

# ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

## CONDENSED INTERIM FINANCIAL STATEMENTS UNAUDITED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	Group		Company	
		31 December 2016 RM'000	31 March 2016 RM'000	31 December 2016 RM'000	31 March 2016 RM'000
<b>ASSETS</b>					
Cash and short-term funds		953,318	4,943,700	65,435	56,837
Deposits and placements with banks and other financial institutions		-	195,865	-	-
Balances due from clients and brokers	A13	71,326	104,659	-	-
Financial assets held-for-trading	A14	159,102	132,229	-	-
Financial investments available-for-sale	A15	10,642,654	8,565,696	-	-
Financial investments held-to-maturity	A16	928,417	1,129,307	-	-
Derivative financial assets	B10	150,300	133,651	-	-
Loans, advances and financing	A17	38,925,399	38,410,724	-	-
Other assets	A18	121,540	102,690	887	905
Tax recoverable		12,268	36,492	-	-
Statutory deposits		1,418,759	1,410,928	-	-
Investment in subsidiaries		-	-	1,780,224	1,781,579
Investment in joint venture		768	731	145	165
Property, plant and equipment		75,867	86,750	152	323
Deferred tax assets		9,754	10,639	341	435
Intangible assets		369,868	362,982	-	-
<b>TOTAL ASSETS</b>		<b>53,839,340</b>	<b>55,627,043</b>	<b>1,847,184</b>	<b>1,840,244</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	B9(a), A19	45,356,865	46,024,939	-	-
Deposits and placements of banks and other financial institutions	B9(b), A20	995,814	1,157,250	-	-
Balances due to clients and brokers	A21	41,469	77,246	-	-
Derivative financial liabilities	B10	84,200	279,541	-	-
Amount due to Cagamas Berhad		502,738	502,725	-	-
Other liabilities	A22	628,453	882,054	2,517	2,623
Provision for taxation		7,710	322	315	271
Provision for zakat		96	123	-	-
Deferred tax liabilities		15,707	15,617	-	-
Other borrowings	B9(c)	5,012	5,071	-	-
Subordinated obligations	B9(d)	1,209,060	1,840,147	-	-
<b>TOTAL LIABILITIES</b>		<b>48,847,124</b>	<b>50,785,035</b>	<b>2,832</b>	<b>2,894</b>
Share capital		1,548,106	1,548,106	1,548,106	1,548,106
Reserves		3,518,563	3,373,799	370,699	369,141
Shares held for Employees' Share Scheme		(74,453)	(79,897)	(74,453)	(79,897)
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE ENTITY</b>		<b>4,992,216</b>	<b>4,842,008</b>	<b>1,844,352</b>	<b>1,837,350</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>53,839,340</b>	<b>55,627,043</b>	<b>1,847,184</b>	<b>1,840,244</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A30	<b>24,123,532</b>	<b>21,832,427</b>	<b>-</b>	<b>-</b>
<b>Net assets per share attributable to owners of the entity (RM)*</b>		<b>3.22</b>	<b>3.13</b>	<b>1.19</b>	<b>1.19</b>

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

(The Condensed Statements of Financial Position should be read in conjunction with the audited Annual Financial Statements for the financial year ended 31 March 2016)

# ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

## CONDENSED INTERIM FINANCIAL STATEMENTS UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2016

Group	Note	3rd Quarter Ended		Nine Months Ended	
		31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Interest income	A23	471,002	492,525	1,409,487	1,427,604
Interest expense	A24	(252,553)	(276,713)	(774,692)	(790,903)
Net interest income		218,449	215,812	634,795	636,701
Net income from Islamic banking business	A25	74,768	63,219	220,557	182,823
		<b>293,217</b>	<b>279,031</b>	<b>855,352</b>	<b>819,524</b>
Fee and commission income		73,761	75,137	221,576	215,890
Fee and commission expense		(23,640)	(28,024)	(71,186)	(82,600)
Investment income		5,336	1,105	16,356	20,093
Other income		29,968	33,928	80,075	98,524
Other operating income	A26	85,425	82,146	246,821	251,907
Net income		378,642	361,177	1,102,173	1,071,431
Other operating expenses	A27	(174,326)	(174,959)	(510,742)	(508,338)
Operating profit before allowance		204,316	186,218	591,431	563,093
Allowance for losses on loans, advances and financing and other receivables	A28	(32,448)	(6,418)	(67,392)	(42,794)
Write-back/(allowance) for of impairment		-	1,751	(1,208)	2,427
Operating profit after allowance		171,868	181,551	522,831	522,726
Share of profit of equity-accounted joint venture, net of tax		19	19	57	139
Profit before taxation		171,887	181,570	522,888	522,865
Taxation	B5	(42,205)	(45,972)	(128,153)	(130,675)
Net profit for the financial period		129,682	135,598	394,735	392,190
Other comprehensive (expense)/ income:					
Items that may be reclassified subsequently to profit or loss:					
Revaluation reserve on financial investments available-for-sale					
- Net (loss)/gain from change in fair value		(95,828)	58,431	(20,107)	(1,692)
- Realised gain transferred to statement of income on disposal and impairment		(2,272)	(1,301)	(5,684)	(2,337)
- Transfer from/(to) deferred tax		23,544	(13,711)	6,190	967
Other comprehensive (expense)/income, net of tax		(74,556)	43,419	(19,601)	(3,062)
Total comprehensive income for the financial period		55,126	179,017	375,134	389,128
Net profit for the financial period attributable to: owners of the entity		129,682	135,598	394,735	392,190
Total comprehensive income attributable to: owners of the entity		55,126	179,017	375,134	389,128
Earnings per share attributable to owners of the entity:					
- Basic (sen)	B14(a)	8.5	8.9	25.9	25.7
- Diluted (sen)	B14(b)	8.5	8.9	25.8	25.7

*(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited Annual Financial Statements for the financial year ended 31 March 2016)*

# ALLIANCE FINANCIAL GROUP BERHAD

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## CONDENSED INTERIM FINANCIAL STATEMENTS UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2016

Company	Note	3rd Quarter Ended		Nine Months Ended	
		31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
Interest income	A23	566	542	1,625	1,640
Other operating income	A26	132,253	125,693	234,385	194,409
		<b>132,819</b>	126,235	<b>236,010</b>	196,049
Other operating expenses	A27	(1,709)	(761)	(3,153)	(2,317)
Profit before taxation		<b>131,110</b>	125,474	<b>232,857</b>	193,732
Taxation	B5	(163)	(367)	(929)	(873)
Net profit for the financial period		<b>130,947</b>	125,107	<b>231,928</b>	192,859

*(The Condensed Statement of Comprehensive Income should be read in conjunction with the audited Annual Financial Statements for the financial year ended 31 March 2016)*

# ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

## CONDENSED INTERIM FINANCIAL STATEMENTS UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2016

Group	← Attributable to Owners of the Parent →									
	Share Capital RM'000	Share Premium RM'000	Statutory Reserves RM'000	Capital Reserves RM'000	Revaluation Reserves RM'000	Regulatory Reserves RM'000	Employees' Share Scheme ("ESS") Reserves RM'000	Shares held for ESS RM'000	Retained Profits RM'000	Total Equity RM'000
<b>31 December 2016</b>										
At 1 April 2016	1,548,106	304,289	957,981	7,013	114,786	157,174	11,516	(79,897)	1,821,040	4,842,008
Net profit for the financial period	-	-	-	-	-	-	-	-	394,735	394,735
Other comprehensive expenses	-	-	-	-	(19,601)	-	-	-	-	(19,601)
Total comprehensive (expense)/income for the financial period	-	-	-	-	(19,601)	-	-	-	394,735	375,134
Transfer to reserves	-	-	11,789	-	-	(553)	-	-	(11,236)	-
Share-based payment under ESS	-	-	-	-	-	-	2,246	-	-	2,246
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(228,926)	(228,926)
ESS shares grant vested to:										
- employees of subsidiaries	-	-	-	-	-	-	(3,354)	3,354	-	-
- employees of joint venture	-	-	-	-	-	-	(92)	92	-	-
- own employees	-	-	-	-	-	-	(128)	128	-	-
ESS shares option exercised by:										
- employees of subsidiaries	-	-	-	-	-	-	(116)	116	-	-
Proceeds from share option exercised	-	-	-	-	-	-	-	1,754	-	1,754
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	-	(1,162)	-	1,162	-
<b>At 31 December 2016</b>	<b>1,548,106</b>	<b>304,289</b>	<b>969,770</b>	<b>7,013</b>	<b>95,185</b>	<b>156,621</b>	<b>8,910</b>	<b>(74,453)</b>	<b>1,976,775</b>	<b>4,992,216</b>
<b>31 December 2015</b>										
At 1 April 2015	1,548,106	304,289	827,627	7,013	78,232	-	11,944	(86,721)	1,804,615	4,495,105
Net profit for the financial period	-	-	-	-	-	-	-	-	391,190	391,190
Other comprehensive expense	-	-	-	-	(3,062)	-	-	-	-	(3,062)
Total comprehensive (expense)/income for the financial period	-	-	-	-	(3,062)	-	-	-	392,190	389,128
Transfer to reserves	-	-	64,318	-	-	135,619	-	-	(199,937)	-
Share-based payment under ESS	-	-	-	-	-	-	5,573	-	-	5,573
Transfer to retained profits on share lapsed:										
- employees of subsidiaries	-	-	-	-	-	-	(12)	-	12	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(219,497)	(219,497)
ESS shares grant vested to:										
- employees of subsidiaries	-	-	-	-	-	-	(4,546)	4,546	-	-
- employees of joint venture	-	-	-	-	-	-	(87)	87	-	-
- own employees	-	-	-	-	-	-	(152)	152	-	-
ESS shares option exercised by:										
- employees of subsidiaries	-	-	-	-	-	-	(90)	90	-	-
Proceeds from share option exercised	-	-	-	-	-	-	-	1,075	-	1,075
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	-	(1,222)	-	1,222	-
<b>At 31 December 2015</b>	<b>1,548,106</b>	<b>304,289</b>	<b>891,945</b>	<b>7,013</b>	<b>75,170</b>	<b>135,619</b>	<b>11,408</b>	<b>(80,771)</b>	<b>1,778,605</b>	<b>4,671,384</b>

(The Condensed Consolidated Statements of Changes In Equity should be read in conjunction with the audited Annual Financial Statements for the financial year ended 31 March 2016)

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## CONDENSED INTERIM FINANCIAL STATEMENTS UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2016

Company	← Non-Distributable →			<Distributable>		
	Share Capital RM'000	Share Premium RM'000	Employees' Share Scheme ("ESS") Reserves RM'000	Shares held for ESS RM'000	Retained Profits RM'000	Total Equity RM'000
<b>31 December 2016</b>						
At 1 April 2016	1,548,106	304,289	11,516	(79,897)	53,336	1,837,350
Net profit for the financial period	-	-	-	-	231,928	231,928
Purchase of shares pursuant to ESS	-	-	-	-	-	-
Share-based payment under ESS	-	-	2,246	-	-	2,246
Dividends paid to shareholders	-	-	-	-	(228,926)	(228,926)
ESS shares grant vested to:						
- employees of subsidiaries	-	-	(3,354)	3,354	-	-
- employees of joint venture	-	-	(92)	92	-	-
- own employees	-	-	(128)	128	-	-
ESS shares option exercised by:						
- employees of subsidiaries	-	-	(116)	116	-	-
Proceeds from share option exercised	-	-	-	1,754	-	1,754
Transfer of ESS shares purchase price difference on shares vested	-	-	(1,162)	-	1,162	-
<b>At 31 December 2016</b>	<b>1,548,106</b>	<b>304,289</b>	<b>8,910</b>	<b>(74,453)</b>	<b>57,500</b>	<b>1,844,352</b>
<b>31 December 2015</b>						
At 1 April 2015	1,548,106	304,289	11,944	(86,721)	78,150	1,855,768
Net profit for the financial period	-	-	-	-	192,859	192,859
Share-based payment under ESS	-	-	5,573	-	-	5,573
Transfer to retained profits on share lapsed:						
- employees of subsidiaries	-	-	(12)	-	-	(12)
Dividends paid to shareholders	-	-	-	-	(219,497)	(219,497)
ESS shares grant vested to:						
- employees of subsidiaries	-	-	(4,546)	4,546	-	-
- employees of joint venture	-	-	(87)	87	-	-
- own employees	-	-	(152)	152	-	-
ESS shares option exercised by:						
- employees of subsidiaries	-	-	(90)	90	-	-
Proceeds from share option exercised	-	-	-	1,075	-	1,075
Transfer of ESS shares purchase price difference on shares vested	-	-	(1,222)	-	1,222	-
At 31 December 2015	1,548,106	304,289	11,408	(80,771)	52,734	1,835,766

(The Condensed Statement of Changes In Equity should be read in conjunction with the audited Annual Financial Statements for the financial year ended 31 March 2016)

# ALLIANCE FINANCIAL GROUP BERHAD

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## CONDENSED INTERIM FINANCIAL STATEMENTS UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2016

Group	31 December 2016 RM'000	31 December 2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	522,888	522,865
Adjustments for:		
Accretion of discount less amortisation of premium of financial investments	(55,877)	(50,100)
Allowance for losses on loans, advances and financing	75,171	56,104
Allowance for other receivables	2,222	2,976
Amortisation of computer software	16,699	16,066
Computer software written off	120	28
Depreciation of property, plant and equipment	16,109	17,235
Deferral cash awards under long term incentive	3,527	-
Dividends from financial investments available-for-sale	(3,165)	(3,145)
Interest expense on subordinated obligations	52,348	32,224
Interest expense on other borrowings	179	31
Interest expense on loan sold to Cagamas	16,350	-
Interest expense on securities sold under repurchase agreements	-	26
Interest income from financial investments held-to-maturity	(20,108)	(20,197)
Interest income from financial investments available-for-sale	(177,649)	(234,421)
Interest income from financial assets held-for-trading	(4,904)	(3,216)
Allowance for impairment	1,208	-
Loss on disposal of property, plant and equipment	346	11
Net (gain)/loss from sale of financial assets held-for-trading	(2,556)	1,260
Net gain from sale of financial investments available-for-sale	(5,239)	(2,337)
Net write-back of financial investments held-to-maturity	-	(1,676)
Net write-back of financial investments available-for-sale	-	(750)
Property, plant and equipment written off	181	360
Share options/grants under ESS	2,173	5,457
Share of profit of equity-accounted, net of tax joint venture	(57)	(139)
Unrealised loss/(gain) on revaluation of financial assets held-for-trading	3,684	(473)
Unrealised (gain)/loss on revaluation of derivative financial instruments	(210,814)	11,615
Unrealised loss/(gain) arising from financial liabilities designated at fair value	3,301	(19,155)
Zakat	1	2
Operating profit before working capital changes	236,138	330,651
Changes in working capital:		
Amount due to Cagamas Berhad	13	(778)
Balances due (from)/to clients and brokers	(2,444)	12,485
Bills and acceptances payable	-	(801,578)
Deposits and placements of banks and other financial institutions	(161,436)	1,566,901
Deposits and placements with banks and other financial institutions	195,865	298,167
Deposits from customers	(672,551)	(1,043,262)
Financial assets held-for-trading	(27,557)	(176,193)
Loans, advances and financing	(589,846)	(1,787,218)
Other receivables	(21,062)	(48,837)
Other liabilities	(257,088)	(25,386)
Obligation on securities sold under repurchase agreements	-	97,105
Statutory deposits	(7,831)	612
Cash used in operations	(1,307,799)	(1,577,331)
Taxes paid	(89,380)	(143,209)
Zakat paid	(26)	(61)
Net cash used in operating activities	(1,397,205)	(1,720,601)

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## CONDENSED FINANCIAL STATEMENTS UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2016 (contd.)

Group	31 December 2016 RM'000	31 December 2015 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received from financial investments available-for-sale	3,165	3,145
ESS recharge amount received from joint venture for share grants	92	-
Interest received from financial investments held-to-maturity	20,078	20,197
Interest received from financial investments available-for-sale	167,610	234,421
Interest received from financial assets held-for-trading	4,904	3,216
Purchase of computer software	(24,913)	(21,466)
Purchase of property, plant and equipment	(6,034)	(10,598)
Proceeds from disposal of property, plant and equipment	270	104
Proceeds from disposal of financial investments held-to-maturity (net of purchase)	258,245	244,111
Proceeds from redemption/disposal of financial investments available-for-sale (net of purchase)	<u>(2,089,361)</u>	<u>(1,199,843)</u>
Net cash used in investing activities	<u>(1,665,944)</u>	<u>(726,713)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid to shareholders of the company	(228,926)	(219,497)
Interest paid on other borrowings	(238)	-
Interest paid on loan sold to Cagamas	(16,350)	-
Interest paid on subordinated obligations	(83,434)	(29,982)
Payment for deferral cash awards	(39)	-
Proceeds from other borrowings	-	9,981
Proceeds from issue of subordinated bonds	-	1,200,000
Proceeds from ESS exercised by employees/joint venture	1,754	1,162
Redemption on subordinated notes	(600,000)	-
Net cash (used in)/generated from financing activities	<u>(927,233)</u>	<u>961,664</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(3,990,382)</b>	<b>(1,480,385)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>4,943,700</b>	<b>2,696,183</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b><u>953,318</u></b>	<b><u>1,215,798</u></b>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and short-term funds	<u>953,318</u>	<u>1,215,798</u>

*(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited Annual Financial Statements for the financial year ended 31 March 2016)*

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## CONDENSED INTERIM FINANCIAL STATEMENTS UNAUDITED STATEMENT OF CASH FLOWS FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2016

Company	31 December 2016 RM'000	31 December 2015 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	232,857	193,732
Adjustments for:		
Depreciation of property, plant and equipment	174	36
Deferral cash awards under long term incentive	71	-
Gross dividend income from a subsidiary	(232,503)	(192,439)
Interest income from money at call and deposit placements with financial institutions	(1,625)	(1,640)
Share options/grants under ESS	99	164
Operating profit/(loss) before working capital changes	(927)	(147)
Changes in working capital:		
Payables	(545)	(23)
Receivables	37	(1,937)
Cash used in operations	(1,435)	(2,107)
Taxes paid	(791)	(866)
Net cash used in operating activities	(2,226)	(2,973)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Amount due from joint venture	(2)	(8)
Amount due from subsidiaries	(17)	154
ESS recharge amount received from joint venture for share grants	92	87
ESS recharge amount received from subsidiaries for share options	116	90
ESS recharge amount received from subsidiaries for share grants	3,354	4,546
Purchase of property, plant and equipment	(3)	(3)
Dividends received	232,503	192,439
Interest received from deposits and placements with banks and other financial institutions	1,625	1,640
Net cash generated from investing activities	237,668	198,945
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Amount due to subsidiaries	328	458
Dividends paid	(228,926)	(219,497)
Proceeds from share option exercised	1,754	1,075
Net cash used in financing activities	(226,844)	(217,964)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	8,598	(21,992)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	56,837	75,357
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	65,435	53,365
<b>Cash and cash equivalents comprise the following:</b>		
Cash and short-term funds	65,435	53,365

*(The Condensed Statement of Cash Flows should be read in conjunction with the audited Annual Financial Statements for the financial year ended 31 March 2016)*



**[A] Explanatory Notes Pursuant To Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting**

**A1. Basis Of Preparation**

The unaudited condensed interim financial statements for the third financial quarter and nine months ended 31 December 2016 have been prepared under the historical cost convention, as modified by the available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB"), IAS 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") and Appendix 9B of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements.

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group and the Company for the financial year ended 31 March 2016. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and the Company since the financial year ended 31 March 2016.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2016, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2016:

- Amendments to MFRS 11 "Joint Arrangements"
- Amendments to MFRS 116 "Property, Plant and Equipment" and MFRS 138 "Intangible Assets"
- Amendments to MFRS 127 "Equity Method in Separate Financial Statements"
- Amendments to MFRS 10, 12 & 128 "Investment entities - Applying the Consolidation Exception"
- Amendments to MFRS 101 "Presentation of financial statements - Disclosure Initiative"
- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2012 - 2014 Cycle"
  - MFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"
  - MFRS 7 "Financial Instruments: Disclosures"
  - MFRS 119 "Employee Benefits"
  - MFRS 134 "Interim Financial Reporting"

The adoption of the above amendments to MFRSs and annual improvements to MFRSs do not have any material impact on financial statements of the Group and the Company.

**A1. Basis Of Preparation (contd.)**

The following MFRS have been issued by the MASB and are effective for annual period commencing on or after 1 April 2017, and have yet to be adopted by the Group and the Company:

- Amendments to MFRS 107 "Statement of Cash Flows - Disclosure Initiative" (effective from 1 January 2017)
- Amendments to MFRS 112 "Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses" (effective from 1 January 2017)
- MFRS 15 "Revenue from Contracts with Customers" (effective from 1 January 2018)
- MFRS 9 "Financial Instruments" (effective from 1 January 2018)
- MFRS 16 "Leases" will supersede MFRS 117 "Leases" and the related interpretations (effective from 1 January 2019)

The preparation of unaudited condensed interim financial statements in conformity with MFRS 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 Company's accounting policies. Although these estimates and judgements are based on the Directors' best knowledge of current events and actions, actual results may differ.

**A2. Declaration Of Audit Confirmation**

The auditors' report on the audited annual financial statements for the financial year ended 31 March 2016 was not subject to any qualification.

**A3. Seasonal And Cyclical Factors**

The operations of the Group and the Company were not materially affected by any seasonal or cyclical fluctuations during the third financial quarter and nine months ended 31 December 2016.

**A4. Nature And Amount Of Items Affecting Assets, Liabilities, Equity, Net Income Or Cash Flows That Are Unusual Because Of Their Nature, Size Or Incidence**

The assets, liabilities, equity, net income and cash flows of the Group and the Company in the third financial quarter ended 31 December 2016 were not substantially affected by any item of a material and unusual nature.

**A5. Changes In Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the third financial quarter and nine months ended 31 December 2016.

**A6. Changes In Debt And Equity Securities**

There were no issuance or repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for third financial quarter ended 31 December 2016, other than disclosed on Note B9(d).

**A7. Dividends Paid**

A second single tier interim dividend of 6.5 sen per share, in respect of the financial year ended 31 March 2016, on 1,548,105,929 ordinary shares amounting to RM100,627,000 was paid on 30 June 2016.

A first single tier interim dividend of 8.5 sen per share, in respect of the financial year ending 31 March 2017, on 1,548,105,929 ordinary shares amounting to RM131,589,000 was paid on 30 December 2016.

*Dividends paid on the shares held in Trust pursuant to the Company's ESS which are classified as shares held for ESS are not accounted for in the total equity. An amount of RM1,472,000 and RM1,818,000 being dividends paid for those shares were added back to the appropriation of retained profits in respect of the second single tier interim dividend for financial year ended 31 March 2016 and the first single tier interim dividend for financial year ending 31 March 2017 respectively.*

**A8. Segment Information**

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

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

The Group is organised into the following key operating segments:

**(i) Consumer Banking**

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

**(ii) Business Banking**

Business Banking segment covers Small and Medium Enterprise ("SME"), Corporate and Commercial Banking. SME Banking customers comprise self-employed, small and medium scale enterprises. Corporate and Commercial Banking serves public-listed and large corporate business customer 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) Investment Banking**

Investment Banking 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 unit trust, asset management, alternative distribution channels, trustee services and holding company operations.

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2016**

**A8. Segment Information (contd.)**

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

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2016**

**A8. Segment Information (contd.)**

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

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2016**

A8. **Segment Information** (contd.)

<b>Group</b> <b>3rd Financial Quarter Ended</b> <b>31 December 2015</b>	<b>Consumer</b> <b>Banking</b> <b>RM'000</b>	<b>Business</b> <b>Banking</b> <b>RM'000</b>	<b>Financial</b> <b>Markets</b> <b>RM'000</b>	<b>Investment</b> <b>Banking</b> <b>RM'000</b>	<b>Others</b> <b>RM'000</b>	<b>Total</b> <b>Operations</b> <b>RM'000</b>	<b>Inter-</b> <b>segment</b> <b>Elimination</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
Net interest income/(expense)								
- external income	123,861	87,060	9,291	1,069	975	222,256	(6,444)	215,812
- inter-segment	(39,263)	13,087	27,022	(846)	-	-	-	-
	84,598	100,147	36,313	223	975	222,256	(6,444)	215,812
Net income from Islamic banking business	22,661	19,964	13,666	-	-	56,291	6,928	63,219
Other operating income	25,247	36,232	14,175	6,525	196,590	278,769	(196,623)	82,146
Net income	132,506	156,343	64,154	6,748	197,565	557,316	(196,139)	361,177
Other operating expenses	(76,176)	(60,479)	(13,696)	(9,829)	(7,391)	(167,571)	3,827	(163,744)
Depreciation and amortisation	(6,098)	(4,045)	(895)	(166)	(11)	(11,215)	-	(11,215)
Operating profit	50,232	91,819	49,563	(3,247)	190,163	378,530	(192,312)	186,218
(Allowance for)/write-back of impairment losses on loans, advances and financing and other receivables	(7,542)	3,219	(80)	(15)	-	(4,418)	(2,000)	(6,418)
Write-back of impairment on securities	-	-	1,751	-	-	1,751	-	1,751
Segment result	42,690	95,038	51,234	(3,262)	190,163	375,863	(194,312)	181,551
Share of profit of equity-accounted joint venture, net of tax								19
Taxation								(45,972)
Net profit for the financial period								135,598
Segment assets	22,455,548	15,795,025	17,265,177	246,205	1,903,945	57,665,900	(3,761,976)	53,903,924
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								677
Property, plant and equipment								90,597
Unallocated assets								53,174
Intangible assets								365,307
Total assets								54,413,679
Segment liabilities	20,964,637	18,556,103	11,057,250	189,264	16,209	50,783,463	(1,056,735)	49,726,728
Unallocated liabilities								15,567
Total liabilities								49,742,295

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2016**

**A8. Segment Information (contd.)**

<b>Group</b>	<b>Consumer Banking</b>	<b>Business Banking</b>	<b>Financial Markets</b>	<b>Investment Banking</b>	<b>Others</b>	<b>Total Operations</b>	<b>Inter-segment Elimination</b>	<b>Total</b>
<b>Nine months ended 31 December 2015</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net interest income/(expense)								
- external income	334,737	248,466	58,534	3,330	2,887	647,954	(11,253)	636,701
- inter-segment	(93,525)	43,578	52,640	(2,693)	-	-	-	-
	241,212	292,044	111,174	637	2,887	647,954	(11,253)	636,701
Net income from Islamic banking business	67,418	56,439	38,234	-	-	162,091	20,732	182,823
Other operating income	78,070	110,915	45,747	17,630	207,728	460,090	(208,183)	251,907
Net income	386,700	459,398	195,155	18,267	210,615	1,270,135	(198,704)	1,071,431
Other operating expenses	(221,324)	(174,578)	(41,417)	(28,624)	(16,809)	(482,752)	7,715	(475,037)
Depreciation and amortisation	(17,954)	(12,083)	(2,772)	(456)	(36)	(33,301)	-	(33,301)
Operating profit	147,422	272,737	150,966	(10,813)	193,770	754,082	(190,989)	563,093
(Allowance for)/write-back of impairment losses on loans, advances and financing and other receivables	(28,477)	(12,239)	(85)	7	-	(40,794)	(2,000)	(42,794)
Write-back of impairment on securities	-	3	2,424	-	-	2,427	-	2,427
Segment result	118,945	260,501	153,305	(10,806)	193,770	715,715	(192,989)	522,726
Share of profit of equity-accounted, net of tax joint venture								139
Taxation								(130,675)
Net profit for the financial period								<u>392,190</u>
Segment assets	<u>22,455,548</u>	<u>15,795,025</u>	<u>17,265,177</u>	<u>246,205</u>	<u>1,903,945</u>	<u>57,665,900</u>	<u>(3,761,976)</u>	53,903,924
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								677
Property, plant and equipment								90,597
Unallocated assets								53,174
Intangible assets								365,307
Total assets								<u>54,413,679</u>
Segment liabilities	<u>20,964,637</u>	<u>18,556,103</u>	<u>11,057,250</u>	<u>189,264</u>	<u>16,209</u>	<u>50,783,463</u>	<u>(1,056,735)</u>	49,726,728
Unallocated liabilities								15,567
Total liabilities								<u>49,742,295</u>

**A9. Material Event During The Financial Reporting Period**

**Shares Purchased pursuant to ESS**

During the nine months ended 31 December 2016, the Trustee of the ESS had not purchased any shares in the Company from the open market.

In the nine months ended 31 December 2016, 1,547,400 shares have been vested and transferred from the Trustee to the eligible employees of the Company and its subsidiaries in accordance with the terms under the Share Grant Plan and Share Option Plan of the ESS. As at 31 December 2016, the Trustee of the ESS held 21,379,100 ordinary shares representing 1.38% of the issued and paid-up capital of the Company.

**A10. Material Events Subsequent To The End Of The Financial Reporting Period**

There was no material event subsequent to the end of the financial reporting period that require disclosure or adjustment to the unaudited condensed interim financial statements other than the Status of Corporate Proposals disclosed in Note B8.

**A11. Changes In The Composition Of The Group**

There was no change in the composition of the Group during the third financial quarter and nine months ended 31 December 2016.

**A12. Changes In Contingent Liabilities Since The Last Annual Financial Reporting Date**

Please refer to Note A30.



**A13. Balances Due From Clients And Brokers**

	<b>Group</b>	
	<b>31 December 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
Due from clients	72,161	97,680
Due from brokers	-	7,816
	<b>72,161</b>	<b>105,496</b>
Less: Allowance for other losses	<b>(835)</b>	<b>(837)</b>
	<b>71,326</b>	<b>104,659</b>

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

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

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

	<b>Group</b>	
	<b>31 December 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
Classified as doubtful	3	52
Classified as bad	846	848
	<b>849</b>	<b>900</b>

The movements in allowance for other losses are as follows:

	<b>Group</b>	
	<b>31 December 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
At beginning of financial year	837	840
Write-back during the financial period/year (net)	<b>(2)</b>	<b>(3)</b>
At end of financial period/year	<b>835</b>	<b>837</b>

**A14. Financial Assets Held-for-trading**

	<b>Group</b>	
	<b>31 December 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
<b>At fair value</b>		
<u>Money market instruments</u>		
Malaysian Government investment certificates	-	40,441
Commercial papers	<b>22,960</b>	-
<u>Unquoted securities</u>		
Medium term notes	<b>136,142</b>	91,788
	<b>159,102</b>	<b>132,229</b>

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**A15. Financial Investments Available-for-sale**

	<b>Group</b>	
	<b>31 December 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
<b>At fair value</b>		
<u>Money market instruments</u>		
Malaysian Government securities	1,858,753	1,277,948
Malaysian Government investment certificates	1,800,009	2,338,432
Negotiable instruments of deposits	2,950,408	1,684,516
Commercial papers	59,079	-
Khazanah bonds	137,163	202,673
	<b>6,805,412</b>	<b>5,503,569</b>
<u>Quoted securities in Malaysia</u>		
Shares	23	26
Accumulated impairment	(11)	(11)
	<b>12</b>	<b>15</b>
<u>Unquoted securities</u>		
Shares	166,719	153,781
Accumulated impairment	(1,440)	(1,440)
	<b>165,279</b>	<b>152,341</b>
Unit Trust Funds	4,999	4,992
	<b>4,999</b>	<b>4,992</b>
Debt securities and medium term notes	3,898,863	3,136,690
Accumulated impairment	(231,911)	(231,911)
	<b>3,666,952</b>	<b>2,904,779</b>
	<b>3,837,230</b>	<b>3,062,112</b>
	<b>10,642,654</b>	<b>8,565,696</b>

**A16. Financial Investments Held-to-maturity**

	<b>Group</b>	
	<b>31 December 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
<b>At amortised cost</b>		
<u>Money market instruments</u>		
Malaysian Government securities	702,801	700,570
Malaysian Government investment certificates	80,219	233,390
Khazanah bonds	140,652	190,602
	<b>923,672</b>	<b>1,124,562</b>
<b>At cost</b>		
<u>Unquoted securities</u>		
Debt securities	18,938	18,938
Accumulated impairment	(14,193)	(14,193)
	<b>4,745</b>	<b>4,745</b>
	<b>928,417</b>	<b>1,129,307</b>

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**THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2016**

**A17. Loans, Advances And Financing**

	<b>Group</b>	
	<b>31 December 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
Overdrafts	<b>2,655,252</b>	2,641,243
Term loans/financing		
- Housing loans/financing	<b>14,593,441</b>	14,842,860
- Syndicated term loans/financing	<b>261,497</b>	261,668
- Hire purchase receivables/financing	<b>1,302,799</b>	1,351,475
- Other term loans/financing	<b>13,808,627</b>	13,039,019
Bills receivables/financing	<b>535,795</b>	306,143
Trust receipts	<b>205,003</b>	179,935
Claims on customers under acceptance credits	<b>2,493,360</b>	2,519,809
Staff loans/financing [including loans/financing to Director of a banking subsidiary of RM99,000 (31.03.16: RM123,000)]	<b>30,685</b>	34,395
Credit/charge card receivables	<b>648,130</b>	646,321
Revolving credits	<b>1,713,626</b>	1,660,665
Share margin financing	<b>1,023,771</b>	1,264,135
Gross loans, advances and financing	<b>39,271,986</b>	38,747,668
Add: Sales commissions and handling fees	<b>35,033</b>	38,365
Less: Allowance for impairment on loans, advances and financing		
- Individual assessment allowance	<b>(67,766)</b>	(68,331)
- Collective assessment allowance	<b>(313,854)</b>	(306,978)
Total net loans, advances and financing	<b>38,925,399</b>	38,410,724

(a) By type of customer

	<b>Group</b>	
	<b>31 December 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
Domestic non-bank financial institutions	<b>364,465</b>	375,434
Domestic business enterprises		
- Small and medium enterprises	<b>9,547,209</b>	8,956,673
- Others	<b>7,618,114</b>	7,058,880
Government and statutory bodies	<b>5,679</b>	6,816
Individuals	<b>20,742,720</b>	21,306,301
Other domestic entities	<b>191,126</b>	201,401
Foreign entities	<b>802,673</b>	842,163
Gross loans, advances and financing	<b>39,271,986</b>	38,747,668

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**A17. Loans, Advances And Financing (contd.)**

(b) By interest/profit rate sensitivity

	<b>Group</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2016</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
- Housing loans/financing	<b>42,002</b>	46,476
- Hire purchase receivables/financing	<b>1,263,840</b>	1,306,547
- Other fixed rate loans/financing	<b>2,376,283</b>	2,379,044
Variable rate		
- Base lending rate plus	<b>26,872,558</b>	27,543,664
- Base rate plus	<b>1,700,013</b>	847,853
- Cost plus	<b>6,643,235</b>	6,350,612
- Other variable rate loans/financing	<b>374,055</b>	273,472
Gross loans, advances and financing	<b>39,271,986</b>	<b>38,747,668</b>

(c) By economic purposes

	<b>Group</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2016</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of securities	<b>1,033,250</b>	1,285,780
Purchase of transport vehicles	<b>1,110,506</b>	1,218,632
Purchase of landed property	<b>22,599,090</b>	22,624,255
of which: - Residential	<b>15,629,807</b>	15,846,729
- Non-residential	<b>6,969,283</b>	6,777,526
Purchase of fixed assets excluding land and buildings	<b>256,087</b>	192,901
Personal use	<b>2,652,894</b>	2,560,230
Credit card	<b>648,130</b>	646,321
Construction	<b>686,200</b>	663,866
Merger and acquisition	<b>117,704</b>	117,688
Working capital	<b>7,650,129</b>	7,186,477
Others	<b>2,517,996</b>	2,251,518
Gross loans, advances and financing	<b>39,271,986</b>	<b>38,747,668</b>

(d) By geographical distribution

	<b>Group</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2016</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Northern region	<b>2,610,316</b>	2,569,926
Central region	<b>28,243,048</b>	27,917,362
Southern region	<b>4,653,805</b>	4,581,547
Sabah region	<b>2,578,759</b>	2,586,488
Sarawak region	<b>1,186,058</b>	1,092,345
Gross loans, advances and financing	<b>39,271,986</b>	<b>38,747,668</b>

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**A17. Loans, Advances And Financing (contd.)**

(e) By maturity structure

	<b>Group</b>	
	<b>31 December 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
Within one year	<b>9,345,251</b>	9,201,769
One year to three years	<b>1,413,553</b>	1,318,284
Three years to five years	<b>2,533,906</b>	2,050,419
Over five years	<b>25,979,276</b>	26,177,196
Gross loans, advances and financing	<b>39,271,986</b>	<b>38,747,668</b>

(f) Movements in impaired loans, advances and financing ("impaired loans") are as follows:

	<b>Group</b>	
	<b>31 December 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
At beginning of financial year	<b>487,868</b>	380,712
Impaired during the financial period/year	<b>429,808</b>	688,435
Reclassified as unimpaired during the financial period/year	<b>(323,597)</b>	(342,996)
Recoveries	<b>(132,738)</b>	(157,779)
Amount written off	<b>(68,860)</b>	(80,504)
At end of financial period/year	<b>392,481</b>	487,868
Individual allowance for impairment	<b>(67,766)</b>	(68,331)
Collective allowance for impairment (impaired portion)	<b>(94,395)</b>	(109,347)
Net impaired loans, advances and financing	<b>230,320</b>	<b>310,190</b>
Gross impaired loans as percentage of gross loans, advances and financing	<b>1.0%</b>	<b>1.3%</b>

(g) Impaired loans by economic purposes

	<b>Group</b>	
	<b>31 December 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
Purchase of securities	<b>7</b>	-
Purchase of transport vehicles	<b>12,604</b>	14,742
Purchase of landed property	<b>233,100</b>	307,795
of which: - Residential	<b>193,272</b>	220,145
- Non-residential	<b>39,828</b>	87,650
Purchase of fixed assets excluding land and buildings	<b>725</b>	651
Personal use	<b>46,000</b>	37,029
Credit card	<b>10,863</b>	9,421
Construction	<b>3,681</b>	3,892
Working capital	<b>64,174</b>	96,211
Others	<b>21,327</b>	18,127
Gross impaired loans	<b>392,481</b>	<b>487,868</b>

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**A17. Loans, Advances And Financing (contd.)**

(h) Impaired loans by geographical distribution

	<b>Group</b>	
	<b>31 December</b>	31 March
	<b>2016</b>	2016
	<b>RM'000</b>	RM'000
Northern region	<b>37,022</b>	46,072
Central region	<b>276,015</b>	372,422
Southern region	<b>51,497</b>	40,279
Sabah region	<b>24,372</b>	25,088
Sarawak region	<b>3,575</b>	4,007
Gross impaired loans	<b>392,481</b>	487,868

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

	<b>Group</b>	
	<b>31 December</b>	31 March
	<b>2016</b>	2016
	<b>RM'000</b>	RM'000
<b>Individual assessment allowance</b>		
At beginning of financial year	<b>68,331</b>	56,303
Allowance made during the financial period/year (net)	<b>15,510</b>	24,229
Amount written off	<b>(14,302)</b>	(14,060)
Transfers (to)/from collective assessment allowance	<b>(1,773)</b>	1,859
At end of financial period/year	<b>67,766</b>	68,331

	<b>Group</b>	
	<b>31 December</b>	31 March
	<b>2016</b>	2016
	<b>RM'000</b>	RM'000
<b>Collective assessment allowance</b>		
At beginning of financial year	<b>306,978</b>	334,704
Allowance made during the financial period/year (net)	<b>59,661</b>	40,577
Amount written-off	<b>(54,558)</b>	(66,444)
Transfers from/(to) individual assessment allowance	<b>1,773</b>	(1,859)
At end of financial period/year	<b>313,854</b>	306,978

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**A18. Other Assets**

	<b>Group</b>		<b>Company</b>	
	<b>31 December 2016</b>	<b>31 March 2016</b>	<b>31 December 2016</b>	<b>31 March 2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other receivables	<b>126,546</b>	105,339	<b>115</b>	76
Deposits	<b>9,236</b>	9,192	<b>103</b>	103
Prepayment	<b>14,493</b>	14,985	<b>39</b>	115
Trade receivables	<b>48</b>	49	-	-
Amounts due from subsidiaries	-	-	<b>620</b>	603
Amounts due from joint venture	<b>405</b>	198	<b>10</b>	8
	<b>150,728</b>	129,763	<b>887</b>	905
Less: Allowance for other receivables	<b>(29,188)</b>	(27,073)	-	-
	<b>121,540</b>	102,690	<b>887</b>	905

**A19. Deposits From Customers**

	<b>Group</b>	
	<b>31 December 2016</b>	<b>31 March 2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>By type of deposits</u>		
<b>Amortised cost</b>		
Demand deposits	<b>13,471,131</b>	12,984,455
Savings deposits	<b>1,806,339</b>	1,787,163
Fixed/investment deposits	<b>22,596,981</b>	22,890,873
Money market deposits	<b>2,122,414</b>	2,594,183
Negotiable instruments of deposits	<b>4,842,359</b>	5,268,944
Structured deposits	<b>183,223</b>	260,185
	<b>45,022,447</b>	45,785,803
<b>At fair value through profit and loss</b>		
Structured deposits	<b>334,418</b>	239,136
	<b>45,356,865</b>	46,024,939

Note:

- (a) Structured deposits issued by the Group include foreign currency time deposits with embedded foreign exchange, equity linked options and interest rate index linked placements.
- (b) The Group has undertaken a fair value hedge on the interest rate risk of certain the structured deposits amounting to RM111,745,000 (31 March 2016: RM200,913,000) using interest rate swaps.

	<b>Group</b>	
	<b>31 December 2016</b>	<b>31 March 2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Structured deposits	<b>111,745</b>	200,913
Fair value changes arising from fair value hedges	<b>(4,638)</b>	(5,832)
	<b>107,107</b>	195,081

The fair value gain of the interest rate swap in this hedge transaction for the financial period ended 31 December 2016 was RM4,638,000 (31 March 2016: RM5,832,000). There were no ineffectiveness.

**A19. Deposits From Customers (contd.)**

- (c) The Group designated certain structured deposits at fair value through profit or loss. This designation is permitted under MFRS 139 "Financial Instruments: Recognition and Measurement" as it significantly reduces accounting mismatch. These instruments are managed by the Group on the basis of its fair value and includes embedded derivatives that are not closely related to its underlying deposits. The structured deposits are recorded at fair value. The carrying amount of the structured deposits were RM11,232,000 lower than the contractual amount at maturity.

	<b>Group</b>	
	<b>31 December</b>	31 March
	<b>2016</b>	2016
	<b>RM'000</b>	RM'000
Structured deposits	<b>361,582</b>	269,601
Fair value changes arising from designation at fair value through profit or loss	<b>(27,164)</b>	(30,465)
	<b>334,418</b>	<b>239,136</b>

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

(i) By type of customers

	<b>Group</b>	
	<b>31 December</b>	31 March
	<b>2016</b>	2016
	<b>RM'000</b>	RM'000
Domestic financial institutions	<b>4,851,025</b>	5,349,252
Domestic non-bank financial institutions	<b>2,526,406</b>	2,724,792
Government and statutory bodies	<b>3,663,856</b>	3,962,637
Business enterprises	<b>14,767,812</b>	14,678,060
Individuals	<b>18,455,832</b>	18,221,964
Foreign entities	<b>636,527</b>	593,398
Others	<b>455,407</b>	494,836
	<b>45,356,865</b>	<b>46,024,939</b>

(ii) The maturity structure of fixed/investment deposits, money market deposits and negotiable instruments of deposit are as follows:

	<b>Group</b>	
	<b>31 December</b>	31 March
	<b>2016</b>	2016
	<b>RM'000</b>	RM'000
Due within six months	<b>22,923,199</b>	25,104,425
Six months to one year	<b>6,425,814</b>	5,464,888
One year to three years	<b>57,985</b>	53,992
Three years to five years	<b>154,756</b>	130,695
	<b>29,561,754</b>	<b>30,754,000</b>



**A20. Deposits And Placements Of Banks And Other Financial Institutions**

	<b>Group</b>	
	<b>31 December</b>	31 March
	<b>2016</b>	2016
	<b>RM'000</b>	RM'000
Licensed banks	<b>426,697</b>	708,074
Bank Negara Malaysia	<b>569,117</b>	449,176
	<b>995,814</b>	1,157,250

**A21. Balances Due To Clients And Brokers**

	<b>Group</b>	
	<b>31 December</b>	31 March
	<b>2016</b>	2016
	<b>RM'000</b>	RM'000
Due to clients	<b>31,545</b>	77,246
Due to brokers	<b>9,924</b>	-
	<b>41,469</b>	77,246

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 client is three (3) market days according to the Bursa's FDSS trading rules.

Following the issuance of FRSIC Consensus 18, the Group no longer recognises trust monies balances in the statement of financial position, as the Group does not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies. The trust monies maintained by the Group amounting to RM68,318,000 (31 March 2016: RM83,067,000) have been excluded accordingly.

**A22. Other Liabilities**

	<b>Group</b>		<b>Company</b>	
	<b>31 December</b>	31 March	<b>31 December</b>	31 March
	<b>2016</b>	2016	<b>2016</b>	2016
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Other payables	<b>526,627</b>	756,653	<b>102</b>	137
Provision and accruals	<b>72,949</b>	95,111	<b>1,578</b>	1,977
Remisers and dealers accounts	<b>21,574</b>	22,165	-	-
Finance lease liabilities	<b>7,095</b>	8,125	-	-
Amount due to subsidiaries	-	-	<b>837</b>	509
Amount due to joint venture	<b>208</b>	-	-	-
	<b>628,453</b>	882,054	<b>2,517</b>	2,623

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**A23. Interest Income**

<b>Group</b>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2016</b>	<b>31 December 2015</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans, advances and financing	<b>376,047</b>	378,246	<b>1,121,024</b>	1,104,205
Money at call and deposit placements with financial institutions	<b>4,893</b>	1,569	<b>21,518</b>	7,462
Financial assets held-for-trading	<b>1,746</b>	1,508	<b>4,904</b>	3,216
Financial investments available-for-sale	<b>60,259</b>	84,463	<b>177,649</b>	234,421
Financial investments held-to-maturity	<b>6,760</b>	6,781	<b>20,108</b>	20,197
Others	<b>2,903</b>	2,510	<b>8,407</b>	8,003
	<b>452,608</b>	475,077	<b>1,353,610</b>	1,377,504
Accretion of discount less amortisation of premium of financial investments	<b>18,394</b>	17,448	<b>55,877</b>	50,100
	<b>471,002</b>	492,525	<b>1,409,487</b>	1,427,604
<b>Company</b>				
Money at call and deposit placements with financial institutions	<b>566</b>	542	<b>1,625</b>	1,640

**A24. Interest Expense**

<b>Group</b>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2016</b>	<b>31 December 2015</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	<b>4,032</b>	18,634	<b>12,291</b>	42,660
Deposits from customers	<b>218,784</b>	234,121	<b>671,770</b>	698,024
Securities sold under repurchase agreements	-	26	-	26
Loan sold to Cagamas	<b>5,450</b>	-	<b>16,350</b>	-
Other borrowings	<b>60</b>	31	<b>179</b>	31
Subordinated obligations	<b>17,335</b>	17,438	<b>52,348</b>	32,224
Others	<b>6,892</b>	6,463	<b>21,754</b>	17,938
	<b>252,553</b>	276,713	<b>774,692</b>	790,903

**A25. Net Income From Islamic Banking Business**

<b>Group</b>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2016</b>	<b>31 December 2015</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds and others	<b>114,593</b>	109,740	<b>343,594</b>	319,109
Income derived from investment of Islamic Banking funds	<b>12,017</b>	9,784	<b>33,996</b>	27,811
Income attributable to depositors and financial institutions	<b>(61,881)</b>	(63,233)	<b>(189,565)</b>	(184,829)
	<b>64,729</b>	56,291	<b>188,025</b>	162,091
Add: Income due to head office eliminated at Group level	<b>10,039</b>	6,928	<b>32,532</b>	20,732
	<b>74,768</b>	63,219	<b>220,557</b>	182,823

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**A26. Other Operating Income**

<b>Group</b>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2016</b>	<b>31 December 2015</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Fee and commission income:</u>				
Commissions	<b>21,705</b>	19,766	<b>65,046</b>	59,316
Service charges and fees	<b>8,931</b>	9,130	<b>23,802</b>	23,449
Corporate advisory fees	<b>160</b>	620	<b>1,505</b>	1,300
Underwriting commissions	-	375	<b>85</b>	375
Brokerage fees	<b>5,837</b>	8,495	<b>20,132</b>	25,591
Guarantee fees	<b>4,900</b>	3,793	<b>14,311</b>	11,014
Processing fees	<b>3,752</b>	2,060	<b>11,518</b>	6,012
Commitment fees	<b>4,033</b>	3,852	<b>11,857</b>	11,652
Other fee income	<b>24,443</b>	27,046	<b>73,320</b>	77,181
	<b>73,761</b>	75,137	<b>221,576</b>	215,890
<u>Fee and commission expense:</u>				
Commissions expense	<b>(465)</b>	(642)	<b>(1,516)</b>	(1,430)
Brokerage fees expense	<b>(1,999)</b>	(3,958)	<b>(7,536)</b>	(12,202)
Guarantee fees expense	<b>(155)</b>	(255)	<b>(650)</b>	(888)
Other fee expense	<b>(21,021)</b>	(23,169)	<b>(61,484)</b>	(68,080)
	<b>(23,640)</b>	(28,024)	<b>(71,186)</b>	(82,600)
<u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	<b>549</b>	206	<b>2,556</b>	(1,260)
- Financial investments available-for-sale	<b>2,272</b>	1,301	<b>5,239</b>	2,337
Marked-to-market revaluation of:				
- Financial assets held-for-trading	<b>(3,046)</b>	895	<b>(3,684)</b>	473
- Derivative financial instruments	<b>4,036</b>	333	<b>10,766</b>	(11,615)
- Unrealised (loss)/gain arising from financial liabilities designated at fair value	<b>(788)</b>	(3,075)	<b>(3,301)</b>	19,155
Realised (loss)/gain on derivative financial instruments	<b>2,003</b>	1,061	<b>1,615</b>	7,858
Gross dividend income from:				
- Financial investments available-for-sale	<b>310</b>	384	<b>3,165</b>	3,145
	<b>5,336</b>	1,105	<b>16,356</b>	20,093
<u>Other income:</u>				
Foreign exchange gain	<b>23,296</b>	25,614	<b>58,043</b>	76,194
Gain/(loss) on disposal of property, plant and equipment	<b>1</b>	1	<b>(346)</b>	(11)
Others	<b>6,671</b>	8,313	<b>22,378</b>	22,341
	<b>29,968</b>	33,928	<b>80,075</b>	98,524
<b>Total other operating income</b>	<b>85,425</b>	82,146	<b>246,821</b>	251,907

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**A26. Other Operating Income (contd.)**

<b>Company</b>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2016</b>	<b>31 December 2015</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Investment income:</u>				
Gross dividend income from:				
- Subsidiary	<b>131,664</b>	125,053	<b>232,503</b>	192,439
<u>Other income:</u>				
Others	<b>589</b>	640	<b>1,882</b>	1,970
<b>Total other operating income</b>	<b>132,253</b>	125,693	<b>234,385</b>	194,409

**A27. Other Operating Expenses**

<b>Group</b>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2016</b>	<b>31 December 2015</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Personnel costs</u>				
Salaries, allowances and bonuses	<b>83,087</b>	86,016	<b>251,376</b>	248,854
Contribution to EPF	<b>13,962</b>	13,556	<b>41,249</b>	39,827
Share options/grants under ESS	<b>525</b>	1,566	<b>2,173</b>	5,457
Others	<b>7,618</b>	10,044	<b>26,530</b>	26,188
	<b>105,192</b>	111,182	<b>321,328</b>	320,326
<u>Establishment costs</u>				
Depreciation of property, plant and equipment	<b>5,217</b>	5,724	<b>16,109</b>	17,235
Amortisation of computer software	<b>5,606</b>	5,491	<b>16,699</b>	16,066
Rental of premises	<b>7,507</b>	7,571	<b>22,826</b>	22,984
Water and electricity	<b>2,059</b>	2,024	<b>5,908</b>	6,182
Repairs and maintenance	<b>2,535</b>	2,455	<b>7,315</b>	6,568
Information technology expenses	<b>12,611</b>	9,848	<b>35,377</b>	31,097
Others	<b>3,042</b>	3,486	<b>9,651</b>	10,642
	<b>38,577</b>	36,599	<b>113,885</b>	110,774
<u>Marketing expenses</u>				
Promotion and advertisement	<b>1,556</b>	1,760	<b>4,386</b>	4,621
Branding and publicity	<b>3,484</b>	2,612	<b>5,165</b>	6,269
Others	<b>1,886</b>	2,099	<b>5,736</b>	6,055
	<b>6,926</b>	6,471	<b>15,287</b>	16,945
<u>Administration and general expenses</u>				
Communication expenses	<b>3,759</b>	3,103	<b>10,318</b>	9,512
Printing and stationery	<b>771</b>	601	<b>2,356</b>	2,202
Insurance	<b>2,771</b>	5,056	<b>8,024</b>	17,242
Professional fees	<b>6,142</b>	5,250	<b>16,200</b>	12,856
Others	<b>10,188</b>	6,697	<b>23,344</b>	18,481
	<b>23,631</b>	20,707	<b>60,242</b>	60,293
<b>Total other operating expenses</b>	<b>174,326</b>	174,959	<b>510,742</b>	508,338

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**A27. Other Operating Expenses (contd.)**

<b>Company</b>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2016 RM'000</b>	<b>31 December 2015 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
<u>Personnel costs</u>				
Salaries, allowances and bonuses	<b>127</b>	165	<b>399</b>	433
Contribution to EPF	<b>21</b>	21	<b>62</b>	67
Share options/grants under ESS	<b>19</b>	33	<b>99</b>	164
Others	<b>65</b>	48	<b>186</b>	101
	<b>232</b>	267	<b>746</b>	765
<u>Establishment costs</u>				
Depreciation of property, plant and equipment	<b>77</b>	11	<b>174</b>	36
Rental of premises	<b>58</b>	58	<b>172</b>	172
Water and electricity	<b>1</b>	-	<b>2</b>	2
Repairs and maintenance	<b>33</b>	29	<b>95</b>	86
Information technology expenses	<b>3</b>	-	<b>5</b>	-
Others	<b>(122)</b>	30	<b>(73)</b>	99
	<b>50</b>	128	<b>375</b>	395
<u>Administration and general expenses</u>				
Communication expenses	<b>3</b>	3	<b>10</b>	10
Printing and stationery	<b>1</b>	1	<b>2</b>	1
Professional fees	<b>1,016</b>	38	<b>1,045</b>	90
Others	<b>407</b>	324	<b>975</b>	1,056
	<b>1,427</b>	366	<b>2,032</b>	1,157
Total other operating expenses	<b>1,709</b>	761	<b>3,153</b>	2,317

**A28. Allowance for Losses On Loans, Advances And Financing And Other Receivables**

<b>Group</b>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2016 RM'000</b>	<b>31 December 2015 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>31 December 2015 RM'000</b>
Allowance for losses on loans, advances and financing and other receivables:				
(a) Individual assessment allowance				
- made during the financial period (net)	<b>5,179</b>	4,616	<b>15,510</b>	14,556
(b) Collective assessment allowance				
- made during the financial period (net)	<b>29,848</b>	7,814	<b>59,661</b>	41,548
(c) Bad debts on loans, advances and financing				
- Recovered	<b>(7,979)</b>	(11,146)	<b>(24,650)</b>	(28,727)
- Written off	<b>4,777</b>	4,425	<b>14,649</b>	12,441
	<b>31,825</b>	5,709	<b>65,170</b>	39,818
Allowance for other receivables	<b>623</b>	709	<b>2,222</b>	2,976
	<b>32,448</b>	6,418	<b>67,392</b>	42,794

**A29. Capital Adequacy**

The capital adequacy ratios of the Banking Group 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 Banking Group are computed using the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

On 13 October 2015, BNM issued the revised Capital Adequacy Framework (Capital Components and Basel II - Risk-weighted Assets) ("Revised Framework") which became effective from 1 January 2016 for all banking institutions and will take effect for all financial holding companies on 1 January 2019.

The minimum regulatory capital adequacy ratios before including capital conservation buffer and countercyclical capital buffer for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively.

Banking institutions are also required to maintain a capital conservation buffer of up to 2.5% and a countercyclical capital buffer above the minimum regulatory capital adequacy ratios. Under the transition arrangements, capital conservation buffer will be phased-in as follows:

<b>Calendar Year</b>	<b>Capital Conservation Buffer</b>
2016	0.625%
2017	1.250%
2018	1.875%
2019 onwards	2.500%

Under the Revised Framework, a countercyclical capital buffer is required to be maintained if this buffer is applied by regulators in countries which the Group has exposures to, determined based on the weighted average of prevailing countercyclical capital buffer rates applied in that jurisdictions. The countercyclical buffer which is in a range of between 0% and 2.5% is not a requirement for exposures in Malaysia but may be applied by regulators in the future.

The capital adequacy ratios of the Banking Group are as follows:

	<b>Group</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2016</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Before deducting proposed dividends</u>		
CET I capital ratio	<b>12.044%</b>	12.070%
Tier I capital ratio	<b>12.044%</b>	12.070%
Total capital ratio	<b>16.611%</b>	17.657%
<u>After deducting proposed dividends</u>		
CET I capital ratio	<b>12.044%</b>	11.775%
Tier I capital ratio	<b>12.044%</b>	11.775%
Total capital ratio	<b>16.611%</b>	17.362%

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**A29. 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:

	<b>Group</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2016</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>CET I Capital</u></b>		
Paid-up share capital	796,517	796,517
Share premium	401,517	401,517
Retained profits	2,068,865	2,047,248
Statutory reserves	1,211,808	1,200,019
Revaluation reserves	95,185	114,786
Capital reserves	10,018	10,018
	<b>4,583,910</b>	<b>4,570,105</b>
Less: Regulatory adjustments		
- Goodwill and other intangibles	(369,868)	(362,982)
- Deferred tax assets	(9,411)	(10,201)
- 55% of revaluation reserves	(52,352)	(63,132)
- Investment in subsidiaries, associates and joint venture	(2,862)	(2,824)
Total CET I Capital/Total Tier I Capital	<b>4,149,417</b>	<b>4,130,966</b>
<b><u>Tier II Capital</u></b>		
Subordinated obligations	1,199,099	1,559,074
Collective assessment allowance and regulatory reserves	376,080	354,805
Less: Regulatory adjustment		
- Investment in subsidiaries and associates	(1,908)	(1,882)
Total Tier II Capital	<b>1,573,271</b>	<b>1,911,997</b>
<b>Total Capital</b>	<b>5,722,688</b>	<b>6,042,963</b>

A29. **Capital Adequacy** (contd.)

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

	<b>Group</b>	
	<b>31 December 2016 RM'000</b>	31 March 2016 RM'000
Credit risk	<b>31,416,073</b>	31,241,896
Market risk	<b>112,319</b>	123,843
Operational risk	<b>2,923,768</b>	2,858,987
Total RWA and capital requirements	<b>34,452,160</b>	34,224,726

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

	<b>Alliance Bank Malaysia Berhad</b>	<b>Alliance Islamic Bank Berhad</b>	<b>Alliance Investment Bank Berhad</b>
<b>31 December 2016</b>			
<u>Before deducting proposed dividends</u>			
CET I capital ratio	<b>11.206%</b>	<b>13.011%</b>	<b>92.098%</b>
Tier I capital ratio	<b>11.206%</b>	<b>13.011%</b>	<b>92.098%</b>
Total capital ratio	<b>15.269%</b>	<b>14.090%</b>	<b>92.831%</b>
<u>After deducting proposed dividends</u>			
CET I capital ratio	<b>11.206%</b>	<b>13.011%</b>	<b>92.098%</b>
Tier I capital ratio	<b>11.206%</b>	<b>13.011%</b>	<b>92.098%</b>
Total capital ratio	<b>15.269%</b>	<b>14.090%</b>	<b>92.831%</b>
<b>31 March 2016</b>			
<u>Before deducting proposed dividends</u>			
CET I capital ratio	11.237%	13.375%	103.287%
Tier I capital ratio	11.237%	13.375%	103.287%
Total capital ratio	16.528%	14.399%	103.641%
<u>After deducting proposed dividends</u>			
CET I capital ratio	10.880%	13.044%	101.292%
Tier I capital ratio	10.880%	13.044%	101.292%
Total capital ratio	16.170%	14.068%	101.646%



**A30. Commitments And Contingencies**

The off-balance sheet exposures of the Group are as follows:

	<b>Group</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2016</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Credit-related exposures</u>		
Direct credit substitutes	<b>736,407</b>	717,319
Transaction-related contingent items	<b>720,640</b>	677,126
Short-term self-liquidating trade-related contingencies	<b>174,243</b>	137,524
Irrevocable commitments to extend credit:		
- maturity exceeding one year	<b>1,422,178</b>	2,287,572
- maturity not exceeding one year	<b>6,853,035</b>	6,327,855
Unutilised credit card lines	<b>1,591,626</b>	1,597,855
	<b>11,498,129</b>	11,745,251
<u>Derivative financial instruments</u>		
Foreign exchange related contracts:		
- one year or less	<b>8,874,487</b>	7,255,690
- over one year to three years	<b>101,525</b>	39,135
- over three years	<b>44,411</b>	-
Interest rate related contracts:		
- one year or less	<b>600,000</b>	380,000
- over one year to three years	<b>1,650,672</b>	809,755
- over three years	<b>1,259,608</b>	1,490,776
Equity related contracts:		
- one year or less	<b>37,080</b>	92,940
- over one year to three years	<b>57,620</b>	18,880
	<b>12,625,403</b>	10,087,176
	<b>24,123,532</b>	21,832,427

**A31. Fair Value Measurements**

(a) Determination of fair value and fair value hierarchy

MFRS 13 Fair Value Measurements require 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 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 reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. This includes listed equities and corporate debt securities which are actively traded.

(ii) Financial instruments in Level 2

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

(iii) Financial instruments in Level 3

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

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

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**A31. Fair Value Measurements (contd.)**

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

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

<b>Group</b>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>31 December 2016</b>	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading				
- Money market instruments	-	<b>22,960</b>	-	<b>22,960</b>
- Unquoted securities	-	<b>136,142</b>	-	<b>136,142</b>
Financial investments available-for-sale				
- Money market instruments	-	<b>6,805,412</b>	-	<b>6,805,412</b>
- Quoted securities in Malaysia	<b>12</b>	-	-	<b>12</b>
- Unquoted securities	-	<b>3,666,952</b>	<b>170,278</b>	<b>3,837,230</b>
Derivative financial assets	-	<b>150,300</b>	-	<b>150,300</b>
<u>Liabilities</u>				
Derivative financial liabilities	-	<b>84,200</b>	-	<b>84,200</b>
<b>31 March 2016</b>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading				
- Money market instruments	-	40,441	-	40,441
- Unquoted securities	-	91,788	-	91,788
Financial investments available-for-sale				
- Money market instruments	-	5,503,569	-	5,503,569
- Quoted securities in Malaysia	15	-	-	15
- Unquoted securities	-	2,904,779	157,333	3,062,112
Derivative financial assets	-	133,651	-	133,651
<u>Liabilities</u>				
Derivative financial liabilities	-	279,541	-	279,541

Reconciliation of movements in level 3 financial instruments:

	<b>Group</b>	
	<b>31 December</b>	<b>31 March</b>
	<b>2016</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of financial year	<b>157,333</b>	140,211
Purchase of Unit Trust Funds	-	5,000
Total (losses)/gains recognised in:		
- Statement of comprehensive income		
Loss in arising from sales financial investments available-for-sale	-	(549)
- Other comprehensive income		
Revaluation reserves	<b>12,945</b>	12,697
Disposal	-	(26)
At end of financial period/year	<b>170,278</b>	157,333

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

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**A32. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

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

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

**(a) Financial assets**

	Gross amounts of recognised financial assets RM'000	Gross amounts of recognised financial liabilities set off in the balance sheet RM'000	Net amounts of financial assets presented in the balance sheet RM'000	Related amounts not set off in the balance sheet		Net Amount RM'000
				Financial Instruments RM'000	Cash collateral received RM'000	
<b>Group</b>						
<b>31 December 2016</b>						
Derivative financial assets	150,300	-	150,300	(32,547)	(14,860)	117,753
Balances due from clients and brokers	117,995	(46,669)	71,326	-	-	71,326
<b>Total</b>	<b>268,295</b>	<b>(46,669)</b>	<b>221,626</b>	<b>(32,547)</b>	<b>(14,860)</b>	<b>189,079</b>
<b>31 March 2016</b>						
Derivative financial assets	133,651	-	133,651	(61,231)	-	72,420
Balances due from clients and brokers	189,714	(85,055)	104,659	-	-	104,659
<b>Total</b>	<b>323,365</b>	<b>(85,055)</b>	<b>238,310</b>	<b>(61,231)</b>	<b>-</b>	<b>177,079</b>

**(b) Financial liabilities**

	Gross amounts of recognised financial liabilities RM'000	Gross amounts of recognised financial assets set off in the balance sheet RM'000	Net amounts of financial liabilities presented in the balance sheet RM'000	Related amounts not set off in the balance sheet		Net Amount RM'000
				Financial Instruments RM'000	Cash collateral received RM'000	
<b>Group</b>						
<b>31 December 2016</b>						
Derivative financial liabilities	84,200	-	84,200	(32,547)	(17,989)	33,664
Balances due to clients and brokers	88,138	(46,669)	41,469	-	-	41,469
<b>Total</b>	<b>172,338</b>	<b>(46,669)</b>	<b>125,669</b>	<b>(32,547)</b>	<b>(17,989)</b>	<b>75,133</b>
<b>31 March 2016</b>						
Derivative financial liabilities	279,541	-	279,541	(61,231)	(29,052)	189,258
Balances due to clients and brokers	162,301	(85,055)	77,246	-	-	77,246
<b>Total</b>	<b>441,842</b>	<b>(85,055)</b>	<b>356,787</b>	<b>(61,231)</b>	<b>(29,052)</b>	<b>266,504</b>

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

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

**B1. Review Of Performance**

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

For the 9 months ended 31 December 2016, the Group's net profit after taxation was RM394.7 million, an increase of RM2.5 million or 0.6% compared to corresponding period last year primarily due to increase in revenue.

Revenue grew by RM30.7 million or 2.9%, primarily from higher net interest income.

Net interest income including Islamic banking income grew by RM33.2 million supported by 1.6% loan growth and improvement in Net Interest Margin ("NIM") by 8bps.

Other operating income including Islamic Banking Income dropped by RM2.4 million or 0.9%, due to lower gain from derivative and foreign exchange trading.

Gross impaired loan was recorded at 1.0%, while the loan loss coverage was at 137.1%, reflecting a healthy book.

Operating expenses only increased marginally by RM2.4 million or 0.5% attributable to tight cost management discipline.

The Current Account Savings Account ratio stood at 33.7%, while the loans-to-deposits ratio rose to 86.6% as at 31 December 2016, from 84.2% in 31 March 2016.

The Group's total capital ratio stood healthy at 16.6%, with a Common Equity Tier 1 Capital ratio of 12.0% as at 31 December 2016.

**Performance by business segment:**

The Group's businesses are presented in the following business segments: Consumer Banking, Business Banking, Financial Markets and Investment Banking. Please refer to Note A8 on Segment Information for the composition of each business segment.

Consumer Banking profit before tax was higher by RM3.7 million or 3.1% compared to corresponding period last year. The revenue was RM29.7 million or 7.7% higher compared to corresponding period last year. Operating profit was higher by RM28.7 million or 19.5% mainly due to higher revenue. Allowance for loans, advances and financing was higher by RM24.9 million or 87.6%. Segment asset was RM1.0 billion or 4.3% lower, while liabilities registered growth of RM2.1 billion or 9.8% higher.

Business Banking profit before tax was higher by RM12.2 million or 4.7% compared to corresponding period last year, mainly due to increase in revenue of RM27.3 million or 5.9% partially offset by higher other operating expenses by RM13.3 million or 7.6% compared to corresponding period last year. Segment asset and liabilities registered growth of RM1.3 billion or 8.2% and RM1.7 billion or 9.4%.

Financial Markets profit before tax was RM32.5 million or 21.2% lower compared to corresponding period last year mainly due to lower revenue of RM39.9 million or 20.4% partially offset by lower other operating expenses by RM9.4 million or 22.7%.

Investment Banking segment covers stockbroking, capital market activities and corporate advisory services. Investment Banking segment improved RM8.1 million or 74.9% compared to a corresponding period last year.

**B2. Comparison With Immediate Preceding Quarter (3Q FY2017 vs. 2Q FY2017)**

The Group's profit after taxation of RM129.7 million for the third quarter ended 31 December 2016 was RM2.9 million or 2.2% lower than the immediate preceding quarter ended 30 September 2016.

Key quarter-on-quarter performance highlights:

- Net interest income grew by RM9.5 million due to drop in interest expense. COF was lower by 8bps. Net Interest Margin recorded at 2.31%.
- Other operating income increased by RM9.4 million, mainly from realized and unrealized gain from financial instruments and derivative and FX income.
- Other operating expenses increased by RM7.0 million or 4.2%, mainly from administrative and establishment costs.

**B3. Prospect for the Current Financial Period**

The Malaysian economy registered a gross domestic product growth of 4.3% in 3Q'16 and is expected to continue growing at a moderate pace of 4.2% to 4.5% in 2017.

The Group will continue to improve its balance sheet efficiency and Risk Adjusted Returns, and focus on loan origination efforts in Small Medium Enterprise, commercial, and consumer unsecured loans as well as to optimize the funding cost and mix.

The Group will also focus on our strategy to fulfill the financial needs of business owners (and their families) as well as their other stakeholders such as their employees, customers, and business partners.

We have embarked on our transformation program to deploy new and differentiated value propositions to our customers. We are investing in the required Information Technology enablers to support the Bank's strategic initiatives and are focusing on streamlining to improve the efficiency of our operations.

We are also building strategic alliances and maximizing our franchise linkages with joint collaboration between line-of-businesses across Consumer Banking, Small Medium Enterprise, Commercial and Corporate, Financial Markets, Investment Banking and Islamic Banking to provide a full suite of product offerings to our clients.

The Group expects that these actions will position its businesses for sustainable revenue. Profitability for the financial year 2017 is expected to remain broadly consistent with the previous financial year.

**B4. Profit Forecast**

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

**B5. Taxation**

	3rd Quarter Ended		Nine Months Ended	
	31 December 2016 RM'000	31 December 2015 RM'000	31 December 2016 RM'000	31 December 2015 RM'000
<b>Group</b>				
Taxation				
- Income tax	44,356	51,564	121,908	128,479
- Over provision in prior financial period	(916)	-	(916)	-
- Deferred tax	(1,235)	(5,592)	7,161	2,196
	<b>42,205</b>	<b>45,972</b>	<b>128,153</b>	<b>130,675</b>
<b>Company</b>				
Taxation				
- Income tax	281	273	835	856
- Deferred tax	(118)	94	94	17
	<b>163</b>	<b>367</b>	<b>929</b>	<b>873</b>

The Group's effective tax rate for the third quarters ended 31 December 2016 was higher than the current statutory tax rate of 24% due to certain expenses being disallowed for tax purpose.

**B6. Profit/(Loss) On Sale Of Unquoted Investments Or Properties**

There was no material profit/(loss) on sale of unquoted investments or properties for the third financial quarter and nine months ended 31 December 2016 other than in the ordinary course of business.

**B7. Purchase And Disposal Of Quoted Securities**

There was no purchase or disposal of quoted securities for the third financial quarter ended 31 December 2016 other than investments held by the Group and the Company whose activities are regulated by law relating to banking companies and are subject to supervision by Bank Negara Malaysia ("BNM").

**B8. Status Of Corporate Proposals**

On 21 September 2016, the Company announced that it proposes to undertake a corporate reorganisation exercise whereby the listing status of the Company will be assumed by its wholly-owned core subsidiary, Alliance Bank Malaysia Berhad ("Alliance Bank").

The proposal will involve, among others, the shareholders of AFG exchanging their existing AFG shares for Alliance Bank shares on a 1-for-1 basis, where their number of shares held and percentage shareholdings in AFG will be the same in Alliance Bank. This will enable the existing shareholders of AFG to have direct participation in the equity and future growth of Alliance Bank. The proposal is expected to improve cost and corporate efficiency, and enhance brand recognition for the Alliance Bank Group.

The proposed corporate reorganisation is subject to the approvals being obtained from BNM, Bursa Malaysia Securities Berhad ("Bursa Malaysia"), Securities Commission ("SC") Malaysia, Ministry of Finance ("MOF"), High Court of Malaya, shareholders of AFG, and any other relevant authorities and/or parties (if required).

**B8. Status Of Corporate Proposals (contd.)**

On 22 September 2016, the Company announced that it had submitted an application to BNM to seek the approval of BNM and/or its recommendations to MOF for approval by MOF of the proposed corporate reorganisation.

On 10 November 2016, the Company announced that it had submitted to Bursa Malaysia an application in relation to the proposed transfer of AFG's listing status to Alliance Bank, and an application to cease to be the "Ultimate Controller" of Alliance Investment Bank Berhad to the SC pursuant to Chapter 4.02(8) of the SC Licensing Handbook.

**B9. Deposits From Customers, Deposits And Placements Of Banks And Other Financial Institutions And Debts Securities**

	<b>Group</b>	
	<b>31 December</b>	31 March
	<b>2016</b>	2016
	<b>RM'000</b>	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>29,349,013</b>	30,569,313
- More than one year (medium/long term)	<b>212,741</b>	184,687
	<b>29,561,754</b>	30,754,000
Others	<b>15,795,111</b>	15,270,939
	<b>45,356,865</b>	46,024,939
<b>(b) Deposits and placements of banks and other financial institutions</b>		
- One year or less (short term)	<b>470,695</b>	766,754
- More than one year (medium/long term)	<b>525,119</b>	390,496
	<b>995,814</b>	1,157,250
<b>(c) Other borrowings</b>		
Unsecured and more than one year (medium/long term)		
- Senior Medium Term Notes	<b>5,012</b>	5,071
<b>(d) Subordinated obligations</b>		
Unsecured and more than one year (medium/long term)		
- Tier II Subordinated Medium Term Notes	<b>1,209,060</b>	1,840,147

On 8 April 2016, the Group has fully redeemed its RM600 million Subordinated Medium Term Notes, which was issued on 8 April 2011 under the RM1.5 billion Subordinated Medium Term Notes Programme.



**B10. Derivative Financial Assets/(Liabilities)**

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

	As at 31 December 2016			As at 31 March 2016		
	Contract/ Notional Amount RM'000	Fair value		Contract/ Notional Amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>Trading derivatives</b>						
Foreign exchange and commodity contracts:						
Currency forwards						
- one year or less	1,399,169	70,464	(12,458)	1,316,549	25,079	(53,190)
- over one year to three years	56,665	422	(51)	-	-	-
- over three years	44,411	269	(8)	-	-	-
Currency swaps						
- one year or less	7,177,142	66,187	(31,076)	5,520,405	90,660	(174,450)
- over one year to three years	44,860	-	(13,339)	39,135	-	(7,656)
Currency spots						
- one year or less	130,725	101	(70)	258,309	646	(615)
Currency options						
- one year or less	167,451	886	(233)	160,427	1,349	(404)
	<b>9,020,423</b>	<b>138,329</b>	<b>(57,235)</b>	<b>7,294,825</b>	<b>117,734</b>	<b>(236,315)</b>
Interest rate related contracts:						
Interest rate swap						
- one year or less	3,398,902	11,813	(11,333)	2,480,312	15,917	(10,333)
- over one year to three years	600,000	49	(982)	380,000	136	(87)
- over three years	1,564,874	6,673	(5,136)	763,000	1,813	(3,410)
	<b>1,234,028</b>	<b>5,091</b>	<b>(5,215)</b>	<b>1,337,312</b>	<b>13,968</b>	<b>(6,836)</b>
Equity related contracts:						
- one year or less	37,080	158	(3,181)	92,940	-	(23,782)
- over one year to three years	57,620	-	(7,813)	18,880	-	(3,279)
<b>Hedging derivatives</b>						
Interest rate swap						
- over one year to three years	85,798	-	(3,134)	46,755	-	(1,592)
- over three years	25,580	-	(1,504)	153,464	-	(4,240)
Total derivatives assets/(liabilities)	<b>12,625,403</b>	<b>150,300</b>	<b>(84,200)</b>	<b>10,087,176</b>	<b>133,651</b>	<b>(279,541)</b>

The credit risk, market risk and liquidity risk associated with the derivatives and the policies in place for mitigating or controlling the risk with these derivatives are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2016.

**Forwards**

Forwards are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

**B10. Derivative Financial Assets/(Liabilities) (contd.)**

Swaps

Swaps are contractual agreements between two parties to exchange exposures in foreign currency or interest rates.

Spots

Spots refer to the buying and selling of the currency where the settlement date is two business days.

Options

Options are contractual agreements under which the seller grants the purchaser the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date during a set period, a specific amount of an underlying asset at a predetermined price. The seller receives a premium from the purchaser in consideration of risk. Options may be either exchange-traded or negotiated between the purchaser and the seller in the over-the-counter market.

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.

**B11. Changes in Material Litigation**

The Group and the Company do not have any material litigation which would materially and adversely affect the financial position of the Group and the Company for the third financial quarter ended 31 December 2016.

**B12. Dividend Declared**

No dividend has been declared during the third financial quarter and nine months ended 31 December 2016.

**B13. Related Party Transactions**

All related party transactions within the Group have been entered into in the normal course of business and were carried out on normal commercial terms.

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

**(a) Basic**

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

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2016 RM'000</b>	31 December 2015 RM'000	<b>31 December 2016 RM'000</b>	31 December 2015 RM'000
Net profit for the financial period attributable to owners of the parent (RM'000)	<b>129,682</b>	135,598	<b>394,735</b>	392,190
Weighted average number of ordinary shares in issue ('000)	<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,548,106
Effect of shares bought back for ESS ('000)	<b>(21,379)</b>	(23,173)	<b>(21,379)</b>	(23,173)
	<b>1,526,727</b>	1,524,933	<b>1,526,727</b>	1,524,933
Basic earnings per share (sen)	<b>8.5</b>	8.9	<b>25.9</b>	25.7

**(b) Diluted**

The calculation of the diluted earnings per share is based on the net profit attributable to owners of the parent divided by the weighted average number of ordinary shares of RM1.00 each in issue during the period, excluding the weighted average shares held for ESS and taken into account the assumed Share Grants to employees under ESS were vested to the employees as at 31 December 2016.

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2016 RM'000</b>	31 December 2015 RM'000	<b>31 December 2016 RM'000</b>	31 December 2015 RM'000
Net profit for the financial period attributable to owners of the parent (RM'000)	<b>129,682</b>	135,598	<b>394,735</b>	392,190
Weighted average number of ordinary shares in issue ('000)	<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,548,106
Effect of shares bought back for ESS ('000)	<b>(21,379)</b>	(23,173)	<b>(21,379)</b>	(23,173)
Effect of Share Grants under ESS ('000)	<b>1,324</b>	3,077	<b>1,324</b>	3,077
	<b>1,528,051</b>	1,528,010	<b>1,528,051</b>	1,528,010
Diluted earnings per share (sen)	<b>8.5</b>	8.9	<b>25.8</b>	25.7

**B15. Realised And Unrealised Unappropriated Profits Disclosure**

The breakdown of retained profits of the Group and the Company as at the reporting date, into realised and unrealised profits, pursuant to the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 25 March 2010, is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>31 December 2016 RM'000</b>	<b>31 March 2016 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>31 March 2016 RM'000</b>
Total retained profits				
- Realised	<b>2,192,155</b>	2,039,388	<b>57,159</b>	52,901
- Unrealised	<b>136,493</b>	132,310	<b>341</b>	435
	<b>2,328,648</b>	2,171,698	<b>57,500</b>	53,336
Total share of profits from joint venture				
- Realised	<b>57</b>	15	-	-
- Unrealised	-	141	-	-
	<b>2,328,705</b>	2,171,854	<b>57,500</b>	53,336
Less: Consolidation adjustments	<b>(351,930)</b>	(350,814)	-	-
Total retained profits	<b>1,976,775</b>	1,821,040	<b>57,500</b>	53,336

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

Accordingly, the unrealised retained profits of the Group and the Company as disclosed above excludes translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts, as these gains and losses are incurred in the ordinary course of business of the Group and the Company, and are hence deemed as realised.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

**By Order of the Board**

**LEE WEI YEN (MAICSA 7001798)**

Group Company Secretary

Kuala Lumpur

22 February 2017