(90,979)
Net profit for the financial period								<u>276,889</u>
Segment assets	21,899,273	18,768,912	14,964,556	326,835	71,881	56,031,457	(2,347,360)	53,684,097
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								745
Property, plant and equipment								74,901
Tax recoverable and deferred tax assets								73,206
Intangible assets								423,779
Total assets								<u>54,256,728</u>

**A32 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:

	<b>GROUP</b>		<b>BANK</b>	
	<b>30 September 2019 RM'000</b>	<b>31 March 2019 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>31 March 2019 RM'000</b>
<u>Before deducting proposed dividends</u>				
CET I capital ratio	<b>13.758%</b>	13.736%	<b>12.309%</b>	12.061%
Tier I capital ratio	<b>14.535%</b>	14.423%	<b>13.179%</b>	12.940%
Total capital ratio	<b>18.879%</b>	18.856%	<b>18.031%</b>	17.841%
<u>After deducting proposed dividends</u>				
CET I capital ratio	<b>13.509%</b>	13.388%	<b>11.985%</b>	11.614%
Tier I capital ratio	<b>14.286%</b>	14.074%	<b>12.855%</b>	12.493%
Total capital ratio	<b>18.630%</b>	18.508%	<b>17.707%</b>	17.394%

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

	<b>GROUP</b>		<b>BANK</b>	
	<b>30 September 2019 RM'000</b>	<b>31 March 2019 RM'000</b>	<b>30 September 2019 RM'000</b>	<b>31 March 2019 RM'000</b>
<b><u>CET I Capital/Tier I Capital</u></b>				
Paid-up share capital	<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,548,106
Retained profits	<b>3,879,297</b>	3,827,676	<b>3,179,707</b>	3,128,589
Regulatory reserves	<b>182,519</b>	178,397	<b>157,578</b>	160,798
FVOCI reserves	<b>167,266</b>	68,540	<b>93,501</b>	36,449
Capital reserves	<b>100,150</b>	100,150	<b>95,515</b>	95,515
	<b>5,877,338</b>	5,722,869	<b>5,074,407</b>	4,969,457
Less: Regulatory adjustment				
- Goodwill and other intangibles	<b>(428,836)</b>	(432,961)	<b>(323,648)</b>	(323,804)
- Deferred tax assets	<b>(41,466)</b>	(72,972)	<b>(23,139)</b>	(50,116)
- 55% of FVOCI reserves	<b>(91,996)</b>	(37,697)	<b>(51,426)</b>	(20,047)
- Regulatory reserves	<b>(182,519)</b>	(178,397)	<b>(157,578)</b>	(160,798)
- Investment in subsidiaries, associate and joint venture	<b>(850)</b>	(802)	<b>(989,102)</b>	(989,102)
Total CET I Capital	<b>5,131,671</b>	5,000,040	<b>3,529,514</b>	3,425,590
Additional Tier 1 Capital Securities	<b>289,817</b>	249,792	<b>249,513</b>	249,445
Total Additional Tier 1 Capital	<b>289,817</b>	249,792	<b>249,513</b>	249,445
Total Tier I Capital	<b>5,421,488</b>	5,249,832	<b>3,779,027</b>	3,675,035

**A32 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.)

	<u>GROUP</u>		<u>BANK</u>	
	<b>30 September 2019 RM'000</b>	31 March 2019 RM'000	<b>30 September 2019 RM'000</b>	31 March 2019 RM'000
<b><u>Tier II Capital</u></b>				
Subordinated obligations	<b>1,199,712</b>	1,199,676	<b>1,199,547</b>	1,199,381
Expected credit losses and regulatory reserves	<b>420,763</b>	414,258	<b>321,746</b>	322,740
Less: Regulatory adjustment - Investment in Tier 2 capital instruments	-	-	<b>(130,000)</b>	(130,000)
Total Tier II Capital	<b><u>1,620,475</u></b>	<u>1,613,934</u>	<b><u>1,391,293</u></b>	<u>1,392,121</u>
<b>Total Capital</b>	<b><u>7,041,963</u></b>	<u>6,863,766</u>	<b><u>5,170,320</u></b>	<u>5,067,156</u>

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

	<u>GROUP</u>		<u>BANK</u>	
	<b>30 September 2019 RM'000</b>	31 March 2019 RM'000	<b>30 September 2019 RM'000</b>	31 March 2019 RM'000
Credit risk	<b>33,661,030</b>	33,140,642	<b>25,739,650</b>	25,819,184
Market risk	<b>584,407</b>	274,942	<b>584,407</b>	274,942
Operational risk	<b>3,055,179</b>	2,984,529	<b>2,350,483</b>	2,307,070
Total RWA and capital requirements	<b><u>37,300,616</u></b>	<u>36,400,113</u>	<b><u>28,674,540</u></b>	<u>28,401,196</u>

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

	<u>Alliance Islamic Bank Berhad</u>	<u>Alliance Investment Bank Berhad</u>
<b>30 September 2019</b>		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	<b>11.092%</b>	<b>85.346%</b>
Tier I capital ratio	<b>12.258%</b>	<b>85.346%</b>
Total capital ratio	<b>14.950%</b>	<b>86.331%</b>
<u>After deducting proposed dividends</u>		
CET I capital ratio	<b>10.852%</b>	<b>85.346%</b>
Tier I capital ratio	<b>12.018%</b>	<b>85.346%</b>
Total capital ratio	<b>14.710%</b>	<b>86.331%</b>
<b>31 March 2019</b>		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	11.690%	78.200%
Tier I capital ratio	12.950%	78.200%
Total capital ratio	15.762%	79.196%
<u>After deducting proposed dividends</u>		
CET I capital ratio	11.339%	78.200%
Tier I capital ratio	12.599%	78.200%
Total capital ratio	15.411%	79.196%

### **A33 Fair Value Measurements**

#### **(a) Determination of fair value and fair value hierarchy**

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

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

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

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

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

##### **(i) Financial instruments in Level 1**

The fair value of financial instruments traded in active markets is based on quoted market prices at the 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 and the Bank then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include government securities, corporate private debt securities, corporate notes and most of the Group's and the Bank's derivatives.

##### **(iii) Financial instruments in Level 3**

The Group and the Bank classify 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.

**A33 Fair Value Measurements (Contd.)**

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

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

<u>GROUP</u> 30 September 2019	<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 at fair value through profit or loss				
- Money market instruments	-	146,162	-	146,162
- Unquoted securities	-	-	202,160	202,160
Financial investments at fair value through other comprehensive income				
- Money market instruments	-	5,668,836	-	5,668,836
- Quoted securities in Malaysia	8	-	-	8
- Unquoted securities	-	4,580,686	-	4,580,686
Derivative financial assets	-	106,150	-	106,150
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss				
	-	290,885	-	290,885
Derivative financial liabilities	-	62,740	-	62,740
<u>BANK</u>				
30 September 2019	<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 at fair value through profit or loss				
- Money market instruments	-	146,162	-	146,162
- Unquoted securities	-	-	137,768	137,768
Financial investments at fair value through other comprehensive income				
- Money market instruments	-	4,910,817	-	4,910,817
- Quoted securities in Malaysia	8	-	-	8
- Unquoted securities	-	2,585,898	-	2,585,898
Derivative financial assets	-	106,150	-	106,150
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss				
	-	290,885	-	290,885
Derivative financial liabilities	-	62,740	-	62,740

**A33 Fair Value Measurements (Contd.)**

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

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

<u>GROUP</u> 31 March 2019	<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 at fair value through profit or loss				
- Money market instruments	-	41,002	-	41,002
- Unquoted securities	-	1,921	187,517	189,438
Financial investments at fair value through other comprehensive income				
- Money market instruments	-	5,289,295	-	5,289,295
- Quoted securities in Malaysia	8	-	-	8
- Unquoted securities	-	4,189,159	-	4,189,159
Derivative financial assets	-	55,442	-	55,442
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss				
	-	778,423	-	778,423
Derivative financial liabilities	-	57,545	-	57,545
<u>BANK</u>				
31 March 2019	<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 at fair value through profit or loss				
- Money market instruments	-	41,002	-	41,002
- Unquoted securities	-	1,921	126,733	128,654
Financial investments at fair value through other comprehensive income				
- Money market instruments	-	4,405,360	-	4,405,360
- Quoted securities in Malaysia	8	-	-	8
- Unquoted securities	-	2,447,498	-	2,447,498
Derivative financial assets	-	55,442	-	55,442
<u>Liabilities</u>				
Financial liabilities designated at fair value through profit or loss				
	-	778,423	-	778,423
Derivative financial liabilities	-	57,545	-	57,545

**A33 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>	
	<b>30 September 2019 RM'000</b>	31 March 2019 RM'000	<b>30 September 2019 RM'000</b>	31 March 2019 RM'000
At beginning of financial period/year	<b>187,517</b>	178,846	<b>126,733</b>	121,634
Purchase of Unit Trust Funds	-	-	-	-
Partial distribution on liquidating shares	<b>(106)</b>	(195)	<b>(106)</b>	(195)
Total gain recognised in:				
- Statement of income				
(i) Revaluation gain from financial assets at fair value through profit or loss	<b>14,749</b>	8,866	<b>11,141</b>	5,294
At end of financial period/year	<b>202,160</b>	187,517	<b>137,768</b>	126,733

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

**A34 Credit Transactions And Exposures With Connected Parties**

	<u>BANK</u>	
	<b>30 September 2019 RM'000</b>	31 March 2019 RM'000
Outstanding credit exposures with connected parties	<b>41,501</b>	43,641
of which:		
Total credit exposure which is impaired or in default	<b>170</b>	8
Total credit exposures	<b>46,378,589</b>	46,311,419
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	<b>0.09%</b>	0.09%
- which is impaired or in default	<b>0.00%</b>	0.00%

**A35 Offsetting Financial Assets And Financial Liabilities**

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

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

**(a) Financial assets**

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net Amount
	RM'000	RM'000	RM'000	Financial Instruments	Cash collateral received	RM'000
<b>GROUP</b>						
30 September 2019						
Derivative financial assets	106,150	-	106,150	(27,507)	(2,710)	75,933
Amounts due from clients and brokers	76,534	(22,359)	54,175	-	-	54,175
	<u>182,684</u>	<u>(22,359)</u>	<u>160,325</u>	<u>(27,507)</u>	<u>(2,710)</u>	<u>130,108</u>
<b>BANK</b>						
30 September 2019						
Derivative financial assets	106,150	-	106,150	(27,507)	(2,710)	75,933
<b>GROUP</b>						
31 March 2019						
Derivative financial assets	55,442	-	55,442	(14,492)	(8,105)	32,845
Amounts due from clients and brokers	144,882	(67,874)	77,008	-	-	77,008
Total	<u>200,324</u>	<u>(67,874)</u>	<u>132,450</u>	<u>(14,492)</u>	<u>(8,105)</u>	<u>109,853</u>
<b>BANK</b>						
31 March 2019						
Derivative financial assets	55,442	-	55,442	(14,492)	(8,105)	32,845

**A35 Offsetting Financial Assets And Financial Liabilities (Contd.)**

**(b) Financial liabilities**

	Gross amounts of recognised financial assets set off in the statement of financial position RM'000	Gross amounts of recognised financial liabilities position RM'000	Net amounts of financial liabilities presented in the statement of financial position RM'000	Related amounts not set off in the statement of financial position	Cash collateral pledged RM'000	Net Amount RM'000
				Financial Instruments RM'000		
<b>GROUP</b>						
30 September 2019						
Derivative financial liabilities	62,740	-	62,740	(27,507)	(18,216)	17,017
Amounts due to clients and brokers	52,839	(22,359)	30,480	-	-	30,480
Total	115,579	(22,359)	93,220	(27,507)	(18,216)	47,497
<b>BANK</b>						
30 September 2019						
Derivative financial liabilities	62,740	-	62,740	(27,507)	(18,216)	17,017
<b>GROUP</b>						
31 March 2019						
Derivative financial liabilities	57,545	-	57,545	(14,492)	(22,541)	20,512
Amounts due to clients and brokers	119,038	(67,874)	51,164	-	-	51,164
Total	176,583	(67,874)	108,709	(14,492)	(22,541)	71,676
<b>BANK</b>						
31 March 2019						
Derivative financial liabilities	57,545	-	57,545	(14,492)	(22,541)	20,512

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements, each agreement between the Group and the Bank 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.

**A36 Changes in Accounting Policy**

**Effects of adoption of MFRS 16 Leases**

The Group and the Bank have adopted MFRS16 "Leases" issued by MASB with its mandatory adoption date of 1 April 2019.

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

Under MFRS 117 "Leases", leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

The Group and the Bank recognised lease liabilities in relation to leases which had previously been classified as operating leases. These liabilities were measured at the present value of the remaining lease payments, discounted by the Group's and the Bank's borrowing rate (5.34% - 5.55%) as at 1 April 2019. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period.

Right-of-use assets were measured on a retrospective basis as if the new rules had always been applied. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group and the Bank lease various office premises, equipment and cars. In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option are considered. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Payments associated with leases where does not have the right to control the use of an identified asset, short-term leases and leases of low-value assets are recognised as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The adoption of MFRS 16 has resulted in a decrease of RM9,521,000 and RM9,508,000 for the Group's and the Bank's retained profits as at 1 April 2019.

The financial impacts are as follows:

**Statements of Financial Position as at 1 April 2019**

	As previously <u>stated</u> RM'000	Adoption of <u>MFRS 16</u> RM'000	<u>As restated</u> RM'000
<b><u>GROUP</u></b>			
<b>Assets</b>			
Right-of-use assets	-	133,672	133,672
Deferred tax assets	72,972	3,005	75,977
<b>Liabilities</b>			
Lease liabilities	-	146,198	146,198
<b>Equity</b>			
Retained profits	3,827,676	(9,521)	3,818,155
<b><u>BANK</u></b>			
<b>Assets</b>			
Right-of-use assets	-	133,538	133,538
Deferred tax assets	50,116	3,000	53,116
<b>Liabilities</b>			
Lease liabilities	-	146,046	146,046
<b>Equity</b>			
Retained profits	3,128,589	(9,508)	3,119,081

**PART B - Explanatory Notes Pursuant To Appendix 9B Of Bursa Securities' Listing Requirements**

**B1 Financial Review for Financial Quarter and Financial Period to Date**

**GROUP**

	<b>2nd Quarter Ended 30 September 2019 RM'000</b>	2nd Quarter Ended 30 September 2018 RM'000	Changes %
Net income/revenue	429,283	399,186	7.5
Operating profit before allowance	231,284	207,654	11.4
Operating profit after allowance	152,013	186,776	(18.6)
Profit before taxation	152,031	186,808	(18.6)
Profit after taxation	115,523	140,522	(17.8)
Profit attributable to ordinary equity holders of the Bank	115,523	140,522	(17.8)

	<b>Six Months Ended 30 September 2019 RM'000</b>	Six Months Ended 30 September 2018 RM'000	Changes %
Net income/revenue	836,215	800,258	4.5
Operating profit before allowance	440,165	425,546	3.4
Operating profit after allowance	255,738	367,816	(30.5)
Profit before taxation	255,787	367,868	(30.5)
Profit after taxation	192,209	276,889	(30.6)
Profit attributable to ordinary equity holders of the Bank	192,209	276,889	(30.6)

	<b>2nd Quarter Ended 30 September 2019 RM'000</b>	1st Quarter Ended 30 June 2019 RM'000	Changes %
Net income/revenue	429,283	406,932	5.5
Operating profit before allowance	231,284	208,881	10.7
Operating profit after allowance	152,013	103,725	46.6
Profit before taxation	152,031	103,756	46.5
Profit after taxation	115,523	76,686	50.6
Profit attributable to ordinary equity holders of the Bank	115,523	76,686	50.6

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

**BANK**

	<b>2nd Quarter Ended 30 September 2019 RM'000</b>	2nd Quarter Ended 30 September 2018 RM'000	Changes %
Net income/revenue	324,607	305,007	6.4
Operating profit before allowance	172,970	151,170	14.4
Operating profit after allowance	125,151	141,915	(11.8)
Profit before taxation	125,151	141,915	(11.8)
Profit after taxation	95,692	106,277	(10.0)
Profit attributable to ordinary equity holders of the Bank	95,692	106,277	(10.0)
	<b>Six Months Ended 30 September 2019 RM'000</b>	Six Months Ended 30 September 2018 RM'000	Changes %
Net income/revenue	656,941	652,275	0.7
Operating profit before allowance	350,112	356,636	(1.8)
Operating profit after allowance	235,636	313,624	(24.9)
Profit before taxation	235,636	313,624	(24.9)
Profit after taxation	184,351	244,049	(24.5)
Profit attributable to ordinary equity holders of the Bank	184,351	244,049	(24.5)
	<b>2nd Quarter Ended 30 September 2019 RM'000</b>	1st Quarter Ended 30 June 2019 RM'000	Changes %
Net income/revenue	324,607	332,334	(2.3)
Operating profit before allowance	172,970	177,142	(2.4)
Operating profit after allowance	125,151	110,485	13.3
Profit before taxation	125,151	110,485	13.3
Profit after taxation	95,692	88,659	7.9
Profit attributable to ordinary equity holders of the Bank	95,692	88,659	7.9

**B2 Review Of Performance**

**Current Year-to-Date vs Previous Year-to-Date**

Profitability

The Group Net profit after taxation was recorded at RM192.2 million for the first half ended 30 September 2019. The decline of RM84.7 million or 30.6% year-on-year (“YOY”) was mainly due to credit losses stemming from the impairment of a few large accounts during 1QFY20 and increased credit costs in the Mortgage portfolio.

Operating profit before allowance reported a growth of RM14.6 million, or 3.4% YOY. Despite the Overnight Policy Rate (“OPR”) cut in May 2019, net income grew by RM36.0 million or 4.5% to RM836.2 million, driven by net interest income growth of RM9.5 million or 1.5% YOY from the loan expansion and the improved loan mix from better risk adjusted return loans. Net interest margin (“NIM”) decreased by 7 bps YOY to 2.37%.

Better Loans Growth

The Group continues to focus on better risk adjusted return loans from SME, commercial, consumer unsecured lending, and Alliance ONE Account (“AOA”) segments. Gross loans and advances grew by 5.9% YOY to RM43.2 billion (industry: 3.8%). SME and commercial loans expanded by 10.1% and 4.3% YOY respectively, while consumer unsecured loans grew by RM324 million or 18.3% YOY. AOA loan balances grew to RM4.2 billion from RM2.1 billion in the previous year. The loan mix continues to improve with better risk adjusted return loans making up 45.7% of the total portfolio, as compared to 39.5% in the previous year. However, NIM compression arising from OPR cut and deposit competition moderated the progression of net interest income.

Other Operating Income continues to improve from Previous Quarter

The Group recorded other operating income of RM178.8 million, up 17.4% YOY and 37.5% quarter-on-quarter (“QOQ”) amid the challenging external environment. The Group continues to expand its initiatives to increase the fee income business. This is done via an exclusive general insurance partnership with Zurich Insurance, by enhancing relationship managers’ capabilities and expanding cross-selling efforts for wealth management products.

Operating Expenses from Strategic Project Initiatives

Cost to income ratio (“CIR”) was within expectations at 47.4%. The Group continues to invest in human capital and IT infrastructure to support its Transformation initiatives. This resulted in reasonable revenue growth in 1HFY20.

Asset Quality

For the second quarter of FY2020, the Group’s net credit costs were at 17.5 bps, a decrease of 7.1 bps QOQ.

Gross impaired loans (“GIL”) ratio increased by 36 bps QOQ to 1.66%, versus industry’s 1.61% (Aug’19). The increase stemmed from the residential properties portfolio, as well as a few large business accounts. Loan loss coverage (including Regulatory Reserve) was maintained at a stable ratio of 105.0%.

**B2 Review Of Performance (Contd.)**

**Current Year-to-Date vs Previous Year-to-Date (Contd.)**

Healthy Funding and Liquidity Position

The Group's funding position remains healthy despite the intense market competition for deposits. Customer based funding grew by 6.0% YOY to RM46.6 billion, mostly from consumer deposits. The Bank was able to maintain a high Current Account/Savings Account ("CASA") ratio of 37.4% due to pro-active efforts in Alliance SavePlus Account and Alliance@Work. Fixed deposits grew RM872 million or 3.5%, mainly contributed by the Step-Up Fixed Deposit Campaign in June 2019.

The funding was used to grow our better risk adjusted return loans portfolios such as AOA and personal financing. The Bank will continue to grow its CASA through Alliance SavePlus and Alliance@Work.

The Group's liquidity coverage and loans to funds ratios remain healthy at 161.5% and 87.0% respectively.

Proactive Capital Management:

As part of our continuous proactive capital management to support future business expansion, Alliance Bank Malaysia Berhad completed an Additional Tier-1 Capital Securities issuance of RM100 million in March 2019. This strengthened our Tier-1 Capital ratio to 14.3%. With Common Equity Tier-1 ("CET 1") ratio at 13.5% and total capital ratio at 18.6%. We continue to maintain our capital levels to be among the strongest in the sector.

**Performance by business segment:**

The Group's business segments are comprised of Consumer Banking, Business Banking, Financial Markets and Stock broking and Corporate Advisory Services. Please refer to Note A31 on Segment Information for the composition of each business segment.

Consumer Banking segment's profit before tax stood at RM14.9 million, or 63.7% lower than last corresponding period. Net income increased by RM20.2 million or 7.3% YOY mainly due to higher net interest income contributed by an improved loan mix from better risk adjusted return loans, particularly in unsecured lending, AOA and other operating income. Operating expenses increased by RM8.6 million or 4.8% YOY. Allowance for credit losses increased by RM37.9 million or 67.7%. The segment's assets grew by RM0.4 billion or 1.7%.

The Business Banking segment, comprising corporate, commercial and SME banking, recorded a profit before tax of RM123.8 million, or 41.4% lower than the last corresponding period. Net income improved by RM8.7 million or 2.5% YOY stemming from higher net interest income as a result of disciplined focus on better risk adjusted return loans especially in the SME and Commercial Banking segments. Operating expenses increased by RM12.1 million or 8.6% YOY. Allowance for credit losses expanded by RM84.1 million YOY, as a result of a few business accounts which have turned impaired. Segment assets registered a growth of RM3.5 billion or 19.2%.

Profit before tax in the Financial Markets segment increased by 9.9% or RM11.6 million YOY to RM128.4 million. Net income was higher by RM13.0 million or 9.2% YOY. Operating expenses increased by RM0.6 million or 2.2%. Segment assets were recorded at RM15.1 billion, an increase of 1.2%.

The Stockbroking and Corporate Advisory Services segment recorded a loss before tax of RM9.1 million YOY due to lower brokerage income and a goodwill impairment.

**B2 Review Of Performance (Contd.)**

**Current Quarter vs Previous Year Corresponding Quarter**

The Group's profit after taxation of RM115.5 million for the quarter ended 30 September 2019, was 17.8% or RM25.0 million lower from the corresponding quarter in FY19 mainly due to higher net credit cost.

*Key Quarter-on-Quarter Performance Highlights*

- Net income grew by RM30.1 million or 7.5% mainly due to a higher other operating income offset by lower net interest income as a result of the OPR cut.
- NIM declined by 11 bps to 2.34%.
- Other operating income was higher RM32.1 million as a result of improvement in treasury and investment income.
- Operating expenses were higher by RM6.5 million or 3.4%.
- Net credit cost grew from the credit losses of a few large business accounts and consumer residential property segment.

**B3 Comparison with Immediate Preceding Quarter**

As compared to the immediate preceding quarter, the Group's net profit after tax was higher by RM38.8 million or 50.6% mainly due to higher revenue and lower net credit cost.

*Key Quarter-on-Quarter Performance Highlights*

- Net income grew by RM22.3 million or 5.5% mainly due to higher other operating income of which it was offset by lower net interest income.
- NIM declined by 5 bps to 2.34%.
- Other operating income was higher at RM28.3 million as a result of improvement in treasury and investment income.
- Operating expense remained stable at RM198.0 million.
- Net credit cost reduced by 7.1 bps.

**B4 Prospect for the Current Financial Period**

The Group will continue to focus on accelerating the momentum of its core businesses of AOA and SME despite the uncertain economic outlook. Leveraging on our strong collaborative culture across the Group, we will focus on cross-selling higher value propositions using a targeted and segmented approach which responds to our customers' financial needs. In particular, Alliance@Work will continue to contribute to new consumer CASA and work closely with Group SME, Group Corporate and Commercial, and Branches for the acquisition of new company payroll accounts.

Continuing on our digitisation journey, we will modernise and streamline the processes and workflows to bring simple, fast and responsive solutions to our customers. In Consumer Banking, we will be digitising personal loan applications to enable faster loan disbursement. We will continue to accelerate client acquisition through our innovative proposition such as Alliance ONE Account, Alliance SavePlus, Alliance Cash2Home as well as digital marketing, multiple referral channels and Alliance@Work.

**B4 Prospect for the Current Financial Period (Contd.)**

In SME Banking, we will be piloting a digital onboarding for Alliance BizSmart accounts which will enable same day account opening as well as introducing the Mobile BizSmart app to enable SMEs to make faster decisions on time sensitive payments. Our goal is to provide a comprehensive financial advisory and funding support to help SMEs and the community grow to their fullest potential.

We will also focus on broadening our franchise through strategic ecosystem partnerships. In addition, we will continue to amplify the brand through various media channels, and increase the weight of digital channels to support our sales and marketing activities throughout the Bank.

Our focus will remain on business owners as our key area of growth, and extending our financial products and services to their stakeholder base of families, employees, business partners, and retail clients. Underscoring all our efforts is our brand's promise to deliver Fast, Simple, Responsive, and Innovative products and services that are Aligned to Customers' Needs.

In view of the slower expected economic growth rate and tough credit environment, we remain vigilant in managing our credit portfolios and conservative in our provisioning practices.

We remain confident that our continued focus on our strategic transformation initiatives will generate progress in our performance.

**B5 Profit Forecast**

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

**B6 Taxation**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2019</b>	30 September 2018	<b>30 September 2019</b>	30 September 2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b><u>GROUP</u></b>				
Taxation				
- Income tax	<b>39,121</b>	52,350	<b>55,310</b>	84,333
- Over provision in prior financial period	<b>(1,687)</b>	-	<b>(2,136)</b>	(712)
- Deferred tax	<b>(926)</b>	(6,064)	<b>10,404</b>	7,358
	<b>36,508</b>	46,286	<b>63,578</b>	90,979
	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2019</b>	30 September 2018	<b>30 September 2019</b>	30 September 2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b><u>BANK</u></b>				
Taxation				
- Income tax	<b>33,961</b>	39,317	<b>40,967</b>	60,116
- Over provision in prior financial period	<b>(1,645)</b>	-	<b>(1,645)</b>	-
- Deferred tax	<b>(2,857)</b>	(3,679)	<b>11,963</b>	9,459
	<b>29,459</b>	35,638	<b>51,285</b>	69,575

The Group's effective tax rate for the second quarter and financial half year ended 30 September 2019 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 second quarter and financial half year ended 30 September 2019 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 second quarter and financial half year ended 30 September 2019 other than 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 proposal announced but not completed as at financial report date.

**B10 Deposits from Customers, Deposits and Placements of Banks and Other Financial Institutions and Debts Securities**

	<u>GROUP</u>		<u>BANK</u>	
	30 September 2019 RM'000	31 March 2019 RM'000	30 September 2019 RM'000	31 March 2019 RM'000
<b>(a) Deposits from customers</b>				
Fixed deposits, negotiable instruments of deposits and money market deposits:				
- One year or less (short term)	27,556,544	27,962,067	21,373,863	21,872,267
- More than one year (medium/long term)	1,282,315	1,094,711	140,136	166,735
	<u>28,838,859</u>	<u>29,056,778</u>	<u>21,513,999</u>	<u>22,039,002</u>
Others	17,257,410	15,960,854	13,870,666	12,943,860
	<u>46,096,269</u>	<u>45,017,632</u>	<u>35,384,665</u>	<u>34,982,862</u>
<b>(b) Deposits and placements of banks and other financial institutions</b>				
- One year or less (short term)	1,279,934	385,498	470,537	74,763
- More than one year (medium/long term)	411,118	473,210	223,281	270,072
	<u>1,691,052</u>	<u>858,708</u>	<u>693,818</u>	<u>344,835</u>
<b>(c) Subordinated obligations</b>				
Tier II Subordinated Medium Term Notes (unsecured)				
- More than one year (medium/long term)	1,226,564	1,226,340	1,226,399	1,226,045
Additional Tier 1 Capital Securities (unsecured)				
- More than one year (medium/long term)	293,916	253,882	253,606	253,535
	<u>1,520,480</u>	<u>1,480,222</u>	<u>1,480,005</u>	<u>1,479,580</u>

**B11 Derivative Financial Assets/(Liabilities)**

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

<u>GROUP/BANK</u>	As at 30 September 2019			As at 31 March 2019		
	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	1,853,666	16,572	(4,387)	1,309,322	8,999	(9,247)
- over one year to three years	266,452	6,714	(1,299)	126,912	239	(3,924)
- over three years	150,822	1,366	(652)	10,209	-	(960)
Currency swaps						
- one year or less	6,716,928	10,348	(15,749)	2,928,152	10,003	(10,155)
- over one year to three years	263,938	293	(3,254)	32,668	-	(171)
- over three years	125,685	-	(1,077)	-	-	-
Currency spots						
- one year or less	58,167	82	(33)	190,594	246	(200)
Currency options						
- one year or less	119,089	204	(25)	133,034	420	(106)
	<b>9,554,747</b>	<b>35,579</b>	<b>(26,476)</b>	<b>4,730,891</b>	<b>19,907</b>	<b>(24,763)</b>
Interest rate derivatives						
Interest rate swap	9,236,282	46,582	(9,976)	6,318,009	34,489	(13,258)
- one year or less	4,141,219	4,509	(1,728)	2,034,786	1,825	(2,189)
- over one year to three years	2,911,791	13,225	(4,504)	1,779,255	7,412	(1,031)
- over three years	2,183,272	28,848	(3,744)	2,503,968	25,252	(10,038)
Equity related derivatives						
- one year or less	51,180	539	(2,640)	78,958	122	(18,877)
- over one year to three years	571,740	23,450	(23,648)	30,810	924	(647)
Total derivatives assets/(liabilities)	<b>19,413,949</b>	<b>106,150</b>	<b>(62,740)</b>	<b>11,158,668</b>	<b>55,442</b>	<b>(57,545)</b>

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

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 30 September 2019, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM106,150,000 (31 March 2019: RM55,442,000). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

**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: (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 liquidity risk management strategies set in Liquidity Risk Management Policy. Liquidity Risk Measures are monitored against approved threshold by Group Assets and Liabilities Management Committee and Group Risk Management Committee. 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 30 September 2019, the Group and the Bank had posted cash collateral of RM18,216,000 (31 March 2019: RM22,541,000) 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 2019.

**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 second quarter and financial half year ended 30 September 2019.

**B13 Dividend Declared**

On 27 November 2019, the Board of Directors have declared a single tier first interim dividend of 6.00 sen per share amounting to approximately RM92,886,000 in respect of financial year ending 31 March 2020, to be paid on 30 December 2019. The entitlement date for the first interim dividend payment is on 13 December 2019.

**B14 Earnings Per Share**

**(a) Basic**

Basic earnings per share is calculated by dividing profit for the period attributable to Equity holders of the Bank by the weighted average number of ordinary shares in issue during the financial period.

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September</b>	30 September	<b>30 September</b>	30 September
	<b>2019</b>	2018	<b>2019</b>	2018
<b><u>GROUP</u></b>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	<u>115,523</u>	<u>140,522</u>	<u>192,209</u>	<u>276,889</u>
Weighted average numbers of ordinary shares in issue ('000)	<u>1,548,106</u>	<u>1,548,106</u>	<u>1,548,106</u>	<u>1,548,106</u>
Basic earnings per share (sen)	<u>7.5</u>	<u>9.1</u>	<u>12.4</u>	<u>17.9</u>

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September</b>	30 September	<b>30 September</b>	30 September
	<b>2019</b>	2018	<b>2019</b>	2018
<b><u>BANK</u></b>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	<u>95,692</u>	<u>106,277</u>	<u>184,351</u>	<u>244,049</u>
Weighted average numbers of ordinary shares in issue ('000)	<u>1,548,106</u>	<u>1,548,106</u>	<u>1,548,106</u>	<u>1,548,106</u>
Basic earnings per share (sen)	<u>6.2</u>	<u>6.9</u>	<u>11.9</u>	<u>15.8</u>

**B14 Earnings Per Share (Contd.)**

**(b) Diluted**

For the purpose of calculating diluted earnings per share, the profit for the period attributable to Equity holders of the Bank and the weighted average number of ordinary shares in issue during the financial period have been adjusted for the dilutive effects of all potential ordinary shares, (non-cumulative).

There were no dilutive potential ordinary shares outstanding as at 30 September 2019 and 30 September 2018 respectively. As a result, the dilutive earnings per share equal to basic earnings per share for financial period ended 30 September 2019 and 30 September 2018.

**By Order of the Board**

**LEE WEI YEN (MAICSA 7001798)**  
Group Company Secretary  
Kuala Lumpur  
27 November 2019