

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements**
**Unaudited Statements of Financial Position as at 30 June 2020**

	Note	<u>GROUP</u>		<u>BANK</u>	
		30 June 2020 RM'000	31 March 2020 RM'000	30 June 2020 RM'000	31 March 2020 RM'000
<b>ASSETS</b>					
Cash and short-term funds		4,782,907	3,119,214	3,473,774	2,488,527
Deposits and placements with banks and other financial institutions		42,896	-	42,896	-
Amounts due from clients and brokers	A11	146,581	51,165	-	-
Financial assets at fair value through profit or loss	A12	562,005	650,114	497,613	585,722
Financial investments at fair value through other comprehensive income	A13	11,541,901	11,544,507	8,425,209	8,426,778
Financial investments at amortised cost	A14	693,657	121,299	584,944	170,405
Derivative financial assets	B11	311,761	436,910	311,761	436,910
Loans, advances and financing	A15	42,802,601	43,110,007	32,073,078	32,207,545
Other assets	A16	254,883	262,622	282,452	266,770
Tax recoverable		66,342	70,834	39,723	38,789
Statutory deposits		109,571	949,049	78,482	700,355
Investments in subsidiaries		-	-	909,102	909,102
Investment in joint venture		925	903	-	-
Right-of-use assets		122,740	129,139	122,690	129,077
Property, plant and equipment		59,946	64,486	58,979	63,448
Deferred tax assets		14,197	28,125	-	14,074
Intangible assets		441,616	437,086	337,516	332,680
<b>TOTAL ASSETS</b>		<b>61,954,529</b>	<b>60,975,460</b>	<b>47,238,219</b>	<b>46,770,182</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	A17	49,062,756	48,425,852	37,155,991	36,702,989
Deposits and placements of banks and other financial institutions	A18	1,588,964	1,543,646	816,821	733,564
Amounts due to clients and brokers	A19	109,788	22,292	-	-
Financial liabilities designated at fair value through profit or loss	A20	340,642	427,085	340,642	427,085
Obligations on securities sold under repurchase agreements		-	369,469	-	221,387
Derivative financial liabilities	B11	252,383	348,877	252,383	348,877
Recourse obligations on loans and financing sold to Cagamas		1,102,632	800,695	300,093	300,053
Lease liabilities		123,656	130,223	123,596	130,150
Other liabilities	A21	1,533,715	1,388,066	1,416,675	1,253,186
Provision for zakat		1,040	1,245	-	-
Deferred tax liabilities		40,798	8,379	19,382	-
Subordinated obligations		1,554,143	1,520,637	1,462,468	1,480,254
<b>TOTAL LIABILITIES</b>		<b>55,710,517</b>	<b>54,986,466</b>	<b>41,888,051</b>	<b>41,597,545</b>
Share capital		1,548,106	1,548,106	1,548,106	1,548,106
Reserves		4,695,906	4,440,888	3,802,062	3,624,531
<b>TOTAL EQUITY</b>		<b>6,244,012</b>	<b>5,988,994</b>	<b>5,350,168</b>	<b>5,172,637</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>61,954,529</b>	<b>60,975,460</b>	<b>47,238,219</b>	<b>46,770,182</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A29	<b>34,231,951</b>	<b>36,971,704</b>	<b>31,301,585</b>	<b>34,144,629</b>
<b>Net assets per share attributable to equity holders of the Bank (RM)*</b>		<b>4.03</b>	<b>3.87</b>	<b>3.46</b>	<b>3.34</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 2020.

**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 June 2020**

	Note	1st Quarter Ended		Three Months Ended	
		30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
<b>GROUP</b>					
Interest income	A22	480,678	520,958	480,678	520,958
Interest expense	A23	(239,454)	(274,839)	(239,454)	(274,839)
Net interest income		241,224	246,119	241,224	246,119
Net income from Islamic banking business	A24	95,050	93,121	95,050	93,121
		<b>336,274</b>	339,240	<b>336,274</b>	339,240
Fee and commission income	A25	61,160	68,675	61,160	68,675
Fee and commission expense	A25	(20,337)	(24,163)	(20,337)	(24,163)
Investment income	A25	60,897	14,565	60,897	14,565
Other income	A25	(16,386)	6,691	(16,386)	6,691
Other operating income	A25	85,334	65,768	85,334	65,768
Net income		421,608	405,008	421,608	405,008
Other operating expenses	A26	(186,749)	(196,127)	(186,749)	(196,127)
Operating profit before allowances		234,859	208,881	234,859	208,881
Allowance for expected credit losses on loans, advances and financing and other financial assets	A27	(95,044)	(55,751)	(95,044)	(55,751)
Allowance for expected credit losses on financial investments	A28	(49)	(49,405)	(49)	(49,405)
Operating profit after allowances		139,766	103,725	139,766	103,725
Share of results of joint venture		22	31	22	31
Profit before taxation		139,788	103,756	139,788	103,756
Taxation	B6	(35,476)	(27,070)	(35,476)	(27,070)
Net profit for the financial period		<b>104,312</b>	76,686	<b>104,312</b>	76,686
<b>Net profit for the financial period attributable to:</b>					
Equity holders of the Bank		<b>104,312</b>	76,686	<b>104,312</b>	76,686
Earnings per share attributable to Equity holders of the Bank					
- Basic (sen)	B14(a)	6.7	5.0	6.7	5.0
- Diluted (sen)	B14(b)	6.7	5.0	6.7	5.0

**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 June 2020 (Contd.)**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2020</b>	2019	<b>2020</b>	2019
<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>104,312</b>	76,686	<b>104,312</b>	76,686
<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>210,045</b>	72,867	<b>210,045</b>	72,867
- Realised gain transferred to statement of income on disposal	<b>(11,659)</b>	(4,598)	<b>(11,659)</b>	(4,598)
- Transfer to deferred tax	<b>(47,612)</b>	(16,385)	<b>(47,612)</b>	(16,385)
- Changes in expected credit losses	<b>(68)</b>	(9,437)	<b>(68)</b>	(9,437)
Other comprehensive income, net of tax	<b>150,706</b>	42,447	<b>150,706</b>	42,447
<b>Total comprehensive income for the financial period</b>	<b>255,018</b>	119,133	<b>255,018</b>	119,133
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	<b>255,018</b>	119,133	<b>255,018</b>	119,133

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 2020.

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements**
**Unaudited Statements of Income**
**for the Financial Period Ended 30 June 2020 (Contd.)**

	Note	1st Quarter Ended		Three Months Ended	
		30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
<b>BANK</b>					
Interest income	A22	468,827	508,652	468,827	508,652
Interest expense	A23	(233,751)	(263,411)	(233,751)	(263,411)
Net interest income		235,076	245,241	235,076	245,241
Fee and commission income	A25	46,794	59,806	46,794	59,806
Fee and commission expense	A25	(15,575)	(22,635)	(15,575)	(22,635)
Investment income	A25	60,537	40,998	60,537	40,998
Other income	A25	(16,346)	7,002	(16,346)	7,002
Other operating income	A25	75,410	85,171	75,410	85,171
Net income		310,486	330,412	310,486	330,412
Other operating expenses	A26	(141,850)	(153,270)	(141,850)	(153,270)
Operating profit before allowances		168,636	177,142	168,636	177,142
Allowance for expected credit losses on loans, advances and financing and other financial assets	A27	(61,121)	(41,984)	(61,121)	(41,984)
Write-back of/(allowance for) expected credit losses on financial investments	A28	16	(24,673)	16	(24,673)
Profit before taxation		107,531	110,485	107,531	110,485
Taxation	B6	(27,349)	(21,826)	(27,349)	(21,826)
Net profit for the financial period		80,182	88,659	80,182	88,659
<b>Net profit for the financial period attributable to:</b>					
Equity holders of the Bank		80,182	88,659	80,182	88,659
Earnings per share attributable to Equity holders of the Bank					
- Basic (sen)	B14(a)	5.2	5.7	5.2	5.7
- Diluted (sen)	B14(b)	5.2	5.7	5.2	5.7

**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 June 2020 (Contd.)**

	1st Quarter Ended		Three Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
<b><u>BANK</u></b>				
<b>Net profit for the financial period</b>	<b>80,182</b>	88,659	<b>80,182</b>	88,659
<b>Other comprehensive income:</b>				
Items that may be reclassified subsequently to profit or loss:				
Revaluation reserve on financial investments at FVOCI				
- Net gain from change in fair value	<b>139,800</b>	47,163	<b>139,800</b>	47,163
- Realised gain transferred to statement of income on disposal	<b>(11,659)</b>	(3,858)	<b>(11,659)</b>	(3,858)
- Transfer to deferred tax	<b>(30,754)</b>	(10,393)	<b>(30,754)</b>	(10,393)
- Changes in expected credit losses	<b>(38)</b>	(26)	<b>(38)</b>	(26)
Other comprehensive income, net of tax	<b>97,349</b>	32,886	<b>97,349</b>	32,886
<b>Total comprehensive income for the financial period</b>	<b>177,531</b>	121,545	<b>177,531</b>	121,545
Total comprehensive income for the financial period attributable to:				
Equity holders of the Bank	<b>177,531</b>	121,545	<b>177,531</b>	121,545

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 2020.

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Consolidated Statements of Changes in Equity for the Financial Period Ended 30 June 2020**

	←----- 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>GROUP</b>						
At 1 April 2020	1,548,106	224,579	100,150	141,312	3,974,847	5,988,994
Net profit for the financial period	-	-	-	-	104,312	104,312
Other comprehensive income	-	-	-	150,706	-	150,706
Total comprehensive income for the financial period	-	-	-	150,706	104,312	255,018
Transfer from regulatory reserves	-	(94,950)	-	-	94,950	-
<b>At 30 June 2020</b>	<b>1,548,106</b>	<b>129,629</b>	<b>100,150</b>	<b>292,018</b>	<b>4,174,109</b>	<b>6,244,012</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 2020.

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Consolidated Statements of Changes in Equity for the Financial Period Ended 30 June 2020 (Contd.)**

	←----- 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	-	-	-	-	(9,526)	(9,526)
As restated	1,548,106	178,397	100,150	78,513	3,818,150	5,723,316
Net profit for the financial period	-	-	-	-	76,686	76,686
Other comprehensive income	-	-	-	42,447	-	42,447
Total comprehensive income for the financial period	-	-	-	42,447	76,686	119,133
Transfer to regulatory reserves	-	3,519	-	-	(3,519)	-
Dividends paid to shareholders	-	-	-	-	(126,945)	(126,945)
At 30 June 2019	1,548,106	181,916	100,150	120,960	3,764,372	5,715,504

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 2020.

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Statements of Changes in Equity for the Financial Period Ended 30 June 2020**

	← Non-Distributable reserves →				Distributable reserves	Total equity
	Ordinary shares	Regulatory reserves	Capital reserves	FVOCI reserves	Retained profits	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>BANK</b>						
At 1 April 2020	1,548,106	182,292	15,515	79,834	3,346,890	5,172,637
Net profit for the financial period	-	-	-	-	80,182	80,182
Other comprehensive income	-	-	-	97,349	-	97,349
Total comprehensive income for the financial period	-	-	-	97,349	80,182	177,531
Transfer from regulatory reserves	-	(60,508)	-	-	60,508	-
<b>At 30 June 2020</b>	<b>1,548,106</b>	<b>121,784</b>	<b>15,515</b>	<b>177,183</b>	<b>3,487,580</b>	<b>5,350,168</b>

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**ALLIANCE BANK MALAYSIA BERHAD**  
**198201008390 (88103-W)**  
(Incorporated in Malaysia)

**Condensed Interim Financial Statements**  
**Unaudited Statements of Changes in Equity for the Financial Period Ended 30 June 2020 (Contd.)**

	← Non-Distributable reserves →				Distributable reserves	
	Ordinary <u>shares</u>	Regulatory <u>reserves</u>	Capital <u>reserves</u>	FVOCI <u>reserves</u>	Retained <u>profits</u>	Total <u>equity</u>
<b><u>BANK</u></b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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	-	-	-	-	(9,512)	(9,512)
As restated	1,548,106	160,798	95,515	36,831	3,119,077	4,960,327
Net profit for the financial period	-	-	-	-	88,659	88,659
Other comprehensive income	-	-	-	32,886	-	32,886
Total comprehensive income for the financial period	-	-	-	32,886	88,659	121,545
Transfer to regulatory reserves	-	2,082	-	-	(2,082)	-
Dividends paid to shareholders	-	-	-	-	(126,945)	(126,945)
At 30 June 2019	1,548,106	162,880	95,515	69,717	3,078,709	4,954,927

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 2020.

**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 June 2020**

	<b>GROUP</b>		<b>BANK</b>	
	<b>30 June 2020 RM'000</b>	<b>30 June 2019 RM'000</b>	<b>30 June 2020 RM'000</b>	<b>30 June 2019 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	<b>139,788</b>	103,756	<b>107,531</b>	110,485
Adjustments for:				
Accretion of discount less amortisation of premium of financial investments	<b>(9,666)</b>	(22,101)	<b>(9,530)</b>	(21,603)
Allowance for expected credit losses on loans, advances and financing	<b>79,183</b>	53,899	<b>52,318</b>	41,115
Allowance for expected credit losses on commitment and contingencies on loans, advances and financing	<b>6,633</b>	903	<b>4,500</b>	659
Allowance for/(write-back of) expected credit losses on financial investments	<b>49</b>	49,405	<b>(16)</b>	24,673
Allowance for expected credit losses on amounts due from clients and brokers	<b>1</b>	8	<b>-</b>	-
Allowance for expected credit losses on other receivables	<b>540</b>	1,025	<b>523</b>	1,086
Allowance for/(write-back of) expected credit losses on short term funds	<b>4</b>	(37)	<b>4</b>	(37)
Amortisation of computer software	<b>9,557</b>	8,679	<b>9,178</b>	8,304
Depreciation of property, plant and equipment	<b>5,343</b>	5,782	<b>5,227</b>	5,638
Depreciation of right-of-use assets	<b>6,342</b>	6,031	<b>6,331</b>	6,017
Dividends from financial assets at fair value through profit or loss	<b>(837)</b>	(908)	<b>(477)</b>	(477)
Dividends from subsidiaries	<b>-</b>	-	<b>-</b>	(27,604)
Interest expense on lease liabilities	<b>1,741</b>	1,924	<b>1,740</b>	1,922
Interest expense on subordinated obligations	<b>20,990</b>	20,989	<b>21,049</b>	21,046
Interest expense on recourse obligations on loans and financing sold to Cagamas	<b>3,426</b>	3,426	<b>3,426</b>	3,426
Interest income from financial investments at amortised cost	<b>(1,400)</b>	(2,029)	<b>(3,182)</b>	(3,444)
Interest income from financial investments at fair value through other comprehensive income	<b>(87,827)</b>	(75,656)	<b>(79,892)</b>	(71,105)
Property, plant and equipment written-off	<b>-</b>	70	<b>-</b>	43
Net gain from sale of financial assets at fair value through profit or loss	<b>(3,422)</b>	(2,789)	<b>(3,422)</b>	(2,789)
Net gain from sale of financial investments at fair value through other comprehensive income	<b>(11,659)</b>	(4,598)	<b>(11,659)</b>	(3,858)
Net gain from sale of other investments	<b>-</b>	(9)	<b>-</b>	(9)
Unrealised loss/(gain) arising from derivative instruments	<b>21,418</b>	(17,272)	<b>21,418</b>	(17,272)
Unrealised gain arising from financial assets at fair value through profit or loss	<b>(4,329)</b>	(1,222)	<b>(4,329)</b>	(1,222)
Unrealised loss arising from financial liabilities designated at fair value through profit or loss	<b>6,055</b>	18,788	<b>6,055</b>	18,788
Cash flow from operating activities before working capital changes carried forward	<b>181,930</b>	148,064	<b>126,793</b>	93,782

**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 June 2020 (Contd.)**

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES (contd.)</b>				
Cash flow from operating activities before capital changes brought forward:	<b>181,930</b>	148,064	<b>126,793</b>	93,782
Share of results of joint venture	<b>(22)</b>	(31)	-	-
Zakat	-	39	-	-
Cash flow from operating activities before working capital changes	<b>181,908</b>	148,072	<b>126,793</b>	93,782
Changes in working capital:				
Amounts due from clients and brokers	<b>(7,920)</b>	649	-	-
Deposits from customers	<b>636,904</b>	436,940	<b>453,002</b>	(59,253)
Deposits and placements of banks and other financial institutions	<b>45,318</b>	199,708	<b>83,257</b>	78,596
Deposits and placements with banks and other financial institutions	<b>(42,896)</b>	500	<b>(42,896)</b>	-
Financial liabilities designated at fair value through profit or loss	<b>(92,498)</b>	(85,076)	<b>(92,498)</b>	(85,076)
Proceeds from redemption/disposal of financial assets at FVTPL (net of purchase)	<b>91,107</b>	31,377	<b>91,107</b>	41,378
Loans, advances and financing	<b>228,224</b>	13,857	<b>82,150</b>	307,280
Other assets	<b>(29,402)</b>	(65,571)	<b>(16,208)</b>	68,195
Other liabilities	<b>175,367</b>	111,386	<b>158,982</b>	80,811
Obligations on securities sold under repurchase agreements	<b>(369,469)</b>	-	<b>(221,387)</b>	-
Statutory deposits	<b>839,478</b>	(52,347)	<b>621,872</b>	(37,197)
Cash generated from operations	<b>1,656,121</b>	739,495	<b>1,244,174</b>	488,516
Taxation paid	<b>(32,010)</b>	(53,752)	<b>(25,583)</b>	(38,954)
Zakat paid	<b>(205)</b>	(5)	-	-
Net cash generated from operating activities	<b>1,623,906</b>	685,738	<b>1,218,591</b>	449,562
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Dividends from financial assets at fair value through profit or loss	<b>837</b>	908	<b>477</b>	477
Dividends from subsidiaries	-	-	-	27,604
Interest received from financial assets at fair value through profit or loss	<b>4,753</b>	1,738	<b>4,753</b>	1,775
Interest received from financial investments at fair value through other comprehensive income	<b>94,402</b>	88,150	<b>87,431</b>	81,173
Interest received from financial investments at amortised costs	<b>(3,407)</b>	3,491	<b>(1,036)</b>	2,902
Net interest expense for derivative instruments	<b>7,237</b>	(13,768)	<b>7,237</b>	(13,768)
Purchase of computer software	<b>(14,087)</b>	(12,493)	<b>(14,014)</b>	(12,319)
Purchase of property, plant and equipment	<b>(832)</b>	(6,863)	<b>(785)</b>	(6,582)
Proceeds from disposal of property, plant and equipment	<b>29</b>	-	<b>29</b>	-
Purchase of:				
- financial investments at FVOCI	<b>(1,085,429)</b>	(1,133,579)	<b>(928,739)</b>	(886,493)
- financial investments at amortised cost	<b>(569,935)</b>	-	<b>(412,514)</b>	-
Proceed from redemption/disposal of:				
- financial investments at FVOCI	<b>1,287,565</b>	714,680	<b>1,058,490</b>	525,716
- financial investments at amortised cost	<b>15,875</b>	61,605	<b>15,780</b>	57,508
Net cash used in from investing activities	<b>(262,992)</b>	(296,131)	<b>(182,891)</b>	(222,007)

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**Condensed Interim Financial Statements****Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 30 June 2020 (Contd.)**

	<u>GROUP</u>		<u>BANK</u>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid to shareholders of the company	-	(126,945)	-	(126,945)
Interest paid on subordinated obligations	<b>(37,484)</b>	(38,523)	<b>(38,835)</b>	(38,905)
Interest paid on recourse obligations on loans and financing sold to Cagamas	<b>(1,492)</b>	(3,359)	<b>(3,388)</b>	(3,383)
Repayment of from recourse obligations on loans and financing sold to Cagamas	<b>300,002</b>	-	<b>2</b>	-
Repayment of lease liabilities	<b>(8,247)</b>	(7,295)	<b>(8,232)</b>	(7,280)
Proceeds from issuance of subordinated notes	<b>50,000</b>	30,000	-	-
Net cash used in financing activities	<b>302,779</b>	(146,122)	<b>(50,453)</b>	(176,513)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>1,663,693</b>	243,485	<b>985,247</b>	51,042
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>3,119,214</b>	1,804,734	<b>2,488,527</b>	1,571,995
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>4,782,907</b>	2,048,219	<b>3,473,774</b>	1,623,037
<b>Cash and cash equivalents comprise the following:</b>				
Cash and short-term funds	<b>4,782,907</b>	2,048,219	<b>3,473,774</b>	1,623,037

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 2020.

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**Explanatory Notes**

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

**A1 Basis of Preparation**

The unaudited condensed interim financial statements for the first financial quarter and three months ended 30 June 2020 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 2020.

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 2020 and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2020:

- Amendments to MFRS 3 "Definition of a Business" (effective from 1 January 2020)
- Amendments to MFRS 101 "Presentation of Financial Statements" and MFRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors"
- Revised Conceptual Framework

The adoption of the above standards, amendments to published standards and interpretations to existing standards did not have any significant impact on the financial statements of the Group and the Bank.

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 2020 was not subject to any qualification.

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**A3 Seasonality or Cyclicity of Operations**

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical fluctuations during the first financial quarter and three months ended 30 June 2020.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank during the first financial quarter and three months ended 30 June 2020.

**A5 Changes in Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect during the first financial quarter and three months ended 30 June 2020.

**A6 Debt and Equity Securities**

There were no issuance nor repayment of debt and equity securities during the first financial quarter and three months ended 30 June 2020.

**A7 Dividend Paid**

No dividend has been paid for the first financial quarter and three months ended 30 June 2020.

**A8 Significant Events**

There were no significant events during the first financial quarter and three months ended 30 June 2020.

**A9 Material Events Subsequent to the End of the Financial Reporting Period**

There were no material events 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 June</b>	31 March
	<b>2020</b>	2020
	<b>RM'000</b>	RM'000
Due from clients	<b>146,585</b>	51,168
Allowance for expected credit losses	<b>(4)</b>	(3)
	<b>146,581</b>	51,165

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>Lifetime ECL</u>	
	<b>30 June</b>	31 March
	<b>2020</b>	2020
	<b>RM'000</b>	RM'000
<b>GROUP</b>		
At beginning of financial period/year	<b>3</b>	839
Allowance made during the financial period/year (net)	<b>1</b>	3
Written-off during the financial period/year	<b>-</b>	(839)
At end of financial period/year	<b>4</b>	3

As at 30 June 2020, the Group's gross exposure of amounts due from clients and brokers that are credit impaired was at RM17,000 (31 March 2020: RM20,000) and was collateralised.

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

	<u>GROUP</u>		<u>BANK</u>	
	<b>30 June</b>	31 March	<b>30 June</b>	31 March
	<b>2020</b>	2020	<b>2020</b>	2020
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>At fair value</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	<b>254,367</b>	281,147	<b>254,367</b>	281,147
Malaysian Government investment issues	<b>105,478</b>	156,782	<b>105,478</b>	156,782
	<b>359,845</b>	437,929	<b>359,845</b>	437,929
<u>Unquoted securities:</u>				
Shares	<b>202,160</b>	202,160	<b>137,768</b>	137,768
Corporate bonds and sukuk	<b>-</b>	10,025	<b>-</b>	10,025
	<b>202,160</b>	212,185	<b>137,768</b>	147,793
Total financial assets at FVTPL	<b>562,005</b>	650,114	<b>497,613</b>	585,722

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

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2020 RM'000	31 March 2020 RM'000	30 June 2020 RM'000	31 March 2020 RM'000
<b>At fair value</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	2,443,878	2,629,580	2,233,535	2,423,247
Malaysian Government investment certificates	3,869,366	3,678,013	2,493,481	2,335,412
Negotiable instruments of deposits	200,325	-	703,875	505,225
Commercial papers	69,791	169,217	39,868	139,532
	<b>6,583,360</b>	<b>6,476,810</b>	<b>5,470,759</b>	<b>5,403,416</b>
<u>Quoted securities:</u>				
Shares	7	5	7	5
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	4,958,534	5,067,692	2,954,443	3,023,357
Total financial investments at FVOCI	<b>11,541,901</b>	<b>11,544,507</b>	<b>8,425,209</b>	<b>8,426,778</b>

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 2020	138	208	-	346
New financial investments originated or purchased	8	-	-	8
Financial investments derecognised other than write-off	(15)	-	-	(15)
Changes due to change in credit risk	(19)	(42)	-	(61)
Total write-back from income statement	(26)	(42)	-	(68)
<b>At 30 June 2020</b>	<b>112</b>	<b>166</b>	<b>-</b>	<b>278</b>
At 1 April 2019	120	444	9,409	9,973
New financial investments originated or purchased	59	-	-	59
Financial investments derecognised other than write-off	(29)	-	-	(29)
Changes due to change in credit risk	(12)	(236)	-	(248)
Total charge to/(write-back from) income statement	18	(236)	-	(218)
Write-off	-	-	(9,409)	(9,409)
At 31 March 2020	138	208	-	346



**A13 Financial Investments at Fair Value Through Other Comprehensive Income ("FVOCI") (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	<u>Total</u> RM'000
<b><u>BANK</u></b>			
At 1 April 2020	71	151	222
New financial investments originated or purchased	8	-	8
Financial investments derecognised other than write-off	(5)	-	(5)
Changes due to change in credit risk	(10)	(31)	(41)
Total write-back from income statement	(7)	(31)	(38)
<b>At 30 June 2020</b>	<b>64</b>	<b>120</b>	<b>184</b>
At 1 April 2019	55	327	382
New financial investments originated or purchased	43	-	43
Changes due to change in credit risk	(2)	(176)	(178)
Financial investments derecognised other than write-off	(25)	-	(25)
Total charge to/(write-back from) income statement	16	(176)	(160)
At 31 March 2020	71	151	222

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

	<b>30 June 2020 RM'000</b>	31 March 2020 RM'000
<b><u>GROUP</u></b>		
At beginning of financial period/year	-	9,409
Write-off during the financial period/year	-	(9,409)
At end of financial period/year	-	-

**A14 Financial Investments at Amortised Cost**

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2020 RM'000	31 March 2020 RM'000	30 June 2020 RM'000	31 March 2020 RM'000
<b>At amortised cost</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	51,857	-	51,857	-
Malaysian Government investment issues	519,365	-	360,905	-
	<b>571,222</b>	-	<b>412,762</b>	-
<u>Unquoted securities:</u>				
Corporate bonds and sukuk	171,934	170,681	197,254	195,455
Allowance for expected credit losses	(49,499)	(49,382)	(25,072)	(25,050)
	<b>122,435</b>	<b>121,299</b>	<b>172,182</b>	<b>170,405</b>
Total financial investments at amortised cost	<b>693,657</b>	<b>121,299</b>	<b>584,944</b>	<b>170,405</b>

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 2020	308	-	49,074	49,382
Changes due to change in credit risk	117			117
Total charge to income statement	117	-	-	117
<b>At 30 June 2020</b>	<b>425</b>	<b>-</b>	<b>49,074</b>	<b>49,499</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	131	-	-	131
Financial investments derecognised other than write-off	(26)	-	-	(26)
Changes due to change in credit risk	161	1,112	(12,511)	(11,238)
Total charge to/(write-back from) income statement	266	(540)	37,489	37,215
Write-off	-	-	(2,608)	(2,608)
At 31 March 2020	308	-	49,074	49,382

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

Movements in allowance for expected credit losses 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><u>BANK</u></b>				
At 1 April 2020	372	-	24,678	25,050
Changes due to change in credit risk	22	-	-	22
Total charge to income statement	22	-	-	22
<b>At 30 June 2020</b>	<b>394</b>	<b>-</b>	<b>24,678</b>	<b>25,072</b>
At 1 April 2019	330	270	1,294	1,894
Transfer to Stage 3	-	(826)	25,000	24,174
New financial investments originated or purchased	23	-	-	23
Financial investments derecognised other than write-off	(23)	-	-	(23)
Changes due to change in credit risk	42	556	(1,616)	(1,018)
Total charge to/(write-back from) income statement	42	(270)	23,384	23,156
At 31 March 2020	372	-	24,678	25,050

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

	<b><u>GROUP</u></b>		<b><u>BANK</u></b>	
	<b>30 June 2020 RM'000</b>	31 March 2020 RM'000	<b>30 June 2020 RM'000</b>	31 March 2020 RM'000
At beginning of financial period/year	49,090	18,565	24,678	1,294
Impaired during the financial period/year	-	50,000	-	25,000
Write-back during the financial period/year	-	(16,867)	-	(1,616)
Write-off during the financial period/year	-	(2,608)	-	-
At end of financial period/year	<b>49,090</b>	49,090	<b>24,678</b>	24,678

**A15 Loans, Advances and Financing**

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2020 RM'000	31 March 2020 RM'000	30 June 2020 RM'000	31 March 2020 RM'000
<b>At amortised cost</b>				
Overdrafts	3,901,831	4,310,148	2,296,208	2,611,587
Term loans/financing				
- Housing loans/financing	14,311,840	14,215,071	10,841,556	10,795,294
- Syndicated term loans/financing	383,488	387,090	341,037	344,603
- Hire purchase receivables	799,030	794,286	594,391	579,454
- Other term loans/financing	16,915,045	16,484,532	12,888,604	12,518,922
Bills receivables	303,406	544,009	285,698	494,913
Trust receipts	1,638,153	234,538	1,217,046	180,322
Claims on customers under acceptance credits	1,872,484	3,198,311	1,436,993	2,399,619
Staff loans				
(Loan to Directors:RM Nil [31 March 2020:RM Nil])	19,954	20,799	4,664	4,893
Credit/charge card receivables	547,355	591,475	547,355	591,475
Revolving credits	1,716,502	1,914,081	1,166,328	1,216,715
Share margin financing	1,009,707	974,005	841,689	816,975
Gross loans, advances and financing	43,418,795	43,668,345	32,461,569	32,554,772
Add: Sales commissions and handling fees	98,202	100,930	108,583	112,016
Less: Allowance for expected credit losses on loans, advances and financing	(714,396)	(659,268)	(497,074)	(459,243)
Total net loans, advances and financing	42,802,601	43,110,007	32,073,078	32,207,545

(a) 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 RM64,795,000 as at 30 June 2020 (31 March 2020: RM74,795,000).

(b) The modification loss arising from the 6-month payment moratorium amounting to RM64.5 million and RM28.1 million for the Group and the Bank respectively is netted off against the gross loans, advances and financing balance.

**A15a By maturity structure:**

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2020 RM'000	31 March 2020 RM'000	30 June 2020 RM'000	31 March 2020 RM'000
Within one year	11,193,445	12,002,775	7,892,540	8,492,153
One year to three years	1,822,830	1,818,830	1,388,912	1,420,933
Three years to five years	2,597,516	2,566,390	1,943,538	1,839,745
Over five years	27,805,004	27,280,350	21,236,579	20,801,941
Gross loans, advances and financing	43,418,795	43,668,345	32,461,569	32,554,772

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

**A15b** By type of customers:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2020 RM'000	31 March 2020 RM'000	30 June 2020 RM'000	31 March 2020 RM'000
Domestic banking institutions	-	7	-	7
Domestic non-bank financial institutions	314,912	378,014	280,093	313,198
Domestic business enterprises				
- Small and medium enterprises	12,344,451	12,028,450	9,625,138	9,313,262
- Others	7,308,130	7,920,797	5,538,714	5,949,200
Government and statutory bodies	60,394	61,158	60,394	61,158
Individuals	22,698,521	22,586,345	16,369,825	16,329,172
Other domestic entities	27,619	28,176	1,995	1,955
Foreign entities	664,768	665,398	585,410	586,820
<b>Gross loans, advances and financing</b>	<b>43,418,795</b>	<b>43,668,345</b>	<b>32,461,569</b>	<b>32,554,772</b>

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

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2020 RM'000	31 March 2020 RM'000	30 June 2020 RM'000	31 March 2020 RM'000
Fixed rate				
- Housing loans/financing	29,618	29,878	5,683	5,717
- Hire purchase receivables	784,722	779,425	580,100	564,614
- Other fixed rate loans/financing	5,715,140	6,491,640	3,675,667	4,348,004
Variable rate				
- Base lending rate plus	24,453,589	24,771,256	19,862,231	20,145,220
- Base rate plus	7,518,238	7,296,462	4,425,133	4,293,863
- Cost plus	4,917,488	4,299,684	3,912,755	3,197,354
<b>Gross loans, advances and financing</b>	<b>43,418,795</b>	<b>43,668,345</b>	<b>32,461,569</b>	<b>32,554,772</b>

**A15d** By economic purposes:

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2020 RM'000	31 March 2020 RM'000	30 June 2020 RM'000	31 March 2020 RM'000
Purchase of securities	1,121,883	1,075,829	953,865	918,799
Purchase of transport vehicles	587,520	591,753	409,358	403,320
Purchase of landed property	22,300,083	22,253,657	17,356,238	17,374,582
of which: - Residential	15,235,472	15,139,741	11,689,543	11,644,268
- Non-residential	7,064,611	7,113,916	5,666,695	5,730,314
Purchase of fixed assets excluding land & buildings	317,705	310,707	260,893	253,435
Personal use	5,632,052	5,596,799	3,008,750	2,992,022
Credit card	547,355	591,475	547,355	591,475
Construction	914,155	917,764	814,077	821,135
Working capital	9,488,447	9,834,498	7,199,430	7,304,339
Others	2,509,595	2,495,863	1,911,603	1,895,665
<b>Gross loans, advances and financing</b>	<b>43,418,795</b>	<b>43,668,345</b>	<b>32,461,569</b>	<b>32,554,772</b>

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

**A15e** By economic sectors:

	<u>GROUP</u>		<u>BANK</u>	
	<b>30 June 2020 RM'000</b>	31 March 2020 RM'000	<b>30 June 2020 RM'000</b>	31 March 2020 RM'000
Primary agriculture	1,165,537	1,182,797	751,054	785,972
Mining and quarrying	214,969	217,775	167,912	170,095
Manufacturing	4,562,754	4,649,052	3,497,970	3,457,224
Electricity, gas, and water	63,768	64,751	63,060	64,102
Construction	1,335,911	1,450,390	1,040,040	1,119,984
Wholesale, retail trade, restaurants and hotels	7,157,489	7,205,291	5,720,378	5,704,536
Transport, storage and communication	733,021	734,344	568,658	558,353
Financing, insurance, real estate and business services	4,439,145	4,526,853	3,433,125	3,514,669
Community, social and personal services	363,821	365,025	248,593	248,597
Household	23,358,089	23,241,404	16,950,035	16,905,652
Others	24,291	30,663	20,744	25,588
Gross loans, advances and financing	<b>43,418,795</b>	43,668,345	<b>32,461,569</b>	32,554,772

**A15f** By geographical distribution:

	<u>GROUP</u>		<u>BANK</u>	
	<b>30 June 2020 RM'000</b>	31 March 2020 RM'000	<b>30 June 2020 RM'000</b>	31 March 2020 RM'000
Northern region	3,188,875	3,201,596	2,223,927	2,213,240
Central region	30,871,531	31,069,178	23,286,192	23,443,133
Southern region	5,437,260	5,398,941	4,156,089	4,108,062
Sabah region	2,903,474	2,935,679	2,021,864	2,047,712
Sarawak region	1,017,655	1,062,951	773,497	742,625
Gross loans, advances and financing	<b>43,418,795</b>	43,668,345	<b>32,461,569</b>	32,554,772

**A15g** Movements in credit impaired loans, advances and financing ("impaired loans") in Stage 3:

	<u>GROUP</u>		<u>BANK</u>	
	<b>30 June 2020 RM'000</b>	31 March 2020 RM'000	<b>30 June 2020 RM'000</b>	31 March 2020 RM'000
At beginning of financial period/year	871,340	476,602	638,343	369,124
Impaired during the financial period/year	88,115	1,170,873	76,670	839,485
Recovered during the financial period/year	(4,972)	(76,964)	(3,481)	(64,860)
Reclassified as unimpaired during the financial period/year	(81,707)	(441,903)	(62,968)	(336,748)
Financial assets derecognised other than write-off during the financial period/year	(15,799)	(100,252)	(12,806)	(64,291)
Amount written-off	(34,330)	(157,016)	(19,979)	(104,367)
At end of financial period/year	<b>822,647</b>	871,340	<b>615,779</b>	638,343
Gross impaired loans as % of gross loans, advances and financing	<b>1.89%</b>	2.00%	<b>1.90%</b>	1.96%

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

**A15h Credit impaired loans analysed by economic purposes:**

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2020 RM'000	31 March 2020 RM'000	30 June 2020 RM'000	31 March 2020 RM'000
Purchase of transport vehicles	22,817	24,748	17,372	18,904
Purchase of landed property	439,741	443,777	330,080	326,689
of which: - Residential	327,337	364,862	244,609	275,103
- Non-residential	112,404	78,915	85,471	51,586
Purchase of fixed assets excluding land & buildings	22,153	22,100	21,801	21,748
Personal use	152,251	194,075	90,738	112,748
Credit card	9,849	11,153	9,849	11,153
Construction	8,120	8,120	8,120	8,120
Working capital	129,735	131,961	102,487	106,223
Others	37,981	35,406	35,332	32,758
Gross impaired loans	<b>822,647</b>	<b>871,340</b>	<b>615,779</b>	<b>638,343</b>

**A15i Credit impaired loans analysed by economic sectors:**

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2020 RM'000	31 March 2020 RM'000	30 June 2020 RM'000	31 March 2020 RM'000
Primary agriculture	1,678	1,706	550	578
Mining and quarrying	1,478	1,478	1,478	1,478
Manufacturing	75,381	76,982	67,450	69,081
Construction	49,436	48,823	35,282	34,653
Wholesale, retail trade, restaurants and hotels	113,739	112,821	80,576	81,132
Transport, storage and communication	6,694	6,138	4,646	4,090
Financing, insurance, real estate and business services	65,606	30,232	64,407	29,031
Community, social and personal services	3,101	3,101	3,101	3,101
Household	504,375	588,904	357,130	414,044
Others	1,159	1,155	1,159	1,155
Gross impaired loans	<b>822,647</b>	<b>871,340</b>	<b>615,779</b>	<b>638,343</b>

**A15j Credit impaired loans by geographical distribution:**

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2020 RM'000	31 March 2020 RM'000	30 June 2020 RM'000	31 March 2020 RM'000
Northern region	76,194	85,202	53,597	60,317
Central region	598,689	623,066	445,077	449,333
Southern region	105,419	118,968	84,256	94,908
Sabah region	31,127	32,649	23,755	24,474
Sarawak region	11,218	11,455	9,094	9,311
Gross impaired loans	<b>822,647</b>	<b>871,340</b>	<b>615,779</b>	<b>638,343</b>

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

**A15k** Movements in the allowance for expected credit losses on loans, advances and financing are as follows:

<b>GROUP</b>	<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>
At 1 April 2020	96,553	269,287	293,428	659,268
Transfer to Stage 1	4,463	(25,203)	(1,726)	(22,466)
Transfer to Stage 2	(31,959)	121,144	(14,839)	74,346
Transfer to Stage 3	(68)	(6,278)	13,534	7,188
New financial assets originated or purchased	15,428	31,066	1,798	48,292
Financial assets derecognised other than write-off	(12,777)	(31,057)	(5,810)	(49,644)
Changes due to change in credit risk	9,526	11,790	177	21,493
Other adjustments	(7)	(17)	(2)	(26)
	<b>(15,394)</b>	<b>101,445</b>	<b>(6,868)</b>	<b>79,183</b>
Unwinding of discount	-	-	(3,230)	(3,230)
Total (write-back from)/charge to income statement	<b>(15,394)</b>	<b>101,445</b>	<b>(10,098)</b>	<b>75,953</b>
Write-off	-	(14)	(20,811)	(20,825)
<b>At 30 June 2020</b>	<b>81,159</b>	<b>370,718</b>	<b>262,519</b>	<b>714,396</b>
At 1 April 2019	72,679	212,519	217,465	502,663
Transfer to Stage 1	31,354	(165,725)	(4,458)	(138,829)
Transfer to Stage 2	(44,896)	286,244	(105,254)	136,094
Transfer to Stage 3	(98)	(135,779)	342,624	206,747
New financial assets originated or purchased	57,681	139,436	19,768	216,885
Financial assets derecognised other than write-off	(26,835)	(138,100)	(27,367)	(192,302)
Changes due to change in credit risk	6,655	71,828	(20,379)	58,104
Other adjustments	16	33	12	61
	<b>23,877</b>	<b>57,937</b>	<b>204,946</b>	<b>286,760</b>
Unwinding of discount	-	-	(9,410)	(9,410)
Total charge to income statement	<b>23,877</b>	<b>57,937</b>	<b>195,536</b>	<b>277,350</b>
Write-off	(3)	(1,169)	(119,573)	(120,745)
At 31 March 2020	96,553	269,287	293,428	659,268



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

**A15k** Movements in the allowance for expected credit losses on loans, advances and financing 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>Lifetime ECL Credit Impaired (Stage 3) RM'000</b>	<b>Total RM'000</b>
<b><u>BANK</u></b>				
At 1 April 2019	63,677	177,196	218,370	459,243
Transfer to Stage 1	3,481	(20,374)	(1,724)	(18,617)
Transfer to Stage 2	(18,609)	76,349	(10,812)	46,928
Transfer to Stage 3	(10)	(4,948)	11,097	6,139
New financial assets originated or purchased	11,340	22,752	866	34,958
Financial assets derecognised other than write-off	(8,929)	(21,734)	(4,912)	(35,575)
Changes due to change in credit risk	7,400	9,174	1,937	18,511
Other adjustments	(7)	(17)	(2)	(26)
	(5,334)	61,202	(3,550)	52,318
Unwinding of discount	-	-	(2,007)	(2,007)
Total (write-back from)/charge to income statement	(5,334)	61,202	(5,557)	50,311
Write-off	-	-	(12,480)	(12,480)
<b>At 30 June 2020</b>	<b>58,343</b>	<b>238,398</b>	<b>200,333</b>	<b>497,074</b>
At 1 April 2019	49,135	142,622	171,332	363,089
Transfer to Stage 1	21,575	(116,457)	(3,908)	(98,790)
Transfer to Stage 2	(29,604)	197,930	(75,350)	92,976
Transfer to Stage 3	(81)	(82,648)	238,931	156,202
New financial assets originated or purchased	35,395	113,212	12,829	161,436
Financial assets derecognised other than write-off	(17,721)	(114,040)	(18,108)	(149,869)
Changes due to change in credit risk	4,962	37,191	(20,077)	22,076
Other adjustments	16	33	12	61
	14,542	35,221	134,329	184,092
Unwinding of discount	-	-	(6,612)	(6,612)
Total charge to income statement	14,542	35,221	127,717	177,480
Write-off	-	(647)	(80,679)	(81,326)
<b>At 31 March 2020</b>	<b>63,677</b>	<b>177,196</b>	<b>218,370</b>	<b>459,243</b>

**A16 Other Assets**

	<u>GROUP</u>		<u>BANK</u>	
	<b>30 June</b>	31 March	<b>30 June</b>	31 March
	<b>2020</b>	2020	<b>2020</b>	2020
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Other receivables	<b>87,079</b>	65,827	<b>72,586</b>	50,114
Collateral pledged for derivative transactions	<b>57,364</b>	137,005	<b>57,364</b>	136,767
Settlement account	<b>109,595</b>	56,352	<b>109,595</b>	56,352
Deposits	<b>9,011</b>	8,984	<b>8,387</b>	8,330
Prepayment	<b>29,423</b>	32,495	<b>26,822</b>	29,361
Amounts due from subsidiaries	-	-	<b>40,048</b>	18,680
Amount due from joint venture	<b>1,163</b>	171	<b>1,316</b>	309
	<b>293,635</b>	300,834	<b>316,118</b>	299,913
Less:				
Allowance for expected credit losses on other receivables [Note (a)]	<b>(38,752)</b>	(38,212)	<b>(33,666)</b>	(33,143)
	<b>254,883</b>	262,622	<b>282,452</b>	266,770

Note:

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

	<u>GROUP</u>		<u>BANK</u>	
	<u>Lifetime</u>	<u>Lifetime</u>	<u>Lifetime</u>	<u>Lifetime</u>
	<u>ECL</u>	<u>ECL</u>	<u>ECL</u>	<u>ECL</u>
	<b>30 June</b>	31 March	<b>30 June</b>	31 March
	<b>2020</b>	2020	<b>2020</b>	2020
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
At beginning of financial period/year	<b>38,212</b>	34,385	<b>33,143</b>	29,604
New financial assets originated or purchased	<b>10</b>	299	-	-
Financial assets derecognised other than write-off	<b>(14)</b>	(179)	-	-
Changes due to change in credit risk	<b>544</b>	3,707	<b>523</b>	3,539
Total charge to income statement	<b>540</b>	3,827	<b>523</b>	3,539
<b>At end of financial period/year</b>	<b>38,752</b>	38,212	<b>33,666</b>	33,143

(b) As disclosed in Note A18, the Group and the Bank have received a government financing scheme for the purposes of lending to small and medium enterprises ("SMEs") at below market rate. Included as part of Other Assets is the deferred loss recognised on the SMEs loan/financing at below market/concession rates amounting to RM21.8 million and RM58.8 million for the Group and the Bank. The deferred amount will be amortised over the tenure of the respective SMEs loans/financing.

**A17 Deposits from Customers**

**A17a** By type of deposits:

	<u>GROUP</u>		<u>BANK</u>	
	<b>30 June</b> <b>2020</b> <b>RM'000</b>	31 March 2020 RM'000	<b>30 June</b> <b>2020</b> <b>RM'000</b>	31 March 2020 RM'000
<b>Amortised cost</b>				
Demand deposits	<b>16,516,257</b>	16,336,793	<b>12,990,458</b>	12,940,524
Savings deposits	<b>1,955,203</b>	1,794,343	<b>1,570,596</b>	1,455,337
Fixed/investment deposits	<b>27,855,323</b>	26,860,214	<b>20,589,541</b>	20,127,431
Money market deposits	<b>2,390,561</b>	3,091,717	<b>1,671,203</b>	1,848,021
Negotiable instruments of deposits	<b>345,412</b>	342,785	<b>334,193</b>	331,676
	<b>49,062,756</b>	48,425,852	<b>37,155,991</b>	36,702,989

**A17b** By type of customers:

	<u>GROUP</u>		<u>BANK</u>	
	<b>30 June</b> <b>2020</b> <b>RM'000</b>	31 March 2020 RM'000	<b>30 June</b> <b>2020</b> <b>RM'000</b>	31 March 2020 RM'000
Domestic financial institutions	<b>340,848</b>	346,226	<b>369,444</b>	378,170
Domestic non-bank financial institutions	<b>2,196,709</b>	2,867,100	<b>1,387,207</b>	1,749,057
Government and statutory bodies	<b>4,418,148</b>	4,553,365	<b>2,232,591</b>	2,663,444
Business enterprises	<b>17,318,838</b>	17,528,515	<b>13,126,811</b>	13,143,178
Individuals	<b>23,240,421</b>	21,637,127	<b>18,703,240</b>	17,491,535
Foreign entities	<b>825,021</b>	813,970	<b>707,283</b>	712,076
Others	<b>722,771</b>	679,549	<b>629,415</b>	565,529
	<b>49,062,756</b>	48,425,852	<b>37,155,991</b>	36,702,989

**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>	
	<b>30 June</b> <b>2020</b> <b>RM'000</b>	31 March 2020 RM'000	<b>30 June</b> <b>2020</b> <b>RM'000</b>	31 March 2020 RM'000
Due within six months	<b>22,237,802</b>	21,708,936	<b>16,937,612</b>	16,266,375
Six months to one year	<b>7,720,369</b>	7,853,476	<b>5,500,382</b>	5,868,205
One year to three years	<b>516,006</b>	619,982	<b>145,410</b>	165,879
Three years to five years	<b>117,119</b>	112,322	<b>11,533</b>	6,669
	<b>30,591,296</b>	30,294,716	<b>22,594,937</b>	22,307,128

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

	<u>GROUP</u>		<u>BANK</u>	
	<b>30 June 2020 RM'000</b>	31 March 2020 RM'000	<b>30 June 2020 RM'000</b>	31 March 2020 RM'000
Licensed banks	<b>441,605</b>	814,332	<b>80,406</b>	464,076
Licensed Investment banks	<b>180,117</b>	250,137	-	-
Bank Negara Malaysia	<b>935,230</b>	479,177	<b>736,415</b>	269,488
Others	<b>32,012</b>	-	-	-
	<b><u>1,588,964</u></b>	<u>1,543,646</u>	<b><u>816,821</u></b>	<u>733,564</u>

Included as part of Deposit and Placement of Banks and Other Financial Institutions is government financing scheme received by the Group and the Bank amounting to RM627.0 million respectively for the purpose of SMEs lending at a below market/concession rate with a six-year maturity. The benefit arising from the placement of funds with the Group and the Bank respectively is applied to address the financial and accounting impact incurred from lending at concession rates to SMEs and for COVID-19 related relief measures.

**A19 Amounts Due To Clients And Brokers**

	<u>GROUP</u>	
	<b>30 June 2020 RM'000</b>	31 March 2020 RM'000
Due to clients	<b>51,832</b>	18,133
Due to brokers	<b>57,956</b>	4,159
	<b><u>109,788</u></b>	<u>22,292</u>

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 RM91,774,000 (31 March 2020: RM100,252,000) have been excluded accordingly.

**A20 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><u>GROUP/BANK</u></b>	
	<b>30 June</b>	31 March
	<b>2020</b>	2020
	<b>RM'000</b>	RM'000
Structured investments	<b>359,501</b>	451,999
Fair value changes arising from designation at fair value through profit or loss	<b>(18,859)</b>	(24,914)
	<b><u>340,642</u></b>	<u>427,085</u>

**A21 Other Liabilities**

	<b><u>GROUP</u></b>		<b><u>BANK</u></b>	
	<b>30 June</b>	31 March	<b>30 June</b>	31 March
	<b>2020</b>	2020	<b>2020</b>	2020
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Other payables	<b>554,698</b>	433,803	<b>505,568</b>	355,982
Collateral pledged for derivative transactions	<b>54,481</b>	82,766	<b>54,481</b>	82,766
Bills payable	<b>124,529</b>	118,840	<b>119,668</b>	113,128
Settlement account	<b>27,753</b>	15,226	<b>27,753</b>	15,226
Clearing account	<b>176,427</b>	97,244	<b>141,954</b>	73,638
Sundry deposits	<b>49,496</b>	51,136	<b>44,720</b>	46,615
Provision and accruals	<b>83,984</b>	127,500	<b>74,313</b>	115,285
Remisiers accounts	<b>7,444</b>	6,453	-	-
Allowance for expected credit losses commitments and contingencies	<b>30,916</b>	24,339	<b>24,231</b>	19,787
Structured investments	<b>423,987</b>	430,759	<b>423,987</b>	430,759
	<b><u>1,533,715</u></b>	<u>1,388,066</u>	<b><u>1,416,675</u></b>	<u>1,253,186</u>

Included as part of Other Liabilities is the deferred benefit recognised on the government financing scheme at below market/concession rates amounting to RM70.9 million and RM107.5 million for the Group and the Bank. The deferred amount will be amortised over the tenure of the government financing scheme.

**A21 Other Liabilities (Contd.)**

Movements for allowance for expected credit losses on commitments and contingencies 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 2020	8,582	10,996	4,761	24,339
Transfer to Stage 1	221	(1,669)	-	(1,448)
Transfer to Stage 2	(595)	5,578	(3)	4,980
Transfer to Stage 3	-	(176)	615	439
New financial assets originated or purchased	848	339	-	1,187
Financial assets derecognised other than write-off	(787)	(1,038)	(3)	(1,828)
Changes due to change in credit risk	2,186	1,376	(256)	3,306
Other adjustments	(1)	(2)	-	(3)
	1,872	4,408	353	6,633
Unwinding of discount	-	-	(56)	(56)
Total charge to/(write-back from) income statement	1,872	4,408	297	6,577
<b>At 30 June 2020</b>	<b>10,454</b>	<b>15,404</b>	<b>5,058</b>	<b>30,916</b>
At 1 April 2019	6,833	16,664	9,107	32,604
Transfer to Stage 1	2,266	(19,976)	(81)	(17,791)
Transfer to Stage 2	(1,390)	15,583	(647)	13,546
Transfer to Stage 3	(1)	(399)	764	364
New financial assets originated or purchased	2,528	7,732	-	10,260
Financial assets derecognised other than write-off	(1,636)	(8,075)	(4,391)	(14,102)
Changes due to change in credit risk	(21)	(541)	198	(364)
Other adjustments	3	8	-	11
	1,749	(5,668)	(4,157)	(8,076)
Unwinding of discount	-	-	(189)	(189)
Total charge to/(write-back from) income statement	1,749	(5,668)	(4,346)	(8,265)
At 31 March 2020	8,582	10,996	4,761	24,339

**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><u>BANK</u></b>				
At 1 April 2020	7,471	7,555	4,761	19,787
Transfer to Stage 1	186	(1,360)	-	(1,174)
Transfer to Stage 2	(511)	4,903	-	4,392
Transfer to Stage 3	-	(176)	613	437
New financial assets originated or purchased	686	281	-	967
Financial assets derecognised other than write-off	(687)	(945)	(3)	(1,635)
Changes due to change in credit risk	1,977	(205)	(256)	1,516
Other adjustments	(1)	(2)	-	(3)
	<u>1,650</u>	<u>2,496</u>	<u>354</u>	<u>4,500</u>
Unwinding of discount	-	-	(56)	(56)
Total charge to/(write-back from) income statement	<u>1,650</u>	<u>2,496</u>	<u>298</u>	<u>4,444</u>
<b>At 30 June 2020</b>	<b><u>9,121</u></b>	<b><u>10,051</u></b>	<b><u>5,059</u></b>	<b><u>24,231</u></b>
At 1 April 2019	6,097	13,483	9,002	28,582
Transfer to Stage 1	1,821	(16,370)	(80)	(14,629)
Transfer to Stage 2	(1,187)	12,910	(645)	11,078
Transfer to Stage 3	-	(399)	759	360
New financial assets originated or purchased	2,174	5,891	-	8,065
Financial assets derecognised other than write-off	(1,429)	(7,265)	(4,286)	(12,980)
Changes due to change in credit risk	(7)	(703)	207	(503)
Other adjustments	2	8	-	10
	<u>1,374</u>	<u>(5,928)</u>	<u>(4,045)</u>	<u>(8,599)</u>
Unwinding of discount	-	-	(196)	(196)
Total charge to/(write-back from) income statement	<u>1,374</u>	<u>(5,928)</u>	<u>(4,241)</u>	<u>(8,795)</u>
At 31 March 2020	<u>7,471</u>	<u>7,555</u>	<u>4,761</u>	<u>19,787</u>

As at 30 June 2020, the Group's and the Bank's gross exposure of commitments and contingencies that are credit impaired was RM6,779,000 respectively (31 March 2020: RM8,829,000 and RM7,820,000).

**A22 Interest Income**

	1st Quarter Ended		Three Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
<b>GROUP</b>				
Loans, advances and financing	372,839	416,610	372,839	416,610
Money at call and deposit placements with financial institutions	8,535	4,436	8,535	4,436
Financial investments at fair value through other comprehensive income	87,827	75,656	87,827	75,656
Financial investments at amortised cost	1,400	2,029	1,400	2,029
Others	411	126	411	126
	<b>471,012</b>	<b>498,857</b>	<b>471,012</b>	<b>498,857</b>
Accretion of discount less amortisation of premium	9,666	22,101	9,666	22,101
	<b>480,678</b>	<b>520,958</b>	<b>480,678</b>	<b>520,958</b>
	1st Quarter Ended		Three Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
<b>BANK</b>				
Loans, advances and financing	366,606	406,865	366,606	406,865
Money at call and deposit placements with financial institutions	9,206	5,509	9,206	5,509
Financial investments at fair value through other comprehensive income	79,892	71,105	79,892	71,105
Financial investments at amortised cost	3,182	3,444	3,182	3,444
Others	411	126	411	126
	<b>459,297</b>	<b>487,049</b>	<b>459,297</b>	<b>487,049</b>
Accretion of discount less amortisation of premium	9,530	21,603	9,530	21,603
	<b>468,827</b>	<b>508,652</b>	<b>468,827</b>	<b>508,652</b>

Included in the interest income on loans, advances and financing for the current financial period:

- Interest/profit accrued on impaired loans/financing of the Group and the Bank of RM2,063,000 (30 June 2019: RM683,000) respectively.
- The Group and the Bank granted an automatic moratorium on certain loan/financing repayments/payments (except for credit card balances), by individuals and SMEs for a period of six months from 1 April 2020. The automatic moratorium was applicable to loans/financing that are not in arrears exceeding 90 days and denominated in Malaysian Ringgit. This measure was to assist borrowers experiencing temporary financial constraints due to the COVID-19 pandemic. As a result of the payment moratorium, the Group and the Bank recognised a loss of RM27.5 million and RM28.1 million respectively arising from the modification of contractual cash flows of the loan and financing.

The Group and the Bank also received a government financing scheme for the purpose of on lending/financing to SMEs at below market/concession rate. The lending/financing by the Group and the Bank is to provide support for SMEs in sustaining business operations, safeguard jobs and encourage domestic investments during the COVID-19 pandemic. The benefit arising from the government financing scheme amounting to RM29.1 million for the Group and the Bank respectively is applied to address the financial and accounting impact incurred for COVID-19 related relief measures.



**A23 Interest Expense**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</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	<b>4,265</b>	5,858	<b>4,265</b>	5,858
Deposits from customers	<b>206,503</b>	241,100	<b>206,503</b>	241,100
Recourse obligations on loans and financing sold to Cagamas	<b>3,426</b>	3,426	<b>3,426</b>	3,426
Subordinated obligations	<b>20,990</b>	20,989	<b>20,990</b>	20,989
Lease liabilities	<b>1,741</b>	1,924	<b>1,741</b>	1,924
Others	<b>2,529</b>	1,542	<b>2,529</b>	1,542
	<b>239,454</b>	274,839	<b>239,454</b>	274,839
<b>BANK</b>				
Deposits and placements of banks and other financial institutions	<b>1,491</b>	3,073	<b>1,491</b>	3,073
Deposits from customers	<b>203,515</b>	232,402	<b>203,515</b>	232,402
Recourse obligations on loans and financing sold to Cagamas	<b>3,426</b>	3,426	<b>3,426</b>	3,426
Subordinated obligations	<b>21,049</b>	21,046	<b>21,049</b>	21,046
Lease liabilities	<b>1,740</b>	1,922	<b>1,740</b>	1,922
Others	<b>2,530</b>	1,542	<b>2,530</b>	1,542
	<b>233,751</b>	263,411	<b>233,751</b>	263,411

**A24 Net Income from Islamic Banking Business**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>GROUP</b>				
Income derived from investment of depositors' funds and others	<b>164,653</b>	156,054	<b>164,653</b>	156,054
Income derived from investment of Islamic Banking funds	<b>16,781</b>	16,653	<b>16,781</b>	16,653
Income attributable to the depositors and financial institutions	<b>(86,384)</b>	(79,586)	<b>(86,384)</b>	(79,586)
	<b>95,050</b>	93,121	<b>95,050</b>	93,121

The Group granted an automatic moratorium on certain financing repayments/payments, by individuals and SMEs for a period of six months from 1 April 2020. The automatic moratorium was applicable to financing that are not in arrears exceeding 90 days and denominated in Malaysian Ringgit. This measure was to assist borrowers experiencing temporary financial constraints due to the COVID-19 pandemic. As a result of the payment moratorium, the Group recognised a modification loss of RM36.9 million, arising from the modification of contractual cash flows of the financing.

The Group also received a government financing scheme for the purpose of on lending/financing to SMEs at below market/concession rate. The lending/financing by the Group is to provide support for SMEs in sustaining business operations, safeguard jobs and encourage domestic investments during the COVID-19 pandemic. The benefit arising from the government financing scheme amounting to RM36.6 million is applied to address the financial and accounting impact incurred for COVID-19 related relief measures.

**A25 Other Operating Income**

<b>GROUP</b>	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June 2020 RM'000</b>	<b>30 June 2019 RM'000</b>	<b>30 June 2020 RM'000</b>	<b>30 June 2019 RM'000</b>
(a) <u>Fee and commission income:</u>				
Commissions	16,246	20,827	16,246	20,827
Service charges and fees	6,626	7,561	6,626	7,561
Corporate advisory fees	776	635	776	635
Underwriting commissions	4	1,344	4	1,344
Brokerage fees	12,925	6,258	12,925	6,258
Guarantee fees	2,989	3,611	2,989	3,611
Processing fees	907	1,489	907	1,489
Commitment fees	4,630	4,423	4,630	4,423
Cards related income	14,055	21,026	14,055	21,026
Other fee income	2,002	1,501	2,002	1,501
	<b>61,160</b>	<b>68,675</b>	<b>61,160</b>	<b>68,675</b>
(b) <u>Fee and commission expense:</u>				
Commissions expense	(301)	(3,626)	(301)	(3,626)
Service charges and fees	(261)	-	(261)	-
Brokerage fees expense	(4,780)	(1,940)	(4,780)	(1,940)
Guarantee fees expense	(2,422)	(235)	(2,422)	(235)
Cards related expense	(12,573)	(18,362)	(12,573)	(18,362)
	<b>(20,337)</b>	<b>(24,163)</b>	<b>(20,337)</b>	<b>(24,163)</b>
(c) <u>Investment income:</u>				
Realised gain arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	3,422	2,789	3,422	2,789
- Financial investments at fair value through other comprehensive income	11,659	4,598	11,659	4,598
- Derivative instruments	68,123	6,555	68,123	6,555
- Other investments	-	9	-	9
Marked-to-market revaluation gain/(loss):				
- Financial assets at fair value through profit or loss	4,329	1,222	4,329	1,222
- Derivative instruments	(21,418)	17,272	(21,418)	17,272
- Financial liabilities designated at fair value through profit or loss	(6,055)	(18,788)	(6,055)	(18,788)
Gross dividend income from:				
- Financial assets at fair value through profit or loss	837	908	837	908
	<b>60,897</b>	<b>14,565</b>	<b>60,897</b>	<b>14,565</b>
(d) <u>Other income :</u>				
Foreign exchange (loss)/gain	(19,593)	974	(19,593)	974
Rental income	44	62	44	62
Others	3,163	5,655	3,163	5,655
	<b>(16,386)</b>	<b>6,691</b>	<b>(16,386)</b>	<b>6,691</b>
Total other operating income	<b>85,334</b>	<b>65,768</b>	<b>85,334</b>	<b>65,768</b>

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

	1st Quarter Ended		Three Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
<b><u>BANK</u></b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(a) <u>Fee and commission income:</u>				
Commissions	16,246	20,827	16,246	20,827
Service charges and fees	6,433	7,427	6,433	7,427
Guarantee fees	2,983	3,604	2,983	3,604
Processing fees	447	1,013	447	1,013
Commitment fees	4,630	4,408	4,630	4,408
Cards related income	14,055	21,026	14,055	21,026
Other fee income	2,000	1,501	2,000	1,501
	<b>46,794</b>	<b>59,806</b>	<b>46,794</b>	<b>59,806</b>
(b) <u>Fee and commission expense:</u>				
Commissions expense	(301)	(4,037)	(301)	(4,037)
Service charges and fees	(261)	-	(261)	-
Brokerage fees expense	(18)	(1)	(18)	(1)
Guarantee fees expense	(2,422)	(235)	(2,422)	(235)
Cards related expense	(12,573)	(18,362)	(12,573)	(18,362)
	<b>(15,575)</b>	<b>(22,635)</b>	<b>(15,575)</b>	<b>(22,635)</b>
(c) <u>Investment income:</u>				
Realised gain arising from sale/redemption of:				
- Financial assets at fair value through profit or loss	3,422	2,789	3,422	2,789
- Financial investments at fair value through other comprehensive income	11,659	3,858	11,659	3,858
- Derivative instruments	68,123	6,555	68,123	6,555
- Other investments	-	9	-	9
Marked-to-market revaluation gain/(loss):				
- Financial assets at fair value through profit or loss	4,329	1,222	4,329	1,222
- Derivative instruments	(21,418)	17,272	(21,418)	17,272
- Financial liabilities designated at fair value through profit or loss	(6,055)	(18,788)	(6,055)	(18,788)
Gross dividend income from:				
- Financial assets at fair value through profit or loss	477	477	477	477
- Subsidiaries	-	27,604	-	27,604
	<b>60,537</b>	<b>40,998</b>	<b>60,537</b>	<b>40,998</b>
(d) <u>Other income:</u>				
Foreign exchange (loss)/gain	(19,872)	872	(19,872)	872
Rental income	517	694	517	694
Others	3,009	5,436	3,009	5,436
	<b>(16,346)</b>	<b>7,002</b>	<b>(16,346)</b>	<b>7,002</b>
Total other operating income	<b>75,410</b>	<b>85,171</b>	<b>75,410</b>	<b>85,171</b>

**A26 Other Operating Expenses**

	1st Quarter Ended		Three Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
<b>GROUP</b>				
Personnel costs				
- Salaries, allowances and bonuses	97,606	100,168	97,606	100,168
- Contribution to EPF	16,143	15,916	16,143	15,916
- Others	11,342	12,985	11,342	12,985
	<b>125,091</b>	<b>129,069</b>	<b>125,091</b>	<b>129,069</b>
Establishment costs				
- Depreciation of property, plant and equipment	5,343	5,782	5,343	5,782
- Depreciation of right-of-use assets	6,342	6,031	6,342	6,031
- Amortisation of computer software	9,557	8,679	9,557	8,679
- Rental of premises	268	846	268	846
- Water and electricity	1,720	2,042	1,720	2,042
- Repairs and maintenance	2,271	2,066	2,271	2,066
- Information technology expenses	14,247	15,176	14,247	15,176
- Others	2,487	3,716	2,487	3,716
	<b>42,235</b>	<b>44,338</b>	<b>42,235</b>	<b>44,338</b>
Marketing expenses				
- Promotion and advertisement	984	1,312	984	1,312
- Branding and publicity	771	1,648	771	1,648
- Others	1,186	1,985	1,186	1,985
	<b>2,941</b>	<b>4,945</b>	<b>2,941</b>	<b>4,945</b>
Administration and general expenses				
- Communication expenses	3,129	3,017	3,129	3,017
- Printing and stationery	437	567	437	567
- Insurance	3,008	2,843	3,008	2,843
- Professional fees	5,591	5,541	5,591	5,541
- Others	4,317	5,807	4,317	5,807
	<b>16,482</b>	<b>17,775</b>	<b>16,482</b>	<b>17,775</b>
Total other operating expenses	<b>186,749</b>	<b>196,127</b>	<b>186,749</b>	<b>196,127</b>

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

	1st Quarter Ended		Three Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
<b><u>BANK</u></b>				
Personnel costs				
- Salaries, allowances and bonuses	72,622	77,939	72,622	77,939
- Contribution to EPF	12,185	12,377	12,185	12,377
- Others	9,113	9,786	9,113	9,786
	<b>93,920</b>	<b>100,102</b>	<b>93,920</b>	<b>100,102</b>
Establishment costs				
- Depreciation of property, plant and equipment	5,227	5,638	5,227	5,638
- Depreciation of right-of-use assets	6,331	6,017	6,331	6,017
- Amortisation of computer software	9,178	8,304	9,178	8,304
- Rental of premises	256	260	256	260
- Water and electricity	1,274	1,533	1,274	1,533
- Repairs and maintenance	1,750	1,475	1,750	1,475
- Information technology expenses	9,410	12,112	9,410	12,112
- Others	62	415	62	415
	<b>33,488</b>	<b>35,754</b>	<b>33,488</b>	<b>35,754</b>
Marketing expenses				
- Promotion and advertisement	251	1,240	251	1,240
- Branding and publicity	341	723	341	723
- Others	604	1,349	604	1,349
	<b>1,196</b>	<b>3,312</b>	<b>1,196</b>	<b>3,312</b>
Administration and general expenses				
- Communication expenses	2,512	2,307	2,512	2,307
- Printing and stationery	327	429	327	429
- Insurance	2,564	2,435	2,564	2,435
- Professional fees	4,402	4,196	4,402	4,196
- Others	3,441	4,735	3,441	4,735
	<b>13,246</b>	<b>14,102</b>	<b>13,246</b>	<b>14,102</b>
Total other operating expenses	<b>141,850</b>	<b>153,270</b>	<b>141,850</b>	<b>153,270</b>

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

	1st Quarter Ended		Three Months Ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 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	79,183	53,899	79,183	53,899
(b) Credit impaired loans, advances and financing				
- Recovered	(4,924)	(9,691)	(4,924)	(9,691)
- Written-off	13,607	9,644	13,607	9,644
(c) Commitments and contingencies on loans, advances and financing				
- Allowance made during the financial period	6,633	903	6,633	903
	<b>94,499</b>	<b>54,755</b>	<b>94,499</b>	<b>54,755</b>
Allowance for/(write-back of) expected credit losses on:				
- Amounts due from clients and brokers	1	8	1	8
- Other receivables	540	1,025	540	1,025
- Cash and short term funds	4	(37)	4	(37)
	<b>95,044</b>	<b>55,751</b>	<b>95,044</b>	<b>55,751</b>
<b>BANK</b>				
Allowance for/(write-back of) expected credit losses on:				
(a) Loans, advances and financing				
- Allowance made during the financial period	52,318	41,115	52,318	41,115
(b) Credit impaired loans, advance and financing				
- Recovered	(3,745)	(6,116)	(3,745)	(6,116)
- Written-off	7,521	5,277	7,521	5,277
(c) Commitments and contingencies on loans, advances and financing				
- Allowance made during the financial period	4,500	659	4,500	659
	<b>60,594</b>	<b>40,935</b>	<b>60,594</b>	<b>40,935</b>
Allowance for/(write-back of) expected credit losses on:				
- Other receivables	523	1,086	523	1,086
- Cash and short term funds	4	(37)	4	(37)
	<b>61,121</b>	<b>41,984</b>	<b>61,121</b>	<b>41,984</b>

**A28 Allowance for Expected Credit Losses on Financial Investments**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>GROUP</u></b>				
(a) Financial investments at fair value through other comprehensive income				
- Write-back during the financial period	<b>(68)</b>	(28)	<b>(68)</b>	(28)
(b) Financial investments at amortised cost				
- Allowance made during the financial period	<b>117</b>	49,428	<b>117</b>	49,428
- Commitments and contingencies	-	5	-	5
	<b>49</b>	49,405	<b>49</b>	49,405
<b><u>BANK</u></b>				
(a) Financial investments at fair value through other comprehensive income				
- Write-back during the financial period	<b>(38)</b>	(26)	<b>(38)</b>	(26)
(b) Financial investments at amortised cost				
- Allowance made during the financial period	<b>22</b>	24,699	<b>22</b>	24,699
	<b>(16)</b>	24,673	<b>(16)</b>	24,673



**A29 Commitments and Contingencies**

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

	<u>GROUP</u>		<u>BANK</u>	
	<b>30 June 2020 RM'000</b>	31 March 2020 RM'000	<b>30 June 2020 RM'000</b>	31 March 2020 RM'000
<u>Commitments and contingencies</u>				
Direct credit substitutes	<b>763,618</b>	814,317	<b>573,465</b>	622,481
Transaction-related contingent items	<b>611,978</b>	621,684	<b>549,928</b>	559,957
Short-term self-liquidating trade-related contingencies	<b>79,890</b>	130,924	<b>59,476</b>	110,898
Forward assets purchase	<b>21,108</b>	-	<b>21,108</b>	-
Obligations under an on-going underwriting agreement	<b>51,150</b>	51,150	-	-
Irrevocable commitments to extend credit:				
- maturity exceeding one year	<b>1,050,616</b>	1,239,933	<b>769,348</b>	871,143
- maturity not exceeding one year	<b>9,776,026</b>	9,273,334	<b>7,450,695</b>	7,139,788
Unutilised credit card lines	<b>1,324,064</b>	1,356,566	<b>1,324,064</b>	1,356,566
	<b>13,678,450</b>	13,487,908	<b>10,748,084</b>	10,660,833
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	<b>8,720,489</b>	12,470,667	<b>8,720,489</b>	12,470,667
- over one year to three years	<b>680,565</b>	621,349	<b>680,565</b>	621,349
- over three years	<b>739,543</b>	315,762	<b>739,543</b>	315,762
Interest rate related contracts:				
- one year or less	<b>3,554,827</b>	3,505,421	<b>3,554,827</b>	3,505,421
- over one year to three years	<b>3,750,104</b>	3,386,675	<b>3,750,104</b>	3,386,675
- over three years	<b>2,133,662</b>	2,230,984	<b>2,133,662</b>	2,230,984
Equity related contracts				
- one year or less	<b>572,200</b>	533,770	<b>572,200</b>	533,770
- over one year to three years	<b>256,911</b>	273,868	<b>256,911</b>	273,868
- over three years	<b>145,200</b>	145,300	<b>145,200</b>	145,300
	<b>20,553,501</b>	23,483,796	<b>20,553,501</b>	23,483,796
	<b>34,231,951</b>	36,971,704	<b>31,301,585</b>	34,144,629

**ALLIANCE BANK MALAYSIA BERHAD**

**198201008390 (88103-W)**

(Incorporated in Malaysia)

**A30 Segment Information**

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

Based on the results presented to chief operating decision maker, 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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**A30 Segment information (Contd.)**

<b>GROUP</b>	Consumer <u>Banking</u> RM'000	Business <u>Banking</u> RM'000	Financial <u>Markets</u> RM'000	Stockbroking and <u>Corporate Advisory</u> RM'000	<u>Others</u> RM'000	Total <u>Operations</u> RM'000	Inter-segment <u>Elimination</u> RM'000	Total <u>Total</u> RM'000
<b>1st Quarter and three months ended 30 June 2020</b>								
Net interest income/(expense)								
- external income	77,626	98,185	66,758	1,911	69	244,549	(3,325)	241,224
- inter-segment	10,456	13,399	(22,848)	(1,007)	-	-	-	-
	88,082	111,584	43,910	904	69	244,549	(3,325)	241,224
Net income from Islamic banking business	44,288	29,423	15,541	-	20	89,272	5,778	95,050
Other operating income	21,324	27,896	26,131	9,872	(240)	84,983	351	85,334
Net income	153,694	168,903	85,582	10,776	(151)	418,804	2,804	421,608
Other operating expenses	(79,497)	(63,378)	(9,460)	(8,427)	(5,109)	(165,871)	364	(165,507)
Depreciation and amortisation	(9,693)	(9,076)	(2,118)	(652)	(104)	(21,643)	401	(21,242)
Operating profit/(loss)	64,504	96,449	74,004	1,697	(5,364)	231,290	3,569	234,859
(Allowance for)/write-back of expected credit losses on loans, advances and financing and other financial assets	(54,370)	(41,162)	263	225	-	(95,044)	-	(95,044)
(Allowance for)/write-back of expected credit losses on financial investments	-	(117)	249	-	-	132	(181)	(49)
Segment result	10,134	55,170	74,516	1,922	(5,364)	136,378	3,388	139,766
Share of results of joint venture								22
Taxation								(35,476)
Net profit for the financial period								104,312
Segment assets	24,328,341	27,856,358	10,245,455	337,493	439,807	63,207,454	(1,835,951)	61,371,503
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								925
Property, plant and equipment								59,946
Tax recoverable and deferred tax assets								80,539
Intangible assets								441,616
Total assets								61,954,529

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**A30 Segment information (Contd.)**

<b>GROUP</b>	Consumer <u>Banking</u> RM'000	Business <u>Banking</u> RM'000	Financial <u>Markets</u> RM'000	Stockbroking and <u>Corporate Advisory</u> RM'000	<u>Others</u> RM'000	Total <u>Operations</u> RM'000	Inter-segment <u>Elimination</u> RM'000	Total RM'000
<b>1st Quarter and three months ended 30 June 2019</b>								
Net interest income/(expense)								
- external income	103,352	89,263	58,261	3,555	72	254,503	(8,384)	246,119
- inter-segment	(19,465)	22,617	(955)	(2,197)	-	-	-	-
	83,887	111,880	57,306	1,358	72	254,503	(8,384)	246,119
Net income from Islamic banking business	39,786	27,363	16,400	-	23	83,572	9,549	93,121
Other operating income	23,639	37,871	(4,156)	7,646	4,344	69,344	(3,576)	65,768
Net income	147,312	177,114	69,550	9,004	4,439	407,419	(2,411)	405,008
Other operating expenses	(84,284)	(67,277)	(11,683)	(8,886)	(3,579)	(175,709)	74	(175,635)
Depreciation and amortisation	(9,734)	(8,529)	(1,883)	(667)	(125)	(20,938)	446	(20,492)
Operating profit/(loss)	53,294	101,308	55,984	(549)	735	210,772	(1,891)	208,881
(Allowance for)/write-back of expected credit losses on loans, advances and financing and other financial assets	(43,330)	(12,676)	133	123	-	(55,750)	(1)	(55,751)
(Allowance for)/write-back of expected credit losses on financial investments	-	(49,433)	94	-	-	(49,339)	(66)	(49,405)
Segment result	9,964	39,199	56,211	(426)	735	105,683	(1,958)	103,725
Share of results of joint venture								31
Taxation								(27,070)
Net profit for the financial period								76,686
Segment assets	21,928,167	20,543,835	15,742,745	351,093	465,190	59,031,030	(2,299,847)	56,731,183
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								833
Property, plant and equipment								71,508
Tax recoverable and deferred tax assets								103,329
Intangible assets								436,776
Total assets								57,343,629

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**A31 Capital Adequacy**

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

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

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2020 RM'000	31 March 2020 RM'000	30 June 2020 RM'000	31 March 2020 RM'000
<u>Before deducting proposed dividends</u>				
CET I capital ratio	14.511%	13.826%	13.553%	12.899%
Tier I capital ratio	15.425%	14.593%	14.442%	13.771%
Total capital ratio	19.783%	18.902%	19.377%	18.634%
<u>After deducting proposed dividends</u>				
CET I capital ratio	14.511%	13.826%	13.553%	12.899%
Tier I capital ratio	15.425%	14.593%	14.442%	13.771%
Total capital ratio	19.783%	18.902%	19.377%	18.634%

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

	<u>GROUP</u>		<u>BANK</u>	
	30 June 2020 RM'000	31 March 2020 RM'000	30 June 2020 RM'000	31 March 2020 RM'000
<b><u>CET I Capital/Tier I Capital</u></b>				
Paid-up share capital	1,548,106	1,548,106	1,548,106	1,548,106
Retained profits	4,069,797	3,974,847	3,407,398	3,346,890
Regulatory reserves	129,629	224,579	121,784	182,292
FVOCI reserves	291,740	140,966	176,999	79,612
Capital reserves	100,150	100,150	15,515	15,515
	<b>6,139,422</b>	<b>5,988,648</b>	<b>5,269,802</b>	<b>5,172,415</b>
Less: Regulatory adjustment				
- Goodwill and other intangibles	(441,616)	(437,086)	(337,516)	(332,680)
- Deferred tax assets	(14,197)	(28,125)	-	(14,074)
- 55% of FVOCI reserves	(160,457)	(77,531)	(97,349)	(43,787)
- Regulatory reserves	(129,629)	(224,579)	(121,784)	(182,292)
- Investment in subsidiaries, associate and joint venture	(925)	(903)	(909,102)	(909,102)
Total CET I Capital	<b>5,392,598</b>	<b>5,220,424</b>	<b>3,804,051</b>	<b>3,690,480</b>
Additional Tier I Capital Securities	339,856	289,844	249,617	249,584
Total Additional Tier I Capital	<b>339,856</b>	<b>289,844</b>	<b>249,617</b>	<b>249,584</b>
Total Tier I Capital	<b>5,732,454</b>	<b>5,510,268</b>	<b>4,053,668</b>	<b>3,940,064</b>

**A31 Capital Adequacy (Contd.)**

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

	<u>GROUP</u>		<u>BANK</u>	
	<b>30 June 2020 RM'000</b>	31 March 2020 RM'000	<b>30 June 2020 RM'000</b>	31 March 2020 RM'000
<b><u>Tier II Capital</u></b>				
Subordinated obligations	<b>1,199,857</b>	1,199,829	<b>1,199,787</b>	1,199,719
Expected credit losses and regulatory reserves	<b>419,683</b>	427,020	<b>315,235</b>	321,754
Less: Regulatory adjustment - Investment in Tier II capital instruments	-	-	<b>(130,000)</b>	(130,000)
Total Tier II Capital	<b>1,619,540</b>	1,626,849	<b>1,385,022</b>	1,391,473
<b>Total Capital</b>	<b>7,351,994</b>	7,137,117	<b>5,438,690</b>	5,331,537

- (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 June 2020 RM'000</b>	31 March 2020 RM'000	<b>30 June 2020 RM'000</b>	31 March 2020 RM'000
Credit risk	<b>33,574,614</b>	34,161,647	<b>25,218,778</b>	25,740,333
Market risk	<b>447,601</b>	472,308	<b>447,643</b>	472,308
Operational risk	<b>3,140,692</b>	3,125,054	<b>2,401,780</b>	2,398,815
Total RWA and capital requirements	<b>37,162,907</b>	37,759,009	<b>28,068,201</b>	28,611,456

- (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 June 2020</b>		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	<b>11.269%</b>	<b>93.124%</b>
Tier I capital ratio	<b>12.400%</b>	<b>93.124%</b>
Total capital ratio	<b>15.041%</b>	<b>94.108%</b>
<u>After deducting proposed dividends</u>		
CET I capital ratio	<b>11.269%</b>	<b>93.124%</b>
Tier I capital ratio	<b>12.400%</b>	<b>93.124%</b>
Total capital ratio	<b>15.041%</b>	<b>94.108%</b>
<b>31 March 2020</b>		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	10.507%	98.737%
Tier I capital ratio	11.617%	98.737%
Total capital ratio	14.233%	99.682%
<u>After deducting proposed dividends</u>		
CET I capital ratio	10.507%	97.246%
Tier I capital ratio	11.617%	97.246%
Total capital ratio	14.233%	98.190%

## **A32 Fair Value Measurements**

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

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

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

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

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

The 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.

**A32 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 June 2020	<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	-	359,845	-	359,845
- Unquoted securities	-	-	202,160	202,160
Financial investments at fair value				
through other comprehensive income				
- Money market instruments	-	6,583,360	-	6,583,360
- Quoted securities in Malaysia	7	-	-	7
- Unquoted securities	-	4,958,534	-	4,958,534
Derivative financial assets	-	311,761	-	311,761
<u>Liabilities</u>				
Financial liabilities designated				
at fair value through profit or loss				
-	-	340,642	-	340,642
Derivative financial liabilities	-	252,383	-	252,383
<u>BANK</u>				
30 June 2020	<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	-	359,845	-	359,845
- Unquoted securities	-	-	137,768	137,768
Financial investments at fair value				
through other comprehensive income				
- Money market instruments	-	5,470,759	-	5,470,759
- Quoted securities in Malaysia	7	-	-	7
- Unquoted securities	-	2,954,443	-	2,954,443
Derivative financial assets	-	311,761	-	311,761
<u>Liabilities</u>				
Financial liabilities designated				
at fair value through profit or loss				
-	-	340,642	-	340,642
Derivative financial liabilities	-	252,383	-	252,383



**A32 Fair Value Measurements (Contd.)**

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

The following tables show the Group's 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>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 March 2020	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets at				
fair value through profit or loss				
- Money market instruments	-	437,929	-	437,929
- Unquoted securities	-	10,025	202,160	212,185
Financial investments at fair value				
through other comprehensive income				
- Money market instruments	-	6,476,810	-	6,476,810
- Quoted securities in Malaysia	5	-	-	5
- Unquoted securities	-	5,067,692	-	5,067,692
Derivative financial assets	-	436,910	-	436,910
<u>Liabilities</u>				
Financial liabilities designated				
at fair value through profit or loss				
-	-	427,085	-	427,085
Derivative financial liabilities	-	348,877	-	348,877
<u>BANK</u>				
31 March 2020	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets at				
fair value through profit or loss				
- Money market instruments	-	437,929	-	437,929
- Unquoted securities	-	10,025	137,768	147,793
Financial investments at fair value				
through other comprehensive income				
- Money market instruments	-	5,403,416	-	5,403,416
- Quoted securities in Malaysia	5	-	-	5
- Unquoted securities	-	3,023,357	-	3,023,357
Derivative financial assets	-	436,910	-	436,910
<u>Liabilities</u>				
Financial liabilities designated				
at fair value through profit or loss				
-	-	427,085	-	427,085
Derivative financial liabilities	-	348,877	-	348,877

**A32 Fair Value Measurements (Contd.)**

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

Reconciliation of movements in Level 3 financial instruments:

	<b>GROUP</b>		<b>BANK</b>	
	<b>30 June 2020 RM'000</b>	<b>31 March 2020 RM'000</b>	<b>30 June 2020 RM'000</b>	<b>31 March 2020 RM'000</b>
At beginning of financial period/year	<b>202,160</b>	187,517	<b>137,768</b>	126,733
Partial distribution on liquidating shares	-	(106)	-	(106)
Total gain recognised in:				
- Statement of income				
(i) Revaluation gain from financial assets at fair value through profit or loss	-	14,749	-	11,141
At end of financial period/year	<b>202,160</b>	202,160	<b>137,768</b>	137,768

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.

**A33 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 liabilities set off in the statement of financial position	Gross amounts of recognised financial assets	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 RM'000	Cash collateral received RM'000	RM'000
<u>GROUP</u>						
30 June 2020						
Derivative financial assets	311,761	-	311,761	(94,849)	(53,481)	163,431
Amounts due from clients and brokers	221,488	(74,907)	146,581	-	-	146,581
	<u>533,249</u>	<u>(74,907)</u>	<u>458,342</u>	<u>(94,849)</u>	<u>(53,481)</u>	<u>310,012</u>
<u>BANK</u>						
30 June 2020						
Derivative financial assets	<u>311,761</u>	<u>-</u>	<u>311,761</u>	<u>(94,849)</u>	<u>(53,481)</u>	<u>163,431</u>
<u>GROUP</u>						
31 March 2020						
Derivative financial assets	436,910	-	436,910	(105,271)	(82,765)	248,874
Amounts due from clients and brokers	84,014	(32,849)	51,165	-	-	51,165
Total	<u>520,924</u>	<u>(32,849)</u>	<u>488,075</u>	<u>(105,271)</u>	<u>(82,765)</u>	<u>300,039</u>
<u>BANK</u>						
31 March 2020						
Derivative financial assets	<u>436,910</u>	<u>-</u>	<u>436,910</u>	<u>(105,271)</u>	<u>(82,765)</u>	<u>248,874</u>

**A33 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 presented in the statement of financial 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		Net Amount RM'000
				Financial Instruments RM'000	Cash collateral pledged RM'000	
<u>GROUP</u>						
30 June 2020						
Derivative financial liabilities	252,383	-	252,383	(94,849)	(57,364)	100,170
Amounts due to clients and brokers	184,695	(74,907)	109,788	-	-	109,788
Total	<u>437,078</u>	<u>(74,907)</u>	<u>362,171</u>	<u>(94,849)</u>	<u>(57,364)</u>	<u>209,958</u>
<u>BANK</u>						
30 June 2020						
Derivative financial liabilities	<u>252,383</u>	<u>-</u>	<u>252,383</u>	<u>(94,849)</u>	<u>(57,364)</u>	<u>100,170</u>
<u>GROUP</u>						
31 March 2020						
Derivative financial liabilities	348,877	-	348,877	(105,271)	(136,766)	106,840
Amounts due to clients and brokers	55,141	(32,849)	22,292	-	-	22,292
Total	<u>404,018</u>	<u>(32,849)</u>	<u>371,169</u>	<u>(105,271)</u>	<u>(136,766)</u>	<u>129,132</u>
<u>BANK</u>						
31 March 2020						
Derivative financial liabilities	<u>348,877</u>	<u>-</u>	<u>348,877</u>	<u>(105,271)</u>	<u>(136,766)</u>	<u>106,840</u>

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.

**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>1st Quarter and Three Months Ended 30 June 2020 RM'000</b>	1st Quarter and Three Months Ended 30 June 2019 RM'000	Changes %
Net income/revenue	421,608	405,008	4.1
Operating profit before allowance	234,859	208,881	12.4
Operating profit after allowance	139,766	103,725	34.7
Profit before taxation	139,788	103,756	34.7
Profit after taxation	104,312	76,686	36.0
Profit attributable to ordinary equity holders of the Bank	104,312	76,686	36.0
	<b>1st Quarter Ended 30 June 2020 RM'000</b>	4th Quarter Ended 31 March 2020 RM'000	Changes %
Net income/revenue	421,608	434,409	(2.9)
Operating profit before allowance	234,859	228,997	2.6
Operating profit after allowance	139,766	130,384	7.2
Profit before taxation	139,788	130,401	7.2
Profit after taxation	104,312	98,057	6.4
Profit attributable to ordinary equity holders of the Bank	104,312	98,057	6.4

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

**BANK**

	<b>1st Quarter and Three Months Ended 30 June 2020 RM'000</b>	1st Quarter and Three Months Ended 30 June 2019 RM'000	Changes %
Net income/revenue	310,486	330,412	(6.0)
Operating profit before allowance	168,636	177,142	(4.8)
Operating profit after allowance	107,531	110,485	(2.7)
Profit before taxation	107,531	110,485	(2.7)
Profit after taxation	80,182	88,659	(9.6)
Profit attributable to ordinary equity holders of the Bank	80,182	88,659	(9.6)

	<b>1st Quarter Ended 30 June 2020 RM'000</b>	4th Quarter Ended 31 March 2020 RM'000	Changes %
Net income/revenue	310,486	327,316	(5.1)
Operating profit before allowance	168,636	171,447	(1.6)
Operating profit after allowance	107,531	111,855	(3.9)
Profit before taxation	107,531	111,855	(3.9)
Profit after taxation	80,182	84,112	(4.7)
Profit attributable to ordinary equity holders of the Bank	80,182	84,112	(4.7)

**B2 Review Of Performance**

**Review of Performance for the First Quarter Ended 30 June 2020**

Profitability

The Group recorded a net profit after taxation of RM104.3 million for the first financial quarter ending 30 June 2020, an increase of RM27.6 million or 36.0% year-on-year (“YOY”) due to higher other operating income, lower operating expense and lower credit losses.

Net income improved by RM16.6 million, or 4.1% YOY. Net interest margin (“NIM”) came in at 2.21%, mainly impacted by OPR cut (-18 bps).

Steady Loans Growth

The Group continued to focus on loan origination from Small Medium Enterprise (“SME”) and consumer banking, while undertaking a series of credit underwriting policy tightening to strengthen the booking quality in the face of COVID-19 pandemic related risks. Gross loans and advances grew 1.7% YOY to RM43.4 billion. SME loans expanded by 10.1% YOY, mainly from the loans disbursed under Credit Guarantee Corporation (CGC) Programme and Bank Negara Malaysia Special Relief Funds (SRF). Consumer banking grew 2.3% YOY, mainly from Alliance ONE Account and personal financing.

Other Operating Income continues to improve

The Group recorded other operating income of RM94.5 million, up by 25.5% YOY despite the challenging external environment. The growth was mainly contributed by higher treasury and investment income which was in line with the increase of bond prices, as well as brokerage income and the general insurance underwriting fee income.

Managing Operating Expenses

Operating expenses improved by 4.8% or RM9.4 million from all lines of expenses, as a result from our cost savings initiatives. Cost to income ratio (“CIR”) improved to 44.3%. The Group will continue to focus on our cost savings efforts as we navigate through COVID-19 pandemic.

Asset Quality

In anticipation of the economic impact from COVID-19, the Group has made further credit impairment provisions focused on the more severely affected industries. As a result, the Group’s 1QFY21 has recorded a net credit cost of 21.8bps. We have enhanced our credit risk framework in each line of business by stratifying customers according to effective risk levels, and have prioritized customer calls or visits. We have used our diagnostic tools to determine whether borrowers’ risk level is high, medium or low risk, and based on the results we have launched a relief assistance program to help borrowers while managing the Group’s credit risk.

The Group will continue to intensify proactive credit management including refinement of credit policies, tightening of credit underwriting and increased collection efforts to control credit cost. Loan loss coverage (including Regulatory Reserve) was stable at 102.6%.

Healthy Funding and Liquidity Position

The Group’s customer based funding grew 6.1% YOY to RM49.5 billion, mostly from consumer deposits. The Group was able to maintain a high Current Account/Savings Account (“CASA”) ratio of 37.6%, driven by Alliance SavePlus and Alliance@Work. Going forward, we will continue to grow CASA by campaigning Alliance SavePlus and garner CASA balances from businesses and their employees under the Alliance@Work channel. Fixed deposits grew by RM0.9 billion or 3.3%.

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

**Review of Performance for the First Quarter Ended 30 June 2020 (Contd.)**

Healthy Funding and Liquidity Position (Contd.)

The Group's liquidity coverage and loans to funds ratios are at 212.2% and 80.9% respectively. The Group will continue to maintain ample liquidity ratios, and ensure a sufficient liquidity buffer to mitigate the risk of any payment shock resulting from the automatic moratorium.

Prioritizing Capital Conservation

The Group will continue to prioritize capital conservation in order to support future business expansion, given the uncertainties caused by COVID-19. We continue to maintain strong capital levels, with Common Equity Tier-1 ("CET 1") ratio at 14.5%, Tier-1 Capital ratio at 15.4% and total capital ratio at 19.8%.

**Performance by business segment:**

The Group's business segments comprise Consumer Banking, Business Banking, Financial Markets and Investment Banking. Please refer to Note A30 on Segment Information for the composition of each business segment.

Consumer Banking segment's profit before tax increased by 1.7% or RM0.2 million. Net income was higher by RM6.4 million or 4.3% YOY. Net interest income increased by RM4.2 million, mainly contributed by loans growth of 2.3%. Operating expenses improved by RM4.8 million or 5.1% YOY. Allowance for credit losses was higher by RM11.0 million or 25.5%. The segment's assets grew by RM2.4 billion or 10.9%.

The Business Banking segment, comprising corporate, commercial and SME banking, recorded a profit before tax of RM55.2 million, which was 40.7% higher than the last corresponding period. Net income was lower by RM8.2 million or 4.6% YOY mainly due to lower other operating income affected by the COVID-19 Movement Control Order implementation. Operating expenses improved by RM3.4 million or 4.4% YOY. Allowance for credit losses was lower by RM20.8 million YOY, given the allowance for one large account during the last corresponding period. Segment assets registered a growth of RM7.3 billion or 35.6%.

Profit before tax in the Financial Markets segment increased by 32.6% or RM18.3 million YOY to RM74.5 million. Net income was higher by RM16.0 million or 23.1% YOY. Operating expenses decreased RM2.0 million or 14.7% YOY. Segment assets were recorded at RM10.2 billion.

The Investment Banking segment recorded a profit before tax of RM1.9 million due to higher brokerage income and lower operating expenses.



**B3 Comparison with Immediate Preceding Quarter**

As compared to the immediate preceding quarter, the Group's profit after taxation of RM104.3 million for the quarter was 6.4% or RM6.3 million higher mainly due to lower operating expense and credit losses.

*Key Quarter-on-Quarter Performance Highlights*

- Net income was lower by RM12.8 million or 2.9% mainly due lower net interest income.
- NIM decreased by 16 bps to 2.21% mainly due to impact of OPR cuts (-18 bps).
- Other operating income remained stable at RM94.5 million.
- Operating expenses were lower by RM18.7 million or 9.1% mainly from marketing cost.
- Net credit cost is recorded at 21.6 bps

**B4 Prospect for the Current Financial Period**

As we move forward into 2020, the effects of the COVID-19 pandemic and the decline of oil & commodity prices are likely to lead to slower overall loan growth and increased credit stress for the Group. In addition, lowered OPR will impact our net interest margin. As such, we have implemented strategies to help mitigate the impact on the Group and our stakeholders throughout this crisis.

- For our customers, we are committed to helping them manage the headwinds through the 6-month automatic loan moratorium announced by the Government. We have also designed restructuring and rescheduling options for all customers including but not limited to facilitating applications to the Special Relief Fund, Credit Guarantee Corporation and Danajamin.
- For the Group, we will be paying close attention to managing our credit and liquidity risks. We will also be working out the details of post-moratorium repayment arrangements with our customers. Addressing the needs of our customers at this juncture will help us strengthen our relationships for the long term success of both the Group and our clients.
- The COVID-19 pandemic and its economic consequences result in a broad range of possible macro-economic outcomes, and in an unusual level of uncertainty for loan repayments cash flows. This may lead to additional potential credit impairment provisions.
- To support our communities, we contributed more than RM650,000 to COVID-19 pandemic-related funds. We have also raised RM300,000 via SocioBiz to help medical front liners and supporting the sustainability of 11 social enterprises.
- For our employees, we have activated operation in separate locations for critical departments and enforced work-from-home arrangements for more than 65% of our staff to ensure their safety while essential services continue with minimal interruption. We have enhanced hygiene measures within the working environment and encouraged virtual meetings. In addition to this, we provided expanded medical benefits to include medical claims for treatment of confirmed COVID-19. We had one COVID-19 case during this period and the affected employee has fully recovered.

The Group continues to maintain ample liquidity coverage and loan to funds ratios for all entities under the Group, and we are ensuring cash levels at our branches and self-service terminals remain ample at all times. We will also remain vigilant in managing our credit portfolios and conservative in our provisioning practices.

**B5 Profit Forecast**

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

**B6 Taxation**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>GROUP</u></b>				
- Income tax	<b>38,334</b>	16,189	<b>38,334</b>	16,189
- Deferred tax	<b>(2,858)</b>	11,330	<b>(2,858)</b>	11,330
- Over provision for taxation in prior financial period	-	(449)	-	(449)
	<b><u>35,476</u></b>	<u>27,070</u>	<b><u>35,476</u></b>	<u>27,070</u>
<b><u>BANK</u></b>				
- Income tax	<b>26,234</b>	7,006	<b>26,234</b>	7,006
- Deferred tax	<b>1,115</b>	14,820	<b>1,115</b>	14,820
	<b><u>27,349</u></b>	<u>21,826</u>	<b><u>27,349</u></b>	<u>21,826</u>

The Group's effective tax rate for the first financial quarter and three months ended 30 June 2020 was higher than the current statutory tax rate of 24% due to certain expenses being disallowed for tax purpose.

**B7 Profit/(Loss) on Sale of Unquoted Investments or Properties**

There was no material profit/(loss) on sale of unquoted investments or properties for the first financial quarter and three months ended 30 June 2020 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 first financial quarter and three months ended 30 June 2020 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 was 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>	
	<b>30 June 2020 RM'000</b>	31 March 2020 RM'000	<b>30 June 2020 RM'000</b>	31 March 2020 RM'000
<b>(a) Deposits from customers</b>				
Fixed deposits, negotiable instruments of deposits and money market deposits:				
- One year or less (short term)	<b>29,958,171</b>	29,562,412	<b>22,437,994</b>	22,134,580
- More than one year (medium/long term)	<b>633,125</b>	732,304	<b>156,943</b>	172,548
	<b>30,591,296</b>	30,294,716	<b>22,594,937</b>	22,307,128
Others	<b>18,471,460</b>	18,131,136	<b>14,561,054</b>	14,395,861
	<b>49,062,756</b>	48,425,852	<b>37,155,991</b>	36,702,989
<b>(b) Deposits and placements of banks and other financial institutions</b>				
- One year or less (short term)	<b>700,973</b>	1,235,071	<b>61,884</b>	576,985
- More than one year (medium/long term)	<b>887,991</b>	308,575	<b>754,937</b>	156,579
	<b>1,588,964</b>	1,543,646	<b>816,821</b>	733,564
<b>(c) Subordinated obligations</b>				
Tier II Subordinated Medium Term Notes (unsecured)				
- More than one year (medium/long term)	<b>1,209,678</b>	1,226,681	<b>1,209,606</b>	1,226,571
Additional Tier 1 Capital Securities (unsecured)				
- More than one year (medium/long term)	<b>344,465</b>	293,956	<b>252,862</b>	253,683
	<b>1,554,143</b>	1,520,637	<b>1,462,468</b>	1,480,254

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

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

GROUP/BANK	As at 30 June 2020			As at 31 March 2020		
	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	2,292,500	32,391	(16,346)	2,428,377	65,254	(14,980)
- over one year to three years	369,115	8,557	(830)	332,529	11,435	(884)
- over three years	388,501	5,184	(150)	186,439	3,106	(304)
Currency swaps						
- one year or less	6,019,767	50,015	(29,075)	9,848,691	129,672	(111,432)
- over one year to three years	311,450	-	(6,014)	271,577	-	(7,705)
- over three years	351,042	1,313	(295)	129,323	-	(2,282)
Currency spots						
- one year or less	197,204	212	(104)	40,337	146	(102)
Currency options						
- one year or less	211,018	322	(53)	153,262	302	(131)
- over one year to three years	-	-	-	17,243	-	(261)
	<b>10,140,597</b>	<b>97,994</b>	<b>(52,867)</b>	<b>13,407,778</b>	<b>209,915</b>	<b>(138,081)</b>
Interest rate derivatives						
Interest rate swap	9,438,593	115,813	(76,825)	9,123,080	102,793	(62,213)
- one year or less	3,554,827	10,548	(6,538)	3,505,421	7,073	(5,117)
- over one year to three years	3,750,104	65,232	(39,302)	3,386,675	45,023	(28,965)
- over three years	2,133,662	40,033	(30,985)	2,230,984	50,697	(28,131)
Equity related derivatives						
- one year or less	572,200	82,328	(101,676)	533,770	91,660	(114,219)
- over one year to three years	256,911	13,473	(21,015)	273,868	32,542	(32,542)
- over three years	145,200	2,153	-	145,300	-	(1,822)
Total derivatives assets/(liabilities)	<b>20,553,501</b>	<b>311,761</b>	<b>(252,383)</b>	<b>23,483,796</b>	<b>436,910</b>	<b>(348,877)</b>

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 June 2020, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM311,761,000 (31 March 2020: RM436,910,000). 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 June 2020, the Group and the Bank had posted cash collateral of RM57,364,000 (31 March 2020: RM137,766,000) 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 2020.

**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 first financial quarter and three months ended 30 June 2020.

**B13 Dividend Declared**

No dividend has been declared during the first financial quarter and three months ended 30 June 2020.

**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>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2020</b>	2019	<b>2020</b>	2019
<b><u>GROUP</u></b>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	<b>104,312</b>	76,686	<b>104,312</b>	76,686
Weighted average numbers of ordinary shares in issue ('000)	<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,548,106
Basic earnings per share (sen)	<b>6.7</b>	5.0	<b>6.7</b>	5.0
	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2020</b>	2019	<b>2020</b>	2019
<b><u>BANK</u></b>				
Net profit for the financial period attributable to Equity holders of the Bank (RM'000)	<b>80,182</b>	88,659	<b>80,182</b>	88,659
Weighted average numbers of ordinary shares in issue ('000)	<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,548,106
Basic earnings per share (sen)	<b>5.2</b>	5.7	<b>5.2</b>	5.7

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**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 June 2020 and 30 June 2019 respectively. As a result, the dilutive earnings per share equal to basic earnings per share for financial period ended 30 June 2020 and 30 June 2019.

**By Order of the Board**

**LEE WEI YEN (MAICSA 7001798)**

Group Company Secretary

Kuala Lumpur

27 August 2020