

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements**
**Unaudited Statements of Financial Position as at 30 September 2015**

	Note	<b>BANK</b>		<b>GROUP</b>	
		30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
<b>ASSETS</b>					
Cash and short-term funds		1,314,640	2,443,337	1,529,608	2,690,353
Deposits and placements with banks and other financial institutions		43,980	298,167	48,980	298,167
Balances due from clients and brokers	A12	-	-	86,877	102,743
Financial assets held-for-trading	A13	105,390	10,037	105,390	10,037
Financial investments available-for-sale	A14	7,769,661	7,882,199	9,836,369	9,753,856
Financial investments held-to-maturity	A15	717,100	714,915	1,131,669	1,319,035
Derivative financial assets	A29	280,101	132,460	280,101	132,460
Loans, advances and financing	A16	30,586,460	29,853,853	37,607,008	36,566,032
Other assets	A17	137,815	95,839	140,052	89,592
Tax recoverable		26,814	20,186	43,967	27,017
Statutory deposits with Bank Negara Malaysia		1,374,000	1,344,000	1,712,321	1,675,326
Investments in subsidiaries		792,820	792,820	-	-
Investment in associate		230	230	516	511
Investment in joint venture		-	-	530	410
Property, plant and equipment		90,582	95,458	92,322	97,343
Deferred tax assets		612	-	15,415	12,020
Intangible assets		247,375	244,522	362,937	359,935
<b>TOTAL ASSETS</b>		<b>43,487,580</b>	<b>43,928,023</b>	<b>52,994,062</b>	<b>53,134,837</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	A18	35,720,721	36,856,167	44,145,806	44,723,429
Deposits and placements of banks and other financial institutions	A19	2,114,745	928,495	2,530,630	1,489,775
Balances due to clients and brokers	A20	-	-	52,490	62,833
Bills and acceptances payable		-	801,578	-	801,578
Derivative financial liabilities	A29	241,227	115,224	241,227	115,224
Amount due to Cagamas Berhad		6,488	7,003	6,488	7,003
Other liabilities	A21	809,615	746,890	880,200	933,572
Provision for taxation		-	-	-	1,818
Provision for zakat		-	-	73	128
Deferred tax liabilities		-	3,241	9,627	13,041
Subordinated obligations		613,633	613,267	613,633	613,267
<b>TOTAL LIABILITIES</b>		<b>39,506,429</b>	<b>40,071,865</b>	<b>48,480,174</b>	<b>48,761,668</b>
Share capital		796,517	796,517	796,517	796,517
Reserves		3,184,634	3,059,641	3,717,371	3,576,652
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNER OF THE PARENT</b>		<b>3,981,151</b>	<b>3,856,158</b>	<b>4,513,888</b>	<b>4,373,169</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>43,487,580</b>	<b>43,928,023</b>	<b>52,994,062</b>	<b>53,134,837</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A28	<b>19,389,437</b>	<b>20,691,697</b>	<b>21,419,546</b>	<b>22,745,783</b>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank and the Group for the financial year ended 31 March 2015.

**ALLIANCE BANK MALAYSIA BERHAD**

**(88103-W)**

(Incorporated in Malaysia)

**Condensed Interim Financial Statements  
Unaudited Statements of Comprehensive Income  
for the Financial Period Ended 30 September 2015**

	Note	2nd Quarter Ended		Six Months Ended	
		30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
<b>BANK</b>					
Interest income	A22	456,921	443,145	910,529	849,781
Interest expense	A23	(250,101)	(225,032)	(498,094)	(436,915)
Net interest income		206,820	218,113	412,435	412,866
Fee and commission income	A25	61,848	76,206	121,852	140,165
Fee and commission expense	A25	(22,740)	(23,004)	(46,335)	(45,912)
Investment income	A25	36,025	21,533	65,422	77,582
Other income	A25	11,912	8,362	22,796	11,549
Other operating income	A25	87,045	83,097	163,735	183,384
Net income		293,865	301,210	576,170	596,250
Other operating expenses	A26	(129,473)	(123,163)	(259,500)	(247,441)
Operating profit before allowance (Allowance for)/write-back of losses on loans, advances and financing and other receivables	A27	(8,564)	9,144	(13,816)	8,948
Write-back of impairment on securities		-	575	466	575
Profit before taxation		155,828	187,766	303,320	358,332
Taxation		(41,137)	(47,328)	(75,587)	(82,800)
Net profit for the financial period		114,691	140,438	227,733	275,532
<b>Other comprehensive (expense)/income:</b>					
<b>Items that may be reclassified subsequently to profit and loss:</b>					
Revaluation reserve on financial investments available-for-sale					
- Net (loss)/gain from change in fair value		(44,154)	35,056	(44,999)	47,722
- Realised loss/(gain) transferred to statement of income on disposal and impairment		317	(8,005)	(640)	(14,401)
- Transfer from/(to) deferred tax		10,520	(8,449)	10,953	(11,476)
Other comprehensive (expense)/income, net of tax		(33,317)	18,602	(34,686)	21,845
<b>Total comprehensive income for the period</b>		<b>81,374</b>	<b>159,040</b>	<b>193,047</b>	<b>297,377</b>
Earnings per share attributable to owner of the parent					
- Basic (sen)		14.4	23.5	28.6	46.2
- Diluted (sen)		14.4	17.6	28.6	34.6

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank and the Group for the financial year ended 31 March 2015.

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**Condensed Interim Financial Statements**

**Unaudited Consolidated Statements of Comprehensive Income  
for the Financial Period Ended 30 September 2015**

<b>GROUP</b>	Note	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
		<b>30 September 2015 RM'000</b>	<b>30 September 2014 RM'000</b>	<b>30 September 2015 RM'000</b>	<b>30 September 2014 RM'000</b>
Interest income	A22	471,253	457,259	934,971	880,744
Interest expense	A23	(258,922)	(236,952)	(515,954)	(461,204)
Net interest income		212,331	220,307	419,017	419,540
Net income from Islamic banking business	A24	61,052	54,820	119,604	108,490
		<b>273,383</b>	<b>275,127</b>	<b>538,621</b>	<b>528,030</b>
Fee and commission income	A25	70,315	90,117	140,751	164,502
Fee and commission expense	A25	(26,787)	(28,918)	(54,576)	(56,595)
Investment income	A25	36,060	22,732	60,324	54,368
Other income	A25	12,137	8,586	23,247	12,034
Other operating income	A25	91,725	92,517	169,746	174,309
Net income		365,108	367,644	708,367	702,339
Other operating expenses	A26	(165,924)	(163,701)	(333,126)	(324,850)
Operating profit before allowance (Allowance for)/write-back of losses on loans, and financing and other receivables	A27	199,184	203,943	375,241	377,489
Write-back of impairment on securities		(19,262)	6,588	(36,376)	4,836
Operating profit after allowance		-	3,446	676	4,946
Share of results of associate		179,922	213,977	339,541	387,271
Share of profit of equity accounted, net of tax joint venture		2	2	4	4
Profit before taxation and zakat		17	6	120	6
Taxation		179,941	213,985	339,665	387,281
Net profit for the financial period		(45,950)	(54,103)	(84,396)	(96,285)
		133,991	159,882	255,269	290,996
<b>Other comprehensive (expense)/income:</b>					
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Revaluation reserve on financial investments available-for-sale					
- Net (loss)/gain from change in fair value		(59,158)	45,556	(60,123)	61,111
- Realised loss/(gain) transferred to statement of income on disposal and impairment		282	(9,104)	(1,036)	(14,580)
- Transfer from/(to) deferred tax		14,130	(10,883)	14,678	(14,863)
Other comprehensive (expense)/income, net of tax		(44,746)	25,569	(46,481)	31,668
<b>Total comprehensive income for the period</b>		<b>89,245</b>	<b>185,451</b>	<b>208,788</b>	<b>322,664</b>

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

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**Condensed Interim Financial Statements****Unaudited Consolidated Statements of Comprehensive Income  
for the Financial Period Ended 30 September 2015 (contd.)**

	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September</b>	30 September	<b>30 September</b>	30 September
	<b>2015</b>	2014	<b>2015</b>	2014
<b><u>GROUP</u></b>	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Net profit for the period attributable to: Owner of the parent	<b>133,991</b>	159,882	<b>255,269</b>	290,996
Total comprehensive income for the period attributable to: Owner of the parent	<b>89,245</b>	185,451	<b>208,788</b>	322,664
Earnings per share attributable to owner of the parent				
- Basic (sen)	<b>16.8</b>	26.8	<b>32.0</b>	48.8
- Diluted (sen)	<b>16.8</b>	20.1	<b>32.0</b>	36.5

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank and the Group for the financial year ended 31 March 2015.*

**ALLIANCE BANK MALAYSIA BERHAD**  
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**Condensed Interim Financial Statements**

**Unaudited Statements of Changes in Equity for the Financial Period Ended 30 September 2015**

	← Non-distributable reserves →					Distributable reserves		Total equity
	Ordinary shares	Irredeemable (Non-cumulative) Convertible Preference Shares ("ICPS")	Share premium	Statutory reserve	Revaluation reserves	Equity contribution from parent	Retained profits	
<b><u>BANK</u></b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2015	796,517	-	401,517	722,368	43,838	10,731	1,881,187	3,856,158
Net profit after taxation	-	-	-	-	-	-	227,733	227,733
Other comprehensive expense	-	-	-	-	(34,686)	-	-	(34,686)
Total comprehensive (expense)/income for the period	-	-	-	-	(34,686)	-	227,733	193,047
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	3,594	-	3,594
Payment for ESS recharged from parent	-	-	-	-	-	(4,262)	-	(4,262)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	(1,078)	1,078	-
Transfer to statutory reserve	-	-	-	56,934	-	-	(56,934)	-
Dividends paid	-	-	-	-	-	-	(67,386)	(67,386)
<b>At 30 September 2015</b>	<b>796,517</b>	<b>-</b>	<b>401,517</b>	<b>779,302</b>	<b>9,152</b>	<b>8,985</b>	<b>1,985,678</b>	<b>3,981,151</b>
At 1 April 2014	596,517	4,000	597,517	601,561	(7,546)	17,377	1,840,384	3,649,810
Net profit after taxation	-	-	-	-	-	-	275,532	275,532
Other comprehensive income	-	-	-	-	21,845	-	-	21,845
Total comprehensive income for the period	-	-	-	-	21,845	-	275,532	297,377
Share-based payment under ESS	-	-	-	-	-	5,945	-	5,945
Payment for ESS recharged from parent	-	-	-	-	-	(6,693)	-	(6,693)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	(1,230)	1,230	-
Transfer to retained profits on share options lapsed	-	-	-	-	-	(351)	351	-
Dividends paid	-	-	-	-	-	-	(160,463)	(160,463)
At 30 September 2014	596,517	4,000	597,517	601,561	14,299	15,048	1,957,034	3,785,976

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank and the Group for the financial year ended 31 March 2015.

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**Condensed Interim Financial Statements**
**Unaudited Statements of Changes in Equity for the Financial Period Ended 30 September 2015 (contd.)**

<b>GROUP</b>	←----- Attributable to owner of the parent ----->								
	Ordinary		Share	Statutory	Other	Revaluation	Equity	Retained	Total
	shares	ICPS	premium	reserve	reserves	reserves	contribution	profits	equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	from parent	RM'000	RM'000
At 1 April 2015	796,517	-	401,517	1,069,665	10,018	78,232	11,405	2,005,815	4,373,169
Net profit after taxation and zakat	-	-	-	-	-	-	-	255,269	255,269
Other comprehensive expense	-	-	-	-	-	(46,481)	-	-	(46,481)
Total comprehensive (expense)/income for the period	-	-	-	-	-	(46,481)	-	255,269	208,788
Share-based payment under ESS	-	-	-	-	-	-	3,760	-	3,760
Payment for ESS recharged from parent	-	-	-	-	-	-	(4,443)	-	(4,443)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	(1,121)	1,121	-
Transfer to retained profits on share options lapsed	-	-	-	-	-	-	(12)	12	-
Transfer to statutory reserve	-	-	-	64,318	-	-	-	(64,318)	-
Dividends paid	-	-	-	-	-	-	-	(67,386)	(67,386)
<b>At 30 September 2015</b>	<b>796,517</b>	<b>-</b>	<b>401,517</b>	<b>1,133,983</b>	<b>10,018</b>	<b>31,751</b>	<b>9,589</b>	<b>2,130,513</b>	<b>4,513,888</b>
At 1 April 2014	596,517	4,000	597,517	929,055	10,018	7,071	18,412	1,957,952	4,120,542
Net profit after taxation and zakat	-	-	-	-	-	-	-	290,996	290,996
Other comprehensive income	-	-	-	-	-	31,668	-	-	31,668
Total comprehensive income for the period	-	-	-	-	-	31,668	-	290,996	322,664
Share-based payment under ESS	-	-	-	-	-	-	6,164	-	6,164
Payment for ESS recharged from parent	-	-	-	-	-	-	(6,943)	-	(6,943)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	(1,451)	1,451	-
Transfer to retained profits on share options lapsed	-	-	-	-	-	-	(363)	363	-
Transfer to statutory reserve	-	-	-	9,806	-	-	-	(9,806)	-
Dividend paid	-	-	-	-	-	-	-	(160,463)	(160,463)
At 30 September 2014	596,517	4,000	597,517	938,861	10,018	38,739	15,819	2,080,493	4,281,964

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank and the Group for the financial year ended 31 March 2015.

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 30 September 2015**

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 September 2015 RM'000</b>	30 September 2014 RM'000	<b>30 September 2015 RM'000</b>	30 September 2014 RM'000
Profit before taxation and zakat	<b>303,320</b>	358,332	<b>339,665</b>	387,281
Adjustments for non-cash items	<b>(185,805)</b>	(201,039)	<b>(167,639)</b>	(202,497)
Operating profit before changes in working capital	<b>117,515</b>	157,293	<b>172,026</b>	184,784
Changes in working capital	<b>(1,392,217)</b>	481,394	<b>(1,377,511)</b>	523,979
Taxation and zakat paid	<b>(75,114)</b>	(84,805)	<b>(95,354)</b>	(98,913)
Net cash (used in)/generated from operating activities	<b>(1,349,816)</b>	553,882	<b>(1,300,839)</b>	609,850
Net cash generated from/(used in) investing activities	<b>248,407</b>	(187,612)	<b>226,214</b>	(249,854)
Net cash used in financing activities	<b>(27,288)</b>	(174,883)	<b>(86,120)</b>	(160,383)
Net changes in cash and cash equivalents	<b>(1,128,697)</b>	191,387	<b>(1,160,745)</b>	199,613
Cash and cash equivalents at beginning of the year	<b>2,443,337</b>	1,842,996	<b>2,690,353</b>	2,129,759
Cash and cash equivalents at end of the period	<b>1,314,640</b>	2,034,383	<b>1,529,608</b>	2,329,372
Cash and cash equivalents comprise:				
Cash and short-term funds	<b>1,314,640</b>	2,034,383	<b>1,529,608</b>	2,329,372

*The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank and the Group for the financial year ended 31 March 2015.*

**Explanatory Notes**

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

**A1 Basis of Preparation**

The unaudited condensed interim financial statements for the 2nd quarter and financial half year ended 30 September 2015 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") and IAS 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of Alliance Bank Malaysia Berhad ("the Bank") and the Group for the financial year ended 31 March 2015. 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 Bank and the Group since the financial year ended 31 March 2015.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2015, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2015:

- Amendments to MFRS 119 "Defined Benefit Plans "Employee Contributions" (effective 1 July 2014)
- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2010 - 2012 Cycle" (effective 1 January 2015)
  - MFRS 2 "Share-based Payment"
  - MFRS 3 "Business Combinations"
  - MFRS 8 "Operating Segments"
  - MFRS 13 "Fair Value Measurement"
  - MFRS 116 "Property, Plant and Equipment" and MFRS 138 "Intangible Assets"
  - MFRS 124 "Related Party Disclosure"
- Amendment to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2011 - 2013 Cycle" (effective 1 January 2015)
  - MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standards"
  - MFRS 3 "Business Combinations"
  - MFRS 13 "Fair Value Measurement"
  - MFRS 140 "Investment Property"

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



**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 2015, and have yet to be adopted by the Bank and the Group:

- Amendments to MFRS 116 & MFRS 138 “Clarification of Acceptable Methods of Depreciation and Amortisation” (effective 1 January 2016)
- Amendments to MFRS 11 “Accounting for Acquisition of Interests in Joint Operations” (effective 1 January 2016)
- Amendments to MFRS 116 & MFRS 141 “Agriculture: Bearer Plants” (effective 1 January 2016)
- Amendments to MFRS 127 “Equity Method in Separate Financial Statements” (effective 1 January 2016)
- Amendments to MFRS 10 & MFRS 128 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” (effective 1 January 2016)
- Annual Improvements to MFRSs 2012 – 2014 (effective 1 January 2016)
- Amendments to MFRS 10, 12 & 128 “Investment entities - Applying the Consolidation Exception” (effective 1 January 2016)
- Amendments to MFRS 101 “Presentation of financial statements - Disclosure Initiative” (effective 1 January 2016)
- MFRS 15 “Revenue from Contracts with Customer” (effective 1 January 2018)
- MFRS 9 “Financial Instruments” (effective 1 January 2018)

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

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

The auditors' report on the annual financial statements for the financial year ended 31 March 2015 was not subject to any qualification.

**A3 Seasonality or Cyclicity of Operations**

The operations of the Bank and the Group were not materially affected by any seasonal or cyclical fluctuations in the financial half year ended 30 September 2015.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank and the Group in the financial half year ended 30 September 2015.

**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 financial half year ended 30 September 2015.

**A6 Issuance and Repayment of Debt and Equity Securities**

There were no issuance or repayment of debt and equity securities during the financial half year ended 30 September 2015.

**A7 Dividend Paid**

A second interim dividend of 8.46 sen, tax exempt under the single tier tax system, on 796,517,043 ordinary shares amounting to approximately RM67,386,000 in respect of the financial year ended 31 March 2015, was paid on 15 June 2015.

**A8 Significant Events**

Employees' Share Scheme ("ESS")

Alliance Financial Group Berhad Employees' Share Scheme ("AFG Bhd ESS")

On 22 June 2015, Alliance Financial Group Berhad, the holding company of the Bank awarded a total of 1,844,700 share grants to employees of the Company and its subsidiaries under the Share Grant Plan who have met the criteria of eligibility for the participation in the ESS.

The first 33.0% of the share grants are to be vested at the end of the first year and remaining 67.0% of share grants are to be vested at the end of the second year from the date on which the award was made.

The holding company operates an equity-settled, share-based compensation plan pursuant to the ESS. Under the MFRS2 "Share-based Payment", the compensation expense relating to the share scheme is recognised in profit or loss over the vesting periods of the grants with a corresponding increase in equity.

Establishment of New Debt Issuance Programmes

On 18 September 2015, the Bank has established the following New Debt Issuance Programmes:

- (i) RM1.5 billion Thirty (30)-years Senior Medium Term Notes Programme (A1 rating by RAM Rating Services Berhad ("RAM"));
- (ii) RM2.0 billion Thirty (30)-years Subordinated Medium Term Notes Programme (A2 rating by RAM); and
- (iii) RM500.0 million seven (7)-years Commercial Papers Programme (P1 rating by RAM)

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

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

**A10 Related Party Transactions**

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

**A11 Proposed Dividends**

A first interim dividend of 15.7 sen, tax exempt under single tier tax system on 796,517,043 ordinary shares amounting to RM125,053,000 in respect of financial year ending 31 March 2016.

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**A12 Balances Due From Clients And Brokers**

	<u>GROUP</u>	
	<b>30 September 2015 RM'000</b>	31 March 2015 RM'000
Due from clients	87,717	60,289
Due from brokers	-	43,294
	<u>87,717</u>	<u>103,583</u>
Less:		
Allowance for other losses	<u>(840)</u>	<u>(840)</u>
	<u><b>86,877</b></u>	<u>102,743</u>

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

AIBB's normal trade credit terms for non-margin clients is 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, as follows:

	<u>GROUP</u>	
	<b>30 September 2015 RM'000</b>	31 March 2015 RM'000
Classified as doubtful	66	128
Classified as bad	851	927
	<u>917</u>	<u>1,055</u>

The movements in allowance for other losses are as follows:

At beginning of year	840	1,194
Write-back during the period/year (net)	-	(354)
At end of period/year	<u>840</u>	<u>840</u>

**A13 Financial Assets Held-for-trading**

	<u>BANK</u>		<u>GROUP</u>	
	<b>30 September 2015 RM'000</b>	31 March 2015 RM'000	<b>30 September 2015 RM'000</b>	31 March 2015 RM'000
<b>At fair value</b>				
<u>Money market instruments:</u>				
Malaysian Government investment certificates	10,230	-	10,230	-
Malaysian Government securities	20,059	-	20,059	-
Commercial Paper	19,950	-	19,950	-
<u>Unquoted securities:</u>				
Medium term notes	55,151	10,037	55,151	10,037
Total financial assets held-for-trading	<u>105,390</u>	<u>10,037</u>	<u>105,390</u>	<u>10,037</u>

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**A14 Financial Investments Available-for-sale**

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
<b>At fair value</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	1,918,677	2,281,744	2,210,981	2,607,781
Malaysian Government investment certificates	1,612,139	1,797,682	2,445,227	2,723,129
Negotiable instruments of deposits	1,873,341	1,393,801	2,009,685	1,241,534
Bankers' acceptances	-	-	-	105,531
Khazanah bonds	197,308	194,349	197,308	194,349
	<u>5,601,465</u>	<u>5,667,576</u>	<u>6,863,201</u>	<u>6,872,324</u>
<u>Quoted securities in Malaysia:</u>				
Shares	22	22	22	22
Accumulated impairment	(10)	(11)	(10)	(11)
	<u>12</u>	<u>11</u>	<u>12</u>	<u>11</u>
<u>Unquoted securities:</u>				
Shares	102,657	94,376	153,780	141,651
Accumulated impairment	-	-	(1,440)	(1,440)
	<u>102,657</u>	<u>94,376</u>	<u>152,340</u>	<u>140,211</u>
Debt securities and medium term notes	2,201,208	2,255,917	3,058,570	2,979,271
Accumulated impairment	(135,681)	(135,681)	(237,754)	(237,961)
	<u>2,065,527</u>	<u>2,120,236</u>	<u>2,820,816</u>	<u>2,741,310</u>
	<u>2,168,184</u>	<u>2,214,612</u>	<u>2,973,156</u>	<u>2,881,521</u>
Total financial investments available-for-sale	<u>7,769,661</u>	<u>7,882,199</u>	<u>9,836,369</u>	<u>9,753,856</u>

**A15 Financial Investments Held-to-maturity**

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
<b>At amortised cost</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	578,972	579,201	701,049	701,521
Malaysian Government investment certificates	-	-	233,559	423,739
Khazanah bonds	137,791	135,377	187,237	183,932
	<u>716,763</u>	<u>714,578</u>	<u>1,121,845</u>	<u>1,309,192</u>
<b>At cost</b>				
<u>Unquoted securities:</u>				
Debt securities	2,863	3,329	25,263	37,668
Accumulated impairment	(2,526)	(2,992)	(15,439)	(27,825)
	<u>337</u>	<u>337</u>	<u>9,824</u>	<u>9,843</u>
Total financial investments held-to-maturity	<u>717,100</u>	<u>714,915</u>	<u>1,131,669</u>	<u>1,319,035</u>

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**A16 Loans, Advances and Financing**

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 September 2015 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>30 September 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
Overdrafts	1,919,865	1,829,357	2,281,767	2,142,270
Term loans/financing				
- Housing loans/financing	11,995,888	11,675,464	14,610,066	14,257,710
- Syndicated term loans/financing	423,332	392,195	424,756	431,427
- Hire purchase receivables	738,015	797,001	1,436,399	1,564,527
- Other term loans/financing	9,956,096	9,505,072	12,549,757	11,751,901
Bills receivables	355,224	299,587	360,007	300,866
Trust receipts	160,699	157,148	193,153	182,437
Claims on customers under acceptance credits	1,939,986	2,058,188	2,470,542	2,567,211
Staff loans [including loans to Directors of a subsidiary of RM139,000 (31.03.15: RM155,000)]	13,640	14,422	36,165	37,691
Credit/charge card receivables	663,133	653,068	663,133	653,068
Revolving credits	1,354,112	1,275,633	1,525,272	1,467,301
Share margin financing	1,349,105	1,481,795	1,415,412	1,566,703
Gross loans, advances and financing	30,869,095	30,138,930	37,966,429	36,923,112
Add: Sales commissions and handling fees	35,334	39,713	36,168	33,927
Less: Allowance for impairment on loans, advances and financing				
- Individual assessment allowance	(48,574)	(46,191)	(61,542)	(56,303)
- Collective assessment allowance	(269,395)	(278,599)	(334,047)	(334,704)
Total net loans, advances and financing	30,586,460	29,853,853	37,607,008	36,566,032

**A16a** By type of customers:

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 September 2015 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>30 September 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
Domestic non-bank financial institutions	377,830	542,938	412,703	576,252
Domestic business enterprises				
- Small and medium enterprises	6,507,623	6,044,630	8,154,777	7,481,367
- Others	5,904,950	5,778,514	7,046,030	6,890,104
Government and statutory bodies	7,547	8,258	7,547	8,258
Individuals	17,118,538	16,789,912	21,278,730	20,866,962
Other domestic entities	205,041	215,146	205,041	215,146
Foreign entities	747,566	759,532	861,601	885,023
Gross loans, advances and financing	30,869,095	30,138,930	37,966,429	36,923,112

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**A16 Loans, Advances and Financing (contd.)**

**A16b** By interest/profit rate sensitivity:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Fixed rate				
- Housing loans/financing	8,162	9,282	50,969	57,528
- Hire purchase receivables	688,777	744,962	1,387,161	1,512,488
- Other fixed rate loans/financing	1,413,254	1,345,930	2,544,591	2,248,229
Variable rate				
- Base lending rate plus	22,617,423	22,343,074	27,013,097	26,582,088
- Base rate plus	412,896	27,173	475,139	29,334
- Cost plus	5,441,672	5,439,567	6,199,730	6,253,494
- Other variable rates loans/financing	286,911	228,942	295,742	239,951
Gross loans, advances and financing	<b>30,869,095</b>	<b>30,138,930</b>	<b>37,966,429</b>	<b>36,923,112</b>

**A16c** By economic purposes:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Purchase of securities	1,369,086	1,512,265	1,435,394	1,597,174
Purchase of transport vehicles	602,079	652,535	1,305,880	1,426,986
Purchase of landed property	18,520,627	18,029,980	22,159,753	21,587,935
of which: - Residential	12,947,142	12,589,545	15,544,892	15,137,475
- Non-residential	5,573,485	5,440,435	6,614,861	6,450,460
Purchase of fixed assets excluding land & buildings	188,522	200,433	198,056	209,585
Personal use	1,464,566	1,380,111	2,465,247	2,276,090
Credit card	663,135	653,068	663,135	653,068
Construction	592,824	552,008	604,208	564,122
Mergers and acquisitions	117,687	117,687	117,687	117,687
Working capital	5,604,118	5,550,309	6,773,506	6,623,099
Others	1,746,451	1,490,534	2,243,563	1,867,366
Gross loans, advances and financing	<b>30,869,095</b>	<b>30,138,930</b>	<b>37,966,429</b>	<b>36,923,112</b>

**A16d** By geographical distribution:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Northern region	2,051,617	1,999,996	2,464,071	2,413,727
Central region	22,483,289	22,103,352	27,407,347	26,845,424
Southern region	3,354,566	3,204,564	4,458,551	4,246,477
Sabah region	2,178,230	2,189,040	2,674,871	2,634,948
Sarawak region	801,393	641,978	961,589	782,536
Gross loans, advances and financing	<b>30,869,095</b>	<b>30,138,930</b>	<b>37,966,429</b>	<b>36,923,112</b>

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**A16 Loans, Advances and Financing (contd.)**

**A16e** By maturity structure:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Within one year	7,577,768	7,350,615	8,857,227	8,508,239
One year to three years	1,135,093	1,138,482	1,384,344	1,426,070
Three years to five years	1,452,101	1,395,031	1,866,579	1,825,760
Over five years	20,704,133	20,254,802	25,858,279	25,163,043
Gross loans, advances and financing	<u>30,869,095</u>	<u>30,138,930</u>	<u>37,966,429</u>	<u>36,923,112</u>

**A16f** Movements in impaired loans, advances and financing ("impaired loans") are as follows:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
At beginning of year	321,497	353,880	380,712	442,781
Impaired during the period/year	257,162	560,117	319,592	688,569
Reclassified as unimpaired during the period/year	(134,794)	(335,872)	(167,746)	(412,159)
Recoveries	(49,768)	(184,976)	(66,746)	(235,458)
Amount written-off	(27,386)	(71,652)	(39,092)	(103,021)
At end of period/year	366,711	321,497	426,720	380,712
Individual allowance for impairment	(48,574)	(46,191)	(61,542)	(56,303)
Collective allowance for impairment (impaired portion)	(84,550)	(89,487)	(101,592)	(102,533)
Net impaired loans, advances and financing	<u>233,587</u>	<u>185,819</u>	<u>263,586</u>	<u>221,876</u>
Gross impaired loans as % of gross loans, advances and financing	<u>1.2%</u>	<u>1.1%</u>	<u>1.1%</u>	<u>1.0%</u>

**A16g** Impaired loans analysed by economic purposes are as follows:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Purchase of securities	53	515	53	515
Purchase of transport vehicles	5,528	4,356	10,048	8,263
Purchase of landed property	252,511	220,432	281,900	255,939
of which: - Residential	205,290	200,590	233,482	233,894
- Non-residential	47,221	19,842	48,418	22,045
Purchase of fixed assets excluding land & buildings	1,190	541	1,190	541
Personal use	22,000	18,056	34,190	27,164
Credit card	8,723	7,611	8,723	7,611
Construction	3,556	3,978	3,556	3,979
Working capital	64,577	59,664	77,362	67,634
Others	8,573	6,344	9,698	9,066
Gross impaired loans	<u>366,711</u>	<u>321,497</u>	<u>426,720</u>	<u>380,712</u>

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**A16 Loans, Advances and Financing (contd.)**

**A16h Impaired loans by geographical distribution:**

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Northern region	51,752	42,274	55,070	45,294
Central region	258,244	221,285	305,310	267,873
Southern region	30,551	30,309	37,115	37,759
Sabah region	21,996	23,797	24,473	25,501
Sarawak region	4,168	3,832	4,752	4,285
Gross impaired loans	<u>366,711</u>	<u>321,497</u>	<u>426,720</u>	<u>380,712</u>

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

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
<b>Individual assessment allowance</b>				
At beginning of year	46,191	67,281	56,303	97,159
Allowance made during the period/year (net)	5,011	9,159	9,940	3,475
Amount written-off	(6,492)	(29,888)	(8,565)	(43,873)
Transfers from/(to) collective assessment allowance	3,864	(361)	3,864	(458)
At end of period/year	<u>48,574</u>	<u>46,191</u>	<u>61,542</u>	<u>56,303</u>

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
<b>Collective assessment allowance</b>				
At beginning of year	278,599	266,907	334,704	313,296
Allowance made during the period/year (net)	15,554	51,693	33,734	78,193
Amount written-off	(20,894)	(40,362)	(30,527)	(57,243)
Transfers (to)/from individual assessment allowance	(3,864)	361	(3,864)	458
At end of period/year	<u>269,395</u>	<u>278,599</u>	<u>334,047</u>	<u>334,704</u>

**A17 Other Assets**

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Other receivables, deposits and prepayment Amount due from subsidiaries and related companies	155,486	107,511	164,641	119,463
	3,098	10,528	187	576
	<u>158,584</u>	<u>118,039</u>	<u>164,828</u>	<u>120,039</u>
Less:				
Allowance for other losses	(20,769)	(22,200)	(24,776)	(30,447)
	<u>137,815</u>	<u>95,839</u>	<u>140,052</u>	<u>89,592</u>



**A18 Deposits from Customers**

	<u>BANK</u>		<u>GROUP</u>	
	<b>30 September 2015 RM'000</b>	31 March 2015 RM'000	<b>30 September 2015 RM'000</b>	31 March 2015 RM'000
<b>A18a By type of deposits:</b>				
<b>Amortised cost</b>				
Demand deposits	<b>10,930,968</b>	11,040,092	<b>13,018,946</b>	13,222,415
Savings deposits	<b>1,468,480</b>	1,453,258	<b>1,790,744</b>	1,767,621
Fixed/investment deposits	<b>16,222,285</b>	17,714,630	<b>20,662,879</b>	21,164,118
Money market deposits	<b>2,275,122</b>	2,520,874	<b>3,519,137</b>	4,173,244
Negotiable instruments of deposits	<b>4,405,793</b>	3,733,216	<b>4,736,027</b>	4,001,934
Structured deposits	<b>309,299</b>	330,602	<b>309,299</b>	330,602
	<b>35,611,947</b>	36,792,672	<b>44,037,032</b>	44,659,934
<b>At fair value through profit and loss</b>				
Structured deposits	<b>108,774</b>	63,495	<b>108,774</b>	63,495
	<b>35,720,721</b>	36,856,167	<b>44,145,806</b>	44,723,429

Note

- (a) Structured deposits issued by the Bank include foreign currency time deposits with embedded foreign exchange, equity linked options and interest rate index linked placements.
- (b) The Group and the Bank has undertaken a fair value hedge on the interest rate risk of certain structured deposits amounting to RM278,918,000 (31.03.15: RM281,371,000) using interest rate swaps.

	<u>BANK/GROUP</u>	
	<b>30 September 2015 RM'000</b>	31 March 2015 RM'000
Structured deposits	<b>278,918</b>	281,371
Fair value changes arising from fair value hedges	<b>(18,810)</b>	(8,702)
	<b>260,108</b>	272,669

The fair value loss of the interest rate swap in this hedge transaction as at financial period ended 30 September 2015 is RM18,810,000 (31.03.15: RM8,702,000). There were no ineffectiveness.

- (c) During the financial period ended 30 September 2015, the Bank 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 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 RM8,467,000 lower than the contractual amount at maturity.

	<u>BANK/GROUP</u>	
	<b>30 September 2015 RM'000</b>	31 March 2015 RM'000
Structured deposits	<b>134,741</b>	67,232
Fair value changes arising from designation at fair value through profit or loss	<b>(25,967)</b>	(3,737)
	<b>108,774</b>	63,495

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

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**A18 Deposits from Customers (contd.)**

**A18b** By type of customers:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Domestic financial institutions	4,494,488	3,813,411	4,730,962	4,057,149
Domestic non-bank financial institutions	1,813,533	2,406,296	2,860,071	4,443,347
Government and statutory bodies	1,677,145	1,766,434	3,536,433	2,998,668
Business enterprises	10,801,286	11,332,469	14,106,295	14,250,724
Individuals	16,030,126	16,579,623	17,735,732	17,906,583
Foreign entities	524,094	523,371	588,297	591,360
Others	380,049	434,563	588,016	475,598
	<b>35,720,721</b>	<b>36,856,167</b>	<b>44,145,806</b>	<b>44,723,429</b>

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

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Due within six months	19,003,147	19,635,124	24,372,074	24,128,402
Six months to one year	3,855,803	4,279,806	4,503,629	5,156,361
One year to three years	37,487	47,655	34,937	48,134
Three years to five years	6,763	6,135	7,403	6,399
	<b>22,903,200</b>	<b>23,968,720</b>	<b>28,918,043</b>	<b>29,339,296</b>

**A19 Deposits and Placements of Banks and Other Financial Institutions**

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
Licensed banks	1,827,412	601,968	2,077,447	852,198
Licensed Islamic banks	-	-	-	200,020
Bank Negara Malaysia	287,333	326,527	406,039	437,557
Other financial institutions	-	-	47,144	-
	<b>2,114,745</b>	<b>928,495</b>	<b>2,530,630</b>	<b>1,489,775</b>

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**A20 Balances Due To Clients And Brokers**

	<b>GROUP</b>	
	<b>30 September</b>	31 March
	<b>2015</b>	2015
	<b>RM'000</b>	RM'000
Due to clients	<b>47,830</b>	62,833
Due to brokers	<b>4,660</b>	-
	<b>52,490</b>	62,833

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

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

Following the issuance of FRSIC Consensus 18, the Group no longer recognises trust monies balances in the statement of financial position, as the Group does not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies. The trust monies maintained by the Group amounting to RM73,479,000 (31.3.15: RM78,850,000) have been excluded accordingly.

**A21 Other Liabilities**

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 September</b>	31 March	<b>30 September</b>	31 March
	<b>2015</b>	2015	<b>2015</b>	2015
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Other payable and accruals	<b>734,934</b>	729,919	<b>848,158</b>	901,303
Remisiers' accounts	-	-	<b>22,018</b>	21,305
Finance lease liabilities	<b>9,230</b>	10,299	<b>9,230</b>	10,299
Amount due to subsidiaries	<b>64,918</b>	6,081	-	-
Amount due to holding company	<b>533</b>	591	<b>794</b>	665
	<b>809,615</b>	746,890	<b>880,200</b>	933,572

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**A22 Interest Income**

	2nd Quarter Ended		Six Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
<b><u>BANK</u></b>				
Loans, advances and financing	<b>358,357</b>	333,911	<b>711,662</b>	638,260
Money at call and deposit placements with financial institutions	<b>2,622</b>	10,641	<b>6,809</b>	17,348
Financial assets held-for-trading	<b>889</b>	-	<b>1,708</b>	214
Financial investments available-for-sale	<b>70,832</b>	75,339	<b>141,806</b>	147,795
Financial investments held-to-maturity	<b>5,438</b>	5,433	<b>10,886</b>	10,921
Others	<b>2,435</b>	2,587	<b>5,493</b>	4,917
	<b>440,573</b>	427,911	<b>878,364</b>	819,455
Accretion of discount less amortisation of premium	<b>16,348</b>	15,234	<b>32,165</b>	30,326
	<b>456,921</b>	443,145	<b>910,529</b>	849,781
<b><u>GROUP</u></b>				
Loans, advances and financing	<b>368,392</b>	340,152	<b>725,959</b>	652,599
Money at call and deposit placements with financial institutions	<b>2,489</b>	10,877	<b>5,785</b>	16,636
Financial assets held-for-trading	<b>889</b>	-	<b>1,708</b>	214
Financial investments available-for-sale	<b>74,205</b>	80,120	<b>149,958</b>	158,689
Financial investments held-to-maturity	<b>6,705</b>	6,696	<b>13,416</b>	13,451
Others	<b>2,435</b>	2,587	<b>5,493</b>	4,917
	<b>455,115</b>	440,432	<b>902,319</b>	846,506
Accretion of discount less amortisation of premium	<b>16,138</b>	16,827	<b>32,652</b>	34,238
	<b>471,253</b>	457,259	<b>934,971</b>	880,744

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**A23 Interest Expense**

	2nd Quarter Ended		Six Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
<b><u>BANK</u></b>				
Deposits and placements of banks and other financial institutions	11,229	16,248	17,788	30,127
Deposits from customers	225,418	197,626	454,045	384,439
Subordinated obligations	7,472	7,464	14,786	14,772
Others	5,982	3,694	11,475	7,577
	<b>250,101</b>	<b>225,032</b>	<b>498,094</b>	<b>436,915</b>
<b><u>GROUP</u></b>				
Deposits and placements of banks and other financial institutions	13,494	22,643	24,026	42,418
Deposits from customers	231,974	203,151	465,667	396,437
Subordinated obligations	7,472	7,464	14,786	14,772
Others	5,982	3,694	11,475	7,577
	<b>258,922</b>	<b>236,952</b>	<b>515,954</b>	<b>461,204</b>

**A24 Net Income from Islamic Banking Business**

	2nd Quarter Ended		Six Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
<b><u>GROUP</u></b>				
Income derived from investment of depositors' funds and others	107,497	86,445	209,369	169,669
Income derived from investment of Islamic Banking funds	9,089	8,290	18,027	16,340
Income attributable to depositors and financial institutions	(62,477)	(46,123)	(121,596)	(91,318)
	<b>54,109</b>	<b>48,612</b>	<b>105,800</b>	<b>94,691</b>
Add: Income due to head office eliminated at Group level	6,943	6,208	13,804	13,799
	<b>61,052</b>	<b>54,820</b>	<b>119,604</b>	<b>108,490</b>

**A25 Other Operating Income**

	2nd Quarter Ended		Six Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
<b><u>BANK</u></b>				
(a) <u>Fee and commission income:</u>				
Commissions	21,702	21,835	39,550	40,511
Service charges and fees	6,582	7,173	13,995	15,318
Guarantee fees	3,260	3,079	6,960	6,231
Processing fees	1,321	5,541	3,427	8,887
Commitment fees	4,045	3,844	7,787	7,575
Other fee income	24,938	34,734	50,133	61,643
	<u>61,848</u>	<u>76,206</u>	<u>121,852</u>	<u>140,165</u>
(b) <u>Fee and commission expense:</u>				
Commissions expense	(566)	(724)	(788)	(1,146)
Guarantee fees expense	(126)	(60)	(633)	(506)
Brokerage fees expense	(1)	-	(3)	(2)
Other fee expense	(22,047)	(22,220)	(44,911)	(44,258)
	<u>(22,740)</u>	<u>(23,004)</u>	<u>(46,335)</u>	<u>(45,912)</u>
(c) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	(908)	18	(1,466)	(10)
- Financial investments available-for-sale	(317)	8,005	640	14,401
Marked-to-market revaluation of:				
- Financial assets held-for-trading	(523)	-	(422)	24
- Derivative instruments	77,721	16,317	31,555	27,736
- Unrealised gain arising from financial liabilities designated at fair value	19,070	-	22,230	-
Realised gain on derivative instruments	(59,018)	(2,985)	4,630	10,147
Gross dividend income from:				
- Financial investments available-for-sale	-	178	2,281	1,791
- Subsidiaries	-	-	5,974	23,493
	<u>36,025</u>	<u>21,533</u>	<u>65,422</u>	<u>77,582</u>
(d) <u>Other income:</u>				
Foreign exchange gain/(loss)	5,486	1,091	9,072	(1,763)
Rental income	94	101	185	200
(Loss)/gain on disposal of property, plant and equipment	-	-	(12)	1
Others	6,332	7,170	13,551	13,111
	<u>11,912</u>	<u>8,362</u>	<u>22,796</u>	<u>11,549</u>
Total other operating income	<u>87,045</u>	<u>83,097</u>	<u>163,735</u>	<u>183,384</u>

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

<b>GROUP</b>	<b>2nd Quarter Ended</b>		<b>Six Months Ended</b>	
	<b>30 September 2015 RM'000</b>	<b>30 September 2014 RM'000</b>	<b>30 September 2015 RM'000</b>	<b>30 September 2014 RM'000</b>
(a) <u>Fee income:</u>				
Commissions	<b>21,702</b>	21,835	<b>39,550</b>	40,511
Service charges and fees	<b>6,707</b>	7,451	<b>14,319</b>	15,813
Portfolio management fees	-	9	-	16
Corporate advisory fees	<b>194</b>	200	<b>680</b>	365
Brokerage fees	<b>8,066</b>	11,831	<b>17,096</b>	21,381
Guarantee fees	<b>3,261</b>	3,079	<b>7,221</b>	6,496
Processing fees	<b>1,394</b>	6,810	<b>3,952</b>	10,351
Commitment fees	<b>4,053</b>	3,851	<b>7,800</b>	7,588
Underwriting commissions	-	316	-	316
Other fee income	<b>24,938</b>	34,735	<b>50,133</b>	61,665
	<b>70,315</b>	90,117	<b>140,751</b>	164,502
(b) <u>Fee and commission expense:</u>				
Commissions expense	<b>(566)</b>	(724)	<b>(788)</b>	(1,146)
Guarantee fees expense	<b>(126)</b>	(60)	<b>(633)</b>	(506)
Brokerage fees expense	<b>(4,048)</b>	(5,914)	<b>(8,244)</b>	(10,685)
Other fee expense	<b>(22,047)</b>	(22,220)	<b>(44,911)</b>	(44,258)
	<b>(26,787)</b>	(28,918)	<b>(54,576)</b>	(56,595)
(c) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	<b>(908)</b>	18	<b>(1,466)</b>	(10)
- Financial investments available-for-sale	<b>(282)</b>	9,104	<b>1,036</b>	14,580
- Financial investments held-to-maturity	-	-	-	-
Marked-to-market revaluation of:				
- Financial assets held-for-trading	<b>(523)</b>	-	<b>(422)</b>	24
- Derivative instruments	<b>77,721</b>	16,317	<b>31,555</b>	27,736
- Unrealised gain arising from financial liabilities designated at fair value	<b>19,070</b>	-	<b>22,230</b>	-
Realised gain on derivative instruments	<b>(59,018)</b>	(2,985)	<b>4,630</b>	10,147
Gross dividend income from:				
- Financial investments available-for-sale	-	278	<b>2,761</b>	1,891
	<b>36,060</b>	22,732	<b>60,324</b>	54,368
(d) <u>Other income :</u>				
Foreign exchange gain/(loss)	<b>5,555</b>	1,187	<b>9,244</b>	(1,557)
(Loss)/gain on disposal of property, plant and equipment	-	-	<b>(12)</b>	1
Others	<b>6,582</b>	7,399	<b>14,015</b>	13,590
	<b>12,137</b>	8,586	<b>23,247</b>	12,034
Total other operating income	<b>91,725</b>	92,517	<b>169,746</b>	174,309

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**A26 Other Operating Expenses**

	2nd Quarter Ended		Six Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
<b><u>BANK</u></b>				
Personnel costs				
- Salaries, allowances and bonuses	61,344	56,274	123,518	108,489
- Contribution to EPF	10,040	9,039	20,140	18,964
- Share options/grants under ESS	1,567	3,270	3,594	5,945
- Others	7,924	7,626	13,845	23,557
	<b>80,875</b>	<b>76,209</b>	<b>161,097</b>	<b>156,955</b>
Establishment costs				
- Depreciation of property, plant and equipment	5,545	4,928	11,244	9,977
- Amortisation of computer software	5,333	4,429	10,432	8,811
- Rental of premises	5,842	5,294	11,830	10,545
- Water and electricity	1,568	2,009	3,139	3,627
- Repairs and maintenance	2,012	2,114	3,033	4,036
- Information technology expenses	8,250	7,191	16,760	12,786
- Others	420	1,047	1,532	2,657
	<b>28,970</b>	<b>27,012</b>	<b>57,970</b>	<b>52,439</b>
Marketing expenses				
- Promotion and advertisement	645	1,211	1,447	2,690
- Branding and publicity	2,361	2,883	3,426	4,878
- Others	1,339	1,053	2,414	2,310
	<b>4,345</b>	<b>5,147</b>	<b>7,287</b>	<b>9,878</b>
Administration and general expenses				
- Communication expenses	2,614	2,977	4,960	5,324
- Printing and stationery	715	641	1,250	1,536
- Insurance	4,754	2,576	10,930	4,554
- Professional fees	2,127	3,522	5,942	6,950
- Others	5,073	5,079	10,064	9,805
	<b>15,283</b>	<b>14,795</b>	<b>33,146</b>	<b>28,169</b>
Total other operating expenses	<b>129,473</b>	<b>123,163</b>	<b>259,500</b>	<b>247,441</b>



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

	2nd Quarter Ended		Six Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
<b>GROUP</b>				
Personnel costs				
- Salaries, allowances and bonuses	<b>80,476</b>	75,495	<b>162,570</b>	146,965
- Contribution to EPF	<b>12,992</b>	12,226	<b>26,225</b>	25,216
- Share options/grants under ESS	<b>1,657</b>	3,403	<b>3,760</b>	6,164
- Others	<b>9,953</b>	10,664	<b>17,567</b>	29,154
	<b>105,078</b>	101,788	<b>210,122</b>	207,499
Establishment costs				
- Depreciation of property, plant and equipment	<b>5,668</b>	5,031	<b>11,486</b>	10,201
- Amortisation of computer software	<b>5,408</b>	4,494	<b>10,575</b>	8,931
- Rental of premises	<b>7,612</b>	6,945	<b>15,392</b>	13,916
- Water and electricity	<b>2,109</b>	2,576	<b>4,156</b>	4,836
- Repairs and maintenance	<b>2,623</b>	2,783	<b>4,092</b>	5,356
- Information technology expenses	<b>10,629</b>	10,333	<b>21,249</b>	18,505
- Others	<b>3,048</b>	3,857	<b>7,087</b>	8,133
	<b>37,097</b>	36,019	<b>74,037</b>	69,878
Marketing expenses				
- Promotion and advertisement	<b>1,087</b>	1,428	<b>2,861</b>	2,989
- Branding and publicity	<b>2,482</b>	3,919	<b>3,657</b>	7,013
- Others	<b>2,086</b>	2,009	<b>3,956</b>	3,984
	<b>5,655</b>	7,356	<b>10,474</b>	13,986
Administration and general expenses				
- Communication expenses	<b>3,190</b>	3,728	<b>6,423</b>	7,097
- Printing and stationery	<b>870</b>	791	<b>1,601</b>	1,887
- Insurance	<b>5,221</b>	2,768	<b>12,186</b>	4,899
- Professional fees	<b>3,073</b>	4,957	<b>7,546</b>	9,664
- Others	<b>5,740</b>	6,294	<b>10,737</b>	9,940
	<b>18,094</b>	18,538	<b>38,493</b>	33,487
Total other operating expenses	<b>165,924</b>	163,701	<b>333,126</b>	324,850

**A27 Allowance for/(Write-back of) Losses on Loans, Advances and Financing and Other Receivables**

	2nd Quarter Ended		Six Months Ended	
	30 September 2015 RM'000	30 September 2014 RM'000	30 September 2015 RM'000	30 September 2014 RM'000
<b><u>BANK</u></b>				
Allowance for/(write-back of) impaired loans and financing and other receivables:				
(a) Individual assessment allowance				
- made during the period (net)	<b>5,698</b>	4,042	<b>5,011</b>	3,237
(b) Collective assessment allowance				
- made during the period (net)	<b>6,113</b>	4,129	<b>15,554</b>	12,170
(c) Bad debts on loans and financing				
- Recovered	<b>(6,688)</b>	(21,144)	<b>(12,934)</b>	(31,621)
- Written-off	<b>2,672</b>	3,494	<b>4,816</b>	6,336
	<b>7,795</b>	(9,479)	<b>12,447</b>	(9,878)
Allowance for other receivables	<b>769</b>	335	<b>1,369</b>	930
	<b>8,564</b>	(9,144)	<b>13,816</b>	(8,948)
<b><u>GROUP</u></b>				
Allowance for/(write-back of) impaired loans and financing and other receivables:				
(a) Individual assessment allowance				
- made during the period (net)	<b>5,716</b>	3,614	<b>9,940</b>	(2,358)
(b) Collective assessment allowance				
- made during the period (net)	<b>16,328</b>	11,698	<b>33,734</b>	27,261
(c) Bad debts on loans and financing				
- Recovered	<b>(8,804)</b>	(26,560)	<b>(17,581)</b>	(39,248)
- Written-off	<b>4,674</b>	4,815	<b>8,016</b>	8,986
	<b>17,914</b>	(6,433)	<b>34,109</b>	(5,359)
Allowance for other receivables	<b>1,348</b>	(155)	<b>2,267</b>	523
	<b>19,262</b>	(6,588)	<b>36,376</b>	(4,836)

**A28 Commitments and Contingencies**

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

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 September 2015 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>30 September 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
<b><u>Credit-related exposures</u></b>				
Direct credit substitutes	684,610	714,754	760,617	789,038
Transaction-related contingent items	616,839	596,203	675,235	653,199
Short-term self-liquidating trade-related contingencies	135,528	140,377	177,663	164,832
Irrevocable commitments to extend credit:				
- maturity exceeding one year	2,930,797	3,589,874	3,355,032	4,189,365
- maturity not exceeding one year	5,109,655	5,335,806	6,538,991	6,634,666
Unutilised credit card lines	1,552,533	1,457,307	1,552,533	1,457,307
	<u>11,029,962</u>	<u>11,834,321</u>	<u>13,060,071</u>	<u>13,888,407</u>
<b><u>Derivative financial instruments</u></b>				
Foreign exchange related contracts:				
- one year or less	5,129,033	4,794,524	5,129,033	4,794,524
- over one year to three years	87,930	69,675	87,930	69,675
- over three years	43,965	31,515	43,965	31,515
Interest rate related contracts:				
- one year or less	630,000	2,085,000	630,000	2,085,000
- over one year to three years	872,978	828,153	872,978	828,153
- over three years	1,507,610	1,012,269	1,507,610	1,012,269
Equity related contracts				
- one year or less	7,619	23,460	7,619	23,460
- over one year to three years	80,340	12,780	80,340	12,780
	<u>8,359,475</u>	<u>8,857,376</u>	<u>8,359,475</u>	<u>8,857,376</u>
	<u>19,389,437</u>	<u>20,691,697</u>	<u>21,419,546</u>	<u>22,745,783</u>

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**A29 Derivative Financial Assets/(Liabilities)**

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

<b><u>BANK/GROUP</u></b>	<b>As at 30 September 2015</b>			<b>As at 31 March 2015</b>		
	<b>Principal RM'000</b>	<b>Fair value</b>		<b>Principal RM'000</b>	<b>Fair value</b>	
		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
Foreign exchange and commodity contracts						
Currency forwards						
- one year or less	<b>1,428,812</b>	<b>115,092</b>	<b>(23,967)</b>	1,083,171	70,152	(5,529)
Currency swaps						
- one year or less	<b>3,450,377</b>	<b>148,458</b>	<b>(148,984)</b>	3,184,221	56,121	(76,726)
- over one year to three years	<b>87,930</b>	<b>6,739</b>	<b>(10,732)</b>	69,675	234	(4,133)
- over three years	<b>43,965</b>	-	<b>(12,118)</b>	31,515	-	(5,562)
Currency spots						
- one year or less	<b>67,610</b>	<b>177</b>	<b>(87)</b>	219,795	347	(869)
Currency options						
- one year or less	<b>182,234</b>	<b>924</b>	<b>(407)</b>	307,337	1,562	(803)
	<b>5,260,928</b>	<b>271,390</b>	<b>(196,295)</b>	4,895,714	128,416	(93,622)
Interest rate derivatives						
Interest rate swap	<b>2,732,586</b>	<b>8,711</b>	<b>(3,354)</b>	3,645,000	4,044	(9,276)
- one year or less	<b>630,000</b>	<b>509</b>	<b>(138)</b>	2,085,000	2,205	(562)
- over one year to three years	<b>830,000</b>	<b>2,173</b>	<b>(1,296)</b>	800,000	1,030	(2,440)
- over three years	<b>1,272,586</b>	<b>6,029</b>	<b>(1,920)</b>	760,000	809	(6,274)
Equity related derivatives						
- one year or less	<b>7,619</b>	-	<b>(3,986)</b>	23,460	-	(3,554)
- over one year to three years	<b>80,340</b>	-	<b>(18,782)</b>	12,780	-	(70)
<b>Hedging Derivatives</b>						
Interest rate swap						
- over one year to three years	<b>42,978</b>	-	<b>(1,716)</b>	28,153	-	(429)
- over three years	<b>235,024</b>	-	<b>(17,094)</b>	252,269	-	(8,273)
<b>Total derivatives assets/(liabilities)</b>	<b>8,359,475</b>	<b>280,101</b>	<b>(241,227)</b>	<b>8,857,376</b>	<b>132,460</b>	<b>(115,224)</b>

The credit risk, market risk and liquidity risk associated with the derivatives and the policies in place for mitigating or controlling the risks with these derivatives are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2015.

**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.

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**A29 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.

### **A30 Segment Information**

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

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

The Group is organised into the following key operating segments:

#### **(i) Consumer Banking**

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

#### **(ii) Business Banking**

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

#### **(iii) Financial Markets**

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

#### **(iv) 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 alternative distribution channels, trustee services and head office.

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**A30 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>2nd Quarter ended 30 September 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								
- External income	109,076	81,861	19,798	976	18	211,729	602	212,331
- inter-segment	(34,694)	14,277	21,268	(851)	-	-	-	-
	<u>74,382</u>	<u>96,138</u>	<u>41,066</u>	<u>125</u>	<u>18</u>	<u>211,729</u>	<u>602</u>	<u>212,331</u>
Net income from Islamic banking business	21,588	19,206	13,315	-	-	54,109	6,943	61,052
Other operating income	26,005	39,270	21,949	4,852	5,797	97,873	(6,148)	91,725
Net income	<u>121,975</u>	<u>154,614</u>	<u>76,330</u>	<u>4,977</u>	<u>5,815</u>	<u>363,711</u>	<u>1,397</u>	<u>365,108</u>
Other operating expenses	(72,461)	(57,449)	(13,477)	(8,738)	(4,324)	(156,449)	1,601	(154,848)
Depreciation and amortisation	(5,975)	(4,021)	(930)	(150)	-	(11,076)	-	(11,076)
Operating profit/(loss)	<u>43,539</u>	<u>93,144</u>	<u>61,923</u>	<u>(3,911)</u>	<u>1,491</u>	<u>196,186</u>	<u>2,998</u>	<u>199,184</u>
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(6,212)	(12,804)	(247)	1	-	(19,262)	-	(19,262)
Segment result	<u>37,327</u>	<u>80,340</u>	<u>61,676</u>	<u>(3,910)</u>	<u>1,491</u>	<u>176,924</u>	<u>2,998</u>	<u>179,922</u>
Share of results of associates								2
Share of profit of joint venture accounted for using the equity method								17
Taxation and zakat								<u>(45,950)</u>
Net profit after taxation and zakat								<u><u>133,991</u></u>
Segment assets	<u>22,131,547</u>	<u>15,328,500</u>	<u>16,688,278</u>	<u>147,475</u>	<u>19,097</u>	<u>54,314,897</u>	<u>(1,836,522)</u>	<u>52,478,375</u>
Reconciliation of segment assets to consolidated assets:								
Investments in associates								516
Investments in joint venture								530
Property, plant and equipment								92,322
Unallocated assets								59,382
Intangible assets								362,937
Total assets								<u><u>52,994,062</u></u>
Segment Liabilities	<u>20,939,320</u>	<u>18,448,376</u>	<u>10,004,883</u>	<u>77,873</u>	<u>13,055</u>	<u>49,483,507</u>	<u>(1,013,033)</u>	<u>48,470,474</u>
Unallocated liabilities								9,700
Total liabilities								<u><u>48,480,174</u></u>

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**A30 Segment information (contd.)**

<u>Group</u>	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
<b>Six months ended 30 September 2015</b>								
Net interest income								
- External income	210,876	161,406	49,243	2,261	40	423,826	(4,809)	419,017
- inter-segment	(54,262)	30,491	25,618	(1,847)	-	-	-	-
	156,614	191,897	74,861	414	40	423,826	(4,809)	419,017
Net income from Islamic banking business	44,757	36,475	24,568	-	-	105,800	13,804	119,604
Other operating income	52,823	74,683	31,572	11,105	11,123	181,306	(11,560)	169,746
Net income	254,194	303,055	131,001	11,519	11,163	710,932	(2,565)	708,367
Other operating expenses	(145,148)	(114,099)	(27,721)	(18,795)	(9,190)	(314,953)	3,888	(311,065)
Depreciation and amortisation	(11,856)	(8,038)	(1,877)	(290)	-	(22,061)	-	(22,061)
Operating profit/(loss)	97,190	180,918	101,403	(7,566)	1,973	373,918	1,323	375,241
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(20,935)	(15,458)	(5)	22	-	(36,376)	-	(36,376)
Write-back of impairment on securities	-	3	673	-	-	676	-	676
Segment result	76,255	165,463	102,071	(7,544)	1,973	338,218	1,323	339,541
Share of results of associates								4
Share of profit of joint venture accounted for using the equity method								120
Taxation and zakat								(84,396)
Net profit after taxation and zakat								255,269
Segment assets	22,131,547	15,328,500	16,688,278	147,475	19,097	54,314,897	(1,836,522)	52,478,375
Reconciliation of segment assets to consolidated assets:								
Investments in associates								516
Investments in joint ventures								530
Property, plant and equipment								92,322
Unallocated assets								59,382
Intangible assets								362,937
Total assets								52,994,062
Segment Liabilities	20,939,320	18,448,376	10,004,883	77,873	13,055	49,483,507	(1,013,033)	48,470,474
Unallocated liabilities								9,700
Total liabilities								48,480,174



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**A30 Segment information (contd.)**

<b>Group</b>	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
<b>2nd Quarter ended 30 September 2014</b>								
Net interest income								
- External income	109,880	82,227	29,912	1,833	12	223,864	(3,557)	220,307
- inter-segment	(19,349)	8,461	12,293	(1,405)	-	-	-	-
	90,531	90,688	42,205	428	12	223,864	(3,557)	220,307
Net income from Islamic banking business	20,638	16,368	11,606	-	-	48,612	6,208	54,820
Other operating income	31,418	40,106	12,779	8,216	4,295	96,814	(4,297)	92,517
Net income	142,587	147,162	66,590	8,644	4,307	369,290	(1,646)	367,644
Other operating expenses	(69,532)	(55,759)	(13,041)	(12,148)	(5,515)*	(155,995)	1,819	(154,176)
Depreciation and amortisation	(5,290)	(3,179)	(919)	(137)	-	(9,525)	-	(9,525)
Operating profit/(loss)	67,765	88,224	52,630	(3,641)	(1,208)	203,770	173	203,943
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(14,665)	19,722	899	632	-	6,588	-	6,588
Write-back of impairment on securities	-	2,613	833	-	-	3,446	-	3,446
Segment result	53,100	110,559	54,362	(3,009)	(1,208)	213,804	173	213,977
Share of results of associates								2
Share of profit of joint venture accounted for using the equity method								6
Taxation and zakat								(54,103)
Net profit after taxation and zakat								159,882
Segment assets	20,608,063	13,259,908	18,084,940	233,591	13,446	52,199,948	(1,838,764)	50,361,184
Reconciliation of segment assets to consolidated assets:								
Investments in associates								505
Investments in joint ventures								400
Property, plant and equipment								93,606
Unallocated assets								15,563
Intangible assets								353,979
Total assets								50,825,237
Segment Liabilities	18,629,654	15,974,004	12,848,115	84,113	14,995	47,550,881	(1,019,179)	46,531,702
Unallocated liabilities								11,571
Total liabilities								46,543,273

\* Includes rationalisation cost of RM10,648,000.

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**A30 Segment information (contd.)**

<b>Group</b>	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
<b>Six months ended 30 September 2014</b>								
Net interest income								
- External income	194,363	160,175	68,264	3,543	16	426,361	(6,821)	419,540
- inter-segment	(30,237)	10,484	22,378	(2,625)	-	-	-	-
	164,126	170,659	90,642	918	16	426,361	(6,821)	419,540
Net income from Islamic banking business	40,862	32,536	21,293	-	-	94,691	13,799	108,490
Other operating income	59,928	77,398	24,595	13,782	9,326	185,029	(10,720)	174,309
Net income	264,916	280,593	136,530	14,700	9,342	706,081	(3,742)	702,339
Other operating expenses	(132,701)	(108,423)	(24,664)	(22,099)	(22,809)*	(310,696)	4,978	(305,718)
Depreciation and amortisation	(10,512)	(6,490)	(1,840)	(290)	-	(19,132)	-	(19,132)
Operating profit/(loss)	121,703	165,680	110,026	(7,689)	(13,467)	376,253	1,236	377,489
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(29,064)	32,559	659	682	-	4,836	-	4,836
Write-back of impairment on securities	-	2,613	833	-	1,500	4,946	-	4,946
Segment result	92,639	200,852	111,518	(7,007)	(11,967)	386,035	1,236	387,271
Share of results of associates								4
Share of profit of joint venture accounted for using the equity method								6
Taxation and zakat								(96,285)
Net profit after taxation and zakat								290,996
Segment assets	20,608,063	13,259,908	18,084,940	233,591	13,446	52,199,948	(1,838,764)	50,361,184
Reconciliation of segment assets to consolidated assets:								
Investments in associates								505
Investments in joint ventures								400
Property, plant and equipment								93,606
Unallocated assets								15,563
Intangible assets								353,979
Total assets								50,825,237
Segment Liabilities	18,629,654	15,974,004	12,848,115	84,113	14,995	47,550,881	(1,019,179)	46,531,702
Unallocated liabilities								11,571
Total liabilities								46,543,273

\* Includes rationalisation cost of RM10,648,000.

**A31 Capital Adequacy**

The capital adequacy ratios of the Group and the Bank are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework issued on 28 November 2012. The Framework sets out the approach for computing regulatory capital adequacy ratios, as well as the levels of those ratios at which banking institutions are required to operate. The framework is to strengthen capital adequacy standards, in line with the requirements set forth under Basel III. The risk-weighted assets of the Group and the Bank are computed using the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

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

	<u><b>BANK</b></u>		<u><b>GROUP</b></u>	
	<b>30 September 2015</b>	31 March 2015	<b>30 September 2015</b>	31 March 2015
<u>Before deducting proposed dividends</u>				
CET I capital ratio	<b>12.238%</b>	11.291%	<b>12.098%</b>	11.301%
Tier I capital ratio	<b>12.238%</b>	11.291%	<b>12.098%</b>	11.301%
Total capital ratio	<b>12.701%</b>	11.751%	<b>14.011%</b>	13.160%
<u>After deducting proposed dividends</u>				
CET I capital ratio	<b>11.788%</b>	11.058%	<b>11.729%</b>	11.108%
Tier I capital ratio	<b>11.788%</b>	11.058%	<b>11.729%</b>	11.108%
Total capital ratio	<b>12.251%</b>	11.518%	<b>13.643%</b>	12.967%

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**A31 Capital Adequacy (contd.)**

(a) Components of Common Equity Tier I ("CET I"), Tier I and Tier II capital are as follows:

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 September 2015 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>30 September 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
<b><u>CET I Capital/Tier I Capital</u></b>				
Paid-up share capital	796,517	796,517	796,517	796,517
Share premium	401,517	401,517	401,517	401,517
Retained profits	1,985,678	1,881,187	2,130,513	2,005,815
Statutory reserves	779,302	722,368	1,133,983	1,069,665
Revaluation reserves	9,152	43,838	31,751	78,232
Other reserves	-	-	10,018	10,018
	<b>3,972,166</b>	<b>3,845,427</b>	<b>4,504,299</b>	<b>4,361,764</b>
Less: Regulatory adjustment				
- Goodwill and other intangibles	(247,375)	(244,522)	(362,937)	(359,935)
- Deferred tax assets	(612)	-	(15,415)	(12,020)
- 55% of revaluation reserve	(5,034)	(24,111)	(17,463)	(43,028)
- Investment in subsidiaries, associates and joint venture	(317,220)	(317,220)	(1,866)	(1,816)
Total CET I capital/Total Tier I capital	<b>3,401,925</b>	<b>3,259,574</b>	<b>4,106,618</b>	<b>3,944,965</b>
<b><u>Tier II Capital</u></b>				
Subordinated obligations	419,782	419,581	419,782	419,581
Collective assessment allowance	184,845	189,112	232,455	232,171
Less: Regulatory adjustment				
- Investment in subsidiaries and associates	(475,830)	(475,830)	(2,800)	(2,725)
Total Tier II capital	<b>128,797</b>	<b>132,863</b>	<b>649,437</b>	<b>649,027</b>
<b>Total Capital</b>	<b>3,530,722</b>	<b>3,392,437</b>	<b>4,756,055</b>	<b>4,593,992</b>

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

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 September 2015 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>30 September 2015 RM'000</b>	<b>31 March 2015 RM'000</b>
Credit risk	25,375,712	26,471,112	30,952,537	32,011,298
Market risk	81,681	125,778	156,680	125,778
Operational risk	2,341,706	2,271,723	2,835,870	2,770,484
Total RWA and capital requirements	<b>27,799,099</b>	<b>28,868,613</b>	<b>33,945,087</b>	<b>34,907,560</b>

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**A31 Capital Adequacy (contd.)**

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

	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
<b>30 September 2015</b>		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	<b>11.259%</b>	<b>90.819%</b>
Tier I capital ratio	<b>11.259%</b>	<b>90.819%</b>
Total capital ratio	<b>12.054%</b>	<b>90.819%</b>
<u>After deducting proposed dividends</u>		
CET I capital ratio	<b>11.259%</b>	<b>90.819%</b>
Tier I capital ratio	<b>11.259%</b>	<b>90.819%</b>
Total capital ratio	<b>12.054%</b>	<b>90.819%</b>
<b>31 March 2015</b>		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	11.013%	94.504%
Tier I capital ratio	11.013%	94.504%
Total capital ratio	11.731%	94.504%
<u>After deducting proposed dividends</u>		
CET I capital ratio	11.013%	93.448%
Tier I capital ratio	11.013%	93.448%
Total capital ratio	11.731%	93.448%

## **A32 Fair Value Measurements**

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

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

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

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

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

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

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

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

#### **(ii) Financial instruments in Level 2**

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

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

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

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

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

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

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

<u>BANK</u> 30 September 2015	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	105,390	-	105,390
Financial investments available-for-sale				
- Money market instruments	-	5,601,465	-	5,601,465
- Quoted securities in Malaysia	-	-	12	12
- Unquoted securities	-	2,065,527	102,657	2,168,184
Derivative financial assets	-	280,101	-	280,101
<u>Liabilities</u>				
Derivative financial liabilities	-	241,227	-	241,227
<u>GROUP</u> 30 September 2015	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	105,390	-	105,390
Financial investments available-for-sale				
- Money market instruments	-	6,863,201	-	6,863,201
- Quoted securities in Malaysia	-	-	12	12
- Unquoted securities	-	2,820,816	152,340	2,973,156
Derivative financial assets	-	280,101	-	280,101
<u>Liabilities</u>				
Derivative financial liabilities	-	241,227	-	241,227

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

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

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

<u>BANK</u> 31 March 2015	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	10,037	-	10,037
Financial investments available-for-sale				
- Money market instruments	-	5,667,576	-	5,667,576
- Quoted securities in Malaysia	-	-	11	11
- Unquoted securities	-	2,120,236	94,376	2,214,612
Derivative financial assets	-	132,460	-	132,460
<u>Liabilities</u>				
Derivative financial liabilities	-	115,224	-	115,224
<u>GROUP</u> 31 March 2015	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	10,037	-	10,037
Financial investments available-for-sale				
- Money market instruments	-	6,872,324	-	6,872,324
- Quoted securities in Malaysia	-	-	11	11
- Unquoted securities	-	2,741,310	140,211	2,881,521
Derivative financial assets	-	132,460	-	132,460
<u>Liabilities</u>				
Derivative financial liabilities	-	115,224	-	115,224



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

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

Reconciliation of movements in Level 3 financial instruments:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2015 RM'000	31 March 2015 RM'000	30 September 2015 RM'000	31 March 2015 RM'000
At beginning of year	94,387	100,122	140,222	141,111
Total (losses)/gains recognised in:				
- Statement of comprehensive income				
(i) (Loss)/gain arising from sales financial investments available-for-sales	(549)	11,224	(549)	11,224
- Other comprehensive income/(expense)				
(i) Revaluation reserves	8,857	(2,870)	12,705	1,976
Disposal	(26)	(14,089)	(26)	(14,089)
At end of period/year	<u>102,669</u>	<u>94,387</u>	<u>152,352</u>	<u>140,222</u>

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

**A33 Credit Transactions And Exposures With Connected Parties**

	<u>BANK</u>	
	30 September 2015 RM'000	31 March 2015 RM'000
Outstanding credit exposures with connected parties	<u>108,512</u>	<u>109,088</u>
of which:		
Total credit exposure which is impaired or in default	<u>-</u>	<u>-</u>
Total credit exposures	<u>40,462,080</u>	<u>40,521,917</u>
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	<u>0.27%</u>	<u>0.27%</u>
- which is impaired or in default	<u>0.00%</u>	<u>0.00%</u>

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

**A34 COMPARATIVES**

The following comparatives were reclassified to conform with presentation of audit and annual financial statement ended 31 March 2015. This does not have any impact on the financial results and earnings per share of the comparative financial year.

<u>Statements of Comprehensive Income for the for the 2nd Quarter ended 30 September 2014</u>	As previously stated RM'000	Restatement RM'000	As restated RM'000
<b><u>BANK</u></b>			
Other income	6,706	1,656	8,362
Other operating expenses	(121,507)	(1,656)	(123,163)
<b><u>GROUP</u></b>			
Net income from Islamic banking business	53,919	901	54,820
Investment income	25,345	(2,613)	22,732
Other income	6,914	1,672	8,586
Other operating expenses	(161,140)	(2,561)	(163,701)
Write-back of impairment on securities	833	2,613	3,446
Taxation	(54,091)	(12)	(54,103)
<b><u>Statements of Comprehensive Income for the financial period ended 30 September 2014</u></b>			
	As previously stated RM'000	Restatement RM'000	As restated RM'000
<b><u>BANK</u></b>			
Other income	9,844	1,705	11,549
Other operating expenses	(245,736)	(1,705)	(247,441)
<b><u>GROUP</u></b>			
Net income from Islamic banking business	107,593	897	108,490
Investment income	58,481	(4,113)	54,368
Other income	10,313	1,721	12,034
Other operating expenses	(322,244)	(2,606)	(324,850)
Write-back of impairment on securities	833	4,113	4,946
Taxation	(96,273)	(12)	(96,285)
<b><u>Statements of Financial Position as at 31 March 2015</u></b>			
	As previously stated RM'000	Restatement RM'000	As restated RM'000
<b><u>GROUP</u></b>			
Provision for taxation and zakat	1,946	(1,946)	-
Provision for taxation	-	1,818	1,818
Provision for zakat	-	128	128

## **PART B - Review of Performance & Current Year Prospect**

### **B1 Review of Performance**

For the first half ended 30 September 2015, the Group reported a net profit after taxation of RM255.3 million, a strong increase of RM12.7 million or 10.5% quarter to quarter comparison (2Q ended September 15 vs 1Q ended June 2015), but a decrease of RM35.6 million or 12.3% over previous year's corresponding period (1H ended September 2014), primarily due to higher allowance for losses on loans.

#### **B1a. Current Year-to-Date vs. Previous Year-to-Date (1H FY2016 vs. 1H FY2015)**

##### **Key year-on-year performance highlights:**

- Revenue registered growth of RM6.0 million or 0.9% year-on-year.
- Lower NPAT due to normalising of credit costs.
- Gross interest margin improved 25 bps to 4.69% and gross loans growth of RM3.5 billion, driven by the focus towards higher risk-adjusted-return loans and better pricing discipline.
- Despite competitive market conditions, Net Interest Margin decreased marginally to 2.18% due to higher cost of funds.
- Non-interest income recorded a marginal growth after excluding one-off income.
- Total expenses increased due to higher deposit insurance premium and information technology.
- Credit cost recorded at 19.5bps is within original guidance and in line with the industry.
- Asset quality remains good, with the gross impaired loans ratio at 1.1%.

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 A30 on Segment Information for the composition of each business segment.

The year-on-year performance comparison (1H FY2016 vs. 1H FY2015) for Consumer Banking is as follows:

- Profit before tax was RM16.4 million lower year-on-year. The revenue was RM10.7 million (or 4.1%) lower compared to the corresponding period last year.
- Asset growth was RM1.5 billion (or 7.4%) higher year-on-year, while liabilities registered growth of RM2.3 billion (or 12.4%) higher year-on-year.
- Operating profit was lower (20.1% decrease) year-on-year mainly due to higher operating expenses. Profit before tax was also 17.7% lower year-on-year.

The year-on-year performance comparison (1H FY2016 vs. 1H FY2015) for Business Banking is as follows:

- Revenue was RM22.5 million (or 8%) higher compared to the corresponding period last year.
- Asset growth was RM2.1 billion (or 15.6%) higher year-on-year, while liabilities registered growth of RM2.5 billion (or 15.5%) higher year-on-year.
- Operating profit was RM15.2 million (or 9.2%) higher year-on-year. However profit before tax was RM35.4 million (or 17.6%) lower compared to the corresponding period last year, mainly due to higher allowance for impairment on loans, advances and financing by RM48.0 million.

The year-on-year performance comparison (1H FY2016 vs. 1H FY2015) for Financial Markets is as follows:

- Operating profit was RM8.6 million or 7.8% lower compared to the corresponding period last year due to lower net interest income of RM15.8 million, partially offset by higher net income from Islamic Banking Business of RM3.3 million and other operating income of RM7.0 million.

Investment Banking covers stockbroking, capital market activities and corporate advisory services.

- Investment Bankings' loss of RM7.5 million for the 6 months ended 30 September 2015, RM0.5 million higher from the loss of RM7.0 million incurred during the corresponding period last year.

**PART B - Review of Performance & Current Year Prospect (contd.)**

**B1 Review of Performance (contd.)**

**B2. Comparison with Immediate Preceding Quarter (2Q FY2016 vs. 1Q FY2016)**

For 2Q 2016 ended 30 September 2015, the Group reported a net profit after taxation and zakat of RM134.0 million, an improvement of RM12.7 million or 10.5% compared to the preceding quarter ended 30 June 2015 (April 2015 to June 2015).

**Key quarter-on-quarter performance highlights:**

- NPAT growth of 10.5% driven by 6.4% higher revenue and lower expenses.
- For 2 consecutive quarters, Net Interest Margin (NIM) improved by 4 bps despite industry-wide compression and rising cost of funds.
- Annualised loan growth recorded at 5.7%, mainly from better Risk-Adjusted-Return loans such as SME and Personal Financing.
- Non-interest income improved by RM13.7 million or 17.6% driven by
  - Client Based income from Trade fees, FX Sales Income and Investment Income.
  - Non Client Based income from Forex Trading Income, Realized gain/valuation on Financial Instruments and Derivatives.
- Cost/Income Ratio improved 3.3% due to more disciplined cost management.
- Credit cost is within original guidance and in line with industry.
- The Group's total capital ratio remained sound at 14.0% (13.6% after dividend), with a Common Equity Tier 1 Capital ratio of 12.1% (11.7% after dividend) as at 30 September 2015.

Performance by business segment:

Consumer Banking's profit before taxation was RM37.3 million for the 3 months ended 30 September 2015, which was 4.1% lower compared to the preceding quarter ended 30 June 2015:

- Revenue was RM10.2 million (or 7.8%) lower compared to the preceding quarter (1Q FY2016).
- Asset growth was RM62.5 million (or 0.3%) higher, while liabilities registered at RM78.6 million (or 0.4%) lower.
- Operating profit was lower (18.8% decrease) mainly due to higher operating expenses.

Business Banking's profit before taxation was RM80.3 million for the 3 months ended 30 September 2015, which was 5.6% lower compared to the preceding quarter (1Q ended 30 June 2015):

- Revenue was RM6.2 million (or 4.2%) higher compared to the preceding quarter (1Q FY2016).
- Profit before tax registered quarter-on-quarter decline by RM4.8 million, mainly due to higher allowances for impairment on loans of RM10.2 million.

Financial Markets' profit before taxation was RM61.7 million for the 3 months ended 30 September 2015, which was 52.7% higher compared to the preceding quarter (1Q ended 30 June 2015):

- Revenue was RM21.7 million (or 39.6%) higher compared to the preceding quarter (1Q FY2016).
- Profit before tax registered quarter-on-quarter strong growth of RM21.3 million, driven by revenue growth and lower operating expenses.

Investment Banking registered a loss of RM3.9 million for the 3 months ended 30 September 2015, which is a deterioration of RM0.3 million compared to the preceding quarter (1Q ended 30 June 2015) due to lower revenue.

**PART B - Review of Performance & Current Year Prospect (contd.)**

**B2 Current Year Prospect**

The Malaysian economy is expected to grow at a slower rate with gross domestic product ("GDP") growth of 4.7% in 2015. The Group will leverage on its franchise strength to deliver sustainable profitability and to fulfill the financial needs of the business owners, their employees and their customers.

The Group will continue to improve its risk adjusted returns by focusing its loan origination efforts namely in SME, commercial and consumer unsecured loans.

The Group will also leverage on its franchise strength to deliver sustainable profitability and to fulfill the financial needs of the business owners, their employees and their customers.

It will centre its Consumer Banking activities around Wealth Management, cards and personal loans, to fulfill the financial needs of the business owners their employees and their customers.

In Business Banking, it will capitalize on its strengths in Transactional and Business Banking, focusing on Small Medium Enterprise ("SME") segment.

Financial markets will focus on helping our customers with their foreign exchange and treasury products needs, as well as on optimizing the balance sheet for returns within a prudent risk management framework.

Investment Banking, having built its capabilities in the debt and equity markets, will support our SME and Business Banking customers with enhanced access to capital markets in addition to growing its institutional broking business.

The Group expects that these actions will position its businesses for sustainable revenue and to deliver a satisfactory performance for financial year 2016.