

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Financial Position as at 30 September 2016

	Note	BANK		GROUP	
		30 September 2016 RM'000	31 March 2016 RM'000	30 September 2016 RM'000	31 March 2016 RM'000
ASSETS					
Cash and short-term funds		3,252,457	4,200,877	4,381,441	4,934,198
Deposits and placements with banks and other financial institutions		-	195,865	-	195,865
Balances due from clients and brokers	A12	-	-	124,007	104,659
Financial assets held-for-trading	A13	296,903	132,229	296,903	132,229
Financial investments available-for-sale	A14	6,762,496	7,252,922	8,027,625	8,565,696
Financial investments held-to-maturity	A15	721,588	719,324	1,132,071	1,129,307
Derivative financial assets	A29	66,782	133,651	66,782	133,651
Loans, advances and financing	A16	31,274,699	31,245,478	38,774,606	38,410,724
Other assets	A17	228,129	109,576	114,209	102,175
Tax recoverable		61	19,310	12,591	36,492
Statutory deposits with Bank Negara Malaysia		1,100,724	1,117,640	1,407,227	1,410,828
Investments in subsidiaries		892,820	892,820	-	-
Investment in associate		230	230	524	520
Investment in joint venture		-	-	604	566
Property, plant and equipment		76,194	84,625	77,745	86,427
Deferred tax assets		-	-	8,546	10,201
Intangible assets		250,390	247,299	366,104	362,982
TOTAL ASSETS		44,923,473	46,351,846	54,790,985	55,616,520
LIABILITIES AND EQUITY					
Deposits from customers	A18	37,467,381	37,836,569	46,330,812	46,120,487
Deposits and placements of banks and other financial institutions	A19	827,125	1,017,432	1,003,107	1,157,250
Balances due to clients and brokers	A20	-	-	96,332	77,246
Derivative financial liabilities	A29	117,333	279,541	117,333	279,541
Amount due to Cagamas Berhad		502,736	502,725	502,736	502,725
Other liabilities	A21	434,391	721,208	512,999	880,138
Provision for taxation		-	-	2,137	-
Provision for zakat		-	-	96	123
Deferred tax liabilities		22,305	3,887	39,508	15,617
Other borrowings		5,071	5,071	5,071	5,071
Subordinated obligations		1,225,663	1,839,613	1,226,123	1,840,147
TOTAL LIABILITIES		40,602,005	42,206,046	49,836,254	50,878,345
Share capital		796,517	796,517	796,517	796,517
Reserves		3,524,951	3,349,283	4,158,214	3,941,658
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNER OF THE PARENT		4,321,468	4,145,800	4,954,731	4,738,175
TOTAL LIABILITIES AND EQUITY		44,923,473	46,351,846	54,790,985	55,616,520
COMMITMENTS AND CONTINGENCIES	A28	20,651,610	19,787,255	22,632,954	21,832,427

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 2016.

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 2016**

	Note	2nd Quarter Ended		Six Months Ended	
		30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
<u>BANK</u>					
Interest income	A22	460,813	456,921	925,122	910,529
Interest expense	A23	(255,601)	(250,101)	(514,750)	(498,094)
Net interest income		205,212	206,820	410,372	412,435
Fee and commission income	A25	63,261	61,848	128,786	121,852
Fee and commission expense	A25	(20,312)	(22,740)	(42,009)	(46,335)
Investment income	A25	28,217	36,025	93,738	65,422
Other income	A25	(6,245)	11,912	(7,811)	22,796
Other operating income	A25	64,921	87,045	172,704	163,735
Net income		270,133	293,865	583,076	576,170
Other operating expenses	A26	(130,871)	(129,473)	(261,692)	(259,500)
Operating profit before allowance for losses on loans, advances and financing and other receivables	A27	(12,325)	(8,564)	(15,039)	(13,816)
Write-back of impairment on securities		-	-	-	466
Profit before taxation		126,937	155,828	306,345	303,320
Taxation		(31,467)	(41,137)	(67,622)	(75,587)
Net profit for the financial period		95,470	114,691	238,723	227,733
Other comprehensive income/(expense):					
Items that may be reclassified subsequently to profit or loss:					
Revaluation reserve on financial investments available-for-sale					
- Net gain/(loss) from change in fair value		37,654	(44,154)	53,187	(44,999)
- Realised (loss)/gain transferred to statement of income on disposal and impairment		(522)	317	(1,099)	(640)
- Transfer (to)/from deferred tax		(8,911)	10,520	(12,501)	10,953
Other comprehensive income/(expense), net of tax		28,221	(33,317)	39,587	(34,686)
Total comprehensive income for the financial period		123,691	81,374	278,310	193,047
Earnings per share attributable to owner of the parent					
- Basic (sen)		12.0	14.4	30.0	28.6
- Diluted (sen)		12.0	14.4	30.0	28.6

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 2016.

ALLIANCE BANK MALAYSIA BERHAD

(88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements

Unaudited Consolidated Statements of Comprehensive Income

for the Financial Period Ended 30 September 2016

GROUP	Note	2nd Quarter Ended		Six Months Ended	
		30 September	30 September	30 September	30 September
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
Interest income	A22	463,455	471,253	938,319	934,971
Interest expense	A23	(260,086)	(258,922)	(523,800)	(515,954)
Net interest income		203,369	212,331	414,519	419,017
Net income from Islamic banking business	A24	78,454	61,052	145,789	119,604
		281,823	273,383	560,308	538,621
Fee and commission income	A25	73,626	70,315	147,815	140,751
Fee and commission expense	A25	(22,743)	(26,787)	(47,546)	(54,576)
Investment income	A25	30,425	36,060	66,180	60,324
Other income	A25	(4,371)	12,137	(5,158)	23,247
Other operating income	A25	76,937	91,725	161,291	169,746
Net income		358,760	365,108	721,599	708,367
Other operating expenses	A26	(167,228)	(165,924)	(336,150)	(333,126)
Operating profit before allowance		191,532	199,184	385,449	375,241
Allowance for losses on loans, advances					
and financing and other receivables	A27	(16,807)	(19,262)	(34,944)	(36,376)
(Allowance for)/write-back of impairment		-	-	(1,208)	676
Operating profit after allowance		174,725	179,922	349,297	339,541
Share of results of associate		1	2	4	4
Share of profit of equity accounted					
joint venture, net of tax		19	17	38	120
Profit before taxation		174,745	179,941	349,339	339,665
Taxation		(42,506)	(45,950)	(84,999)	(84,396)
Net profit for the financial period		132,239	133,991	264,340	255,269
Other comprehensive income/(expense):					
Items that may be reclassified subsequently					
to profit or loss:					
Revaluation reserve on financial					
investments available-for-sale					
- Net gain/(loss) from change in fair value		53,992	(59,158)	75,721	(60,123)
- Realised (loss)/gain transferred to statement			-		
of income on disposal and impairment		(2,563)	282	(3,412)	(1,036)
- Transfer (to)/from deferred tax		(12,343)	14,130	(17,354)	14,678
Other comprehensive income/(expense), net of tax		39,086	(44,746)	54,955	(46,481)
Total comprehensive income for the					
financial period		171,325	89,245	319,295	208,788

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

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Consolidated Statements of Comprehensive Income****for the Financial Period Ended 30 September 2016 (contd.)**

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
<u>GROUP</u>	RM'000	RM'000	RM'000	RM'000
Net profit for the financial period attributable to:				
Owner of the parent	<u>132,239</u>	<u>133,991</u>	<u>264,340</u>	<u>255,269</u>
Total comprehensive income for the financial period attributable to:				
Owner of the parent	<u>319,295</u>	<u>89,245</u>	<u>319,295</u>	<u>208,788</u>
Earnings per share attributable to owner of the parent				
- Basic (sen)	16.6	16.8	33.2	32.0
- Diluted (sen)	<u>16.6</u>	<u>16.8</u>	<u>33.2</u>	<u>32.0</u>

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 2016.

ALLIANCE BANK MALAYSIA BERHAD

(88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements

Unaudited Statements of Changes in Equity for the Financial Period Ended 30 September 2016

	← Non-distributable reserves →					Distributable reserves		Total equity
	Ordinary shares	Share premium	Statutory reserves	Regulatory reserves	Revaluation reserves	Equity contribution from parent	Retained profits	
<u>BANK</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2016	796,517	401,517	835,401	140,864	73,152	10,064	1,888,285	4,145,800
Net profit after taxation	-	-	-	-	-	-	238,723	238,723
Other comprehensive income	-	-	-	-	39,587	-	-	39,587
Total comprehensive income for the financial period	-	-	-	-	39,587	-	238,723	278,310
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	1,381	-	1,381
Payment for ESS recharged from parent	-	-	-	-	-	(3,184)	-	(3,184)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	(954)	954	-
Transfer to regulatory reserves	-	-	-	6,770	-	-	(6,770)	-
Dividends paid	-	-	-	-	-	-	(100,839)	(100,839)
At 30 September 2016	796,517	401,517	835,401	147,634	112,739	7,307	2,020,353	4,321,468
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 financial period	-	-	-	-	(34,686)	-	227,733	193,047
Share-based payment under 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 regulatory reserves	-	-	56,934	-	-	-	(56,934)	-
Dividends paid	-	-	-	-	-	-	(67,386)	(67,386)
At 30 September 2015	796,517	401,517	779,302	-	9,152	8,985	1,985,678	3,981,151

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 2016.

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity for the Financial Period Ended 30 September 2016 (contd.)

GROUP	←----- Attributable to owner of the parent ----->								
	Ordinary	Share	Statutory	Regulatory	Capital	Revaluation	Equity	Retained	Total
	<u>shares</u>	<u>premium</u>	<u>reserves</u>	<u>reserves</u>	<u>reserves</u>	<u>reserves</u>	<u>contribution</u>	<u>profits</u>	<u>equity</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2016	796,517	401,517	1,200,019	157,174	10,018	114,786	10,896	2,047,248	4,738,175
Net profit after taxation	-	-	-	-	-	-	-	264,340	264,340
Other comprehensive income	-	-	-	-	-	54,955	-	-	54,955
Total comprehensive income for the financial period	-	-	-	-	-	54,955	-	264,340	319,295
Share-based payment under ESS	-	-	-	-	-	-	1,568	-	1,568
Payment for ESS recharged from parent	-	-	-	-	-	-	(3,468)	-	(3,468)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	(1,016)	1,016	-
Transfer to retained profits on share options lapsed	-	-	-	-	-	-	-	-	-
Transfer to statutory reserves	-	-	11,789	-	-	-	-	(11,789)	-
Transfer to regulatory reserves	-	-	-	8,917	-	-	-	(8,917)	-
Dividends paid	-	-	-	-	-	-	-	(100,839)	(100,839)
At 30 September 2016	796,517	401,517	1,211,808	166,091	10,018	169,741	7,980	2,191,059	4,954,731
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	-	-	-	-	-	-	-	255,269	255,269
Other comprehensive expense	-	-	-	-	-	(46,481)	-	-	(46,481)
Total comprehensive (expense)/income for the financial 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)
At 30 September 2015	796,517	401,517	1,133,983	-	10,018	31,751	9,589	2,130,513	4,513,888

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 2016.

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 2016**

	BANK		GROUP	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
Profit before taxation	306,345	303,320	349,339	339,665
Adjustments for non-cash items	(210,608)	(185,805)	(165,528)	(167,639)
Operating profit before changes in working capital	95,737	117,515	183,811	172,026
Changes in working capital	(861,722)	(1,392,217)	(696,393)	(1,377,511)
Taxation and zakat paid	(42,457)	(75,114)	(50,798)	(95,354)
Net cash used in operating activities	(808,442)	(1,349,816)	(563,380)	(1,300,839)
Net cash generated from investing activities	613,200	248,407	763,961	226,214
Net cash used in financing activities	(753,178)	(27,288)	(753,338)	(86,120)
Net changes in cash and cash equivalents	(948,420)	(1,128,697)	(552,757)	(1,160,745)
Cash and cash equivalents at beginning of the financial period	4,200,877	2,443,337	4,934,198	2,690,353
Cash and cash equivalents at end of the financial period	3,252,457	1,314,640	4,381,441	1,529,608
Cash and cash equivalents comprise:				
Cash and short-term funds	3,252,457	1,314,640	4,381,441	1,529,608

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 2016.

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 2016 have been prepared under the historical cost convention, as modified by the available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") 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 2016. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank and the Group since the financial year ended 31 March 2016.

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 2016, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2016:

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

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 periods commencing on or after 1 April 2017, and have yet to be adopted by the Bank and the Group:

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

The preparation of unaudited condensed interim financial statements in conformity with 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 2016 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 2016.

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 2016.

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 2016.

A6 Issuance and Repayment of Debt and Equity Securities

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

A7 Dividend Paid

A second interim dividend of 12.66 sen, tax exempt under the single tier tax system, on 796,517,043 ordinary shares amounting to approximately RM100,839,000 in respect of the financial year ended 31 March 2016, was paid on 17 June 2016.

A8 Significant Events

Status Of Corporate Proposals

On 21 September 2016, Alliance Financial Group ("AFG"), the holding company of the Bank announced that it proposes to undertake a corporate reorganisation exercise whereby the listing status of AFG will be assumed by the Bank.

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

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

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

The Directors of the Bank have proposed a first interim single tier dividend of 16.53 sen on 796,517,043 ordinary shares amounting to approximately RM131,664,000 in respect of financial year ending 31 March 2017.

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

A12 Balances Due From Clients And Brokers

	<u>GROUP</u>	
	30 September 2016 RM'000	31 March 2016 RM'000
Due from clients	124,844	97,680
Due from brokers	-	7,816
	<u>124,844</u>	<u>105,496</u>
Less:		
Allowance for other losses	<u>(837)</u>	<u>(837)</u>
	<u>124,007</u>	<u>104,659</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 for contra losses, as follows:

	<u>GROUP</u>	
	30 September 2016 RM'000	31 March 2016 RM'000
Classified as doubtful	51	52
Classified as bad	862	848
	<u>913</u>	<u>900</u>

The movements in allowance for other losses are as follows:

At beginning of financial period/year	837	840
Write-back during the period/year (net)	-	(3)
At end of financial period/year	<u>837</u>	<u>837</u>

A13 Financial Assets Held-for-trading

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2016 RM'000	31 March 2016 RM'000	30 September 2016 RM'000	31 March 2016 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government investment certificates	21,011	40,441	21,011	40,441
Commercial papers	20,984	-	20,984	-
	<u>41,995</u>	<u>40,441</u>	<u>41,995</u>	<u>40,441</u>
<u>Unquoted securities:</u>				
Debt securities and medium term notes	254,908	91,788	254,908	91,788
	<u>254,908</u>	<u>91,788</u>	<u>254,908</u>	<u>91,788</u>
Total financial assets held-for-trading	<u>296,903</u>	<u>132,229</u>	<u>296,903</u>	<u>132,229</u>

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

A14 Financial Investments Available-for-sale

	BANK		GROUP	
	30 September	31 March	30 September	31 March
	2016	2016	2016	2016
	RM'000	RM'000	RM'000	RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government securities	1,179,126	1,165,857	1,262,033	1,277,948
Malaysian Government investment certificates	1,222,302	1,489,465	1,744,029	2,338,432
Negotiable instruments of deposits	1,539,802	2,344,756	795,392	1,684,516
Commercial papers	48,634	-	68,640	-
Khazanah bonds	206,672	202,673	206,672	202,673
	4,196,536	5,202,751	4,076,766	5,503,569
<u>Quoted securities in Malaysia:</u>				
Shares	23	26	23	26
Accumulated impairment	(11)	(11)	(11)	(11)
	12	15	12	15
<u>Unquoted securities:</u>				
Shares	111,377	102,657	166,719	153,781
Accumulated impairment	-	-	(1,440)	(1,440)
	111,377	102,657	165,279	152,341
Unit Trust Funds	-	-	4,988	4,992
	-	-	4,988	4,992
Debt securities and medium term notes	2,590,252	2,083,180	4,012,491	3,136,690
Accumulated impairment	(135,681)	(135,681)	(231,911)	(231,911)
	2,454,571	1,947,499	3,780,580	2,904,779
	2,565,948	2,050,156	3,950,847	3,062,112
Total financial investments available-for-sale	6,762,496	7,252,922	8,027,625	8,565,696

A15 Financial Investments Held-to-maturity

	BANK		GROUP	
	30 September	31 March	30 September	31 March
	2016	2016	2016	2016
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government securities	578,503	578,740	700,081	700,570
Malaysian Government investment certificates	-	-	233,218	233,390
Khazanah bonds	142,748	140,247	194,027	190,602
	721,251	718,987	1,127,326	1,124,562
At cost				
<u>Unquoted securities:</u>				
Debt securities	1,631	1,631	18,938	18,938
Accumulated impairment	(1,294)	(1,294)	(14,193)	(14,193)
	337	337	4,745	4,745
Total financial investments held-to-maturity	721,588	719,324	1,132,071	1,129,307

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

A16 Loans, Advances and Financing

	BANK		GROUP	
	30 September 2016 RM'000	31 March 2016 RM'000	30 September 2016 RM'000	31 March 2016 RM'000
Overdrafts	2,234,673	2,187,943	2,722,848	2,641,243
Term loans/financing				
- Housing loans/financing	12,195,541	12,284,139	14,694,410	14,842,860
- Syndicated term loans/financing	185,476	260,515	231,248	261,668
- Hire purchase receivables	763,379	734,007	1,314,049	1,351,475
- Other term loans/financing	10,624,116	10,342,136	13,502,218	13,039,019
Bills receivables	473,340	303,895	484,647	306,143
Trust receipts	174,281	150,244	206,924	179,935
Claims on customers under acceptance credits	1,923,574	1,989,818	2,489,721	2,519,809
Staff loans [include loans to Directors of a subsidiary of RM107,000 (31.03.16: RM123,000)]	11,390	12,116	31,996	34,395
Credit/charge card receivables	641,019	646,321	641,019	646,321
Revolving credits	1,460,530	1,475,415	1,749,705	1,660,665
Share margin financing	854,796	1,118,646	1,044,036	1,264,135
Gross loans, advances and financing	31,542,115	31,505,195	39,112,821	38,747,668
Add: Sales commissions and handling fees	28,186	34,845	36,539	38,365
Less: Allowance for impairment on loans, advances and financing				
- Individual assessment allowance	(65,517)	(58,061)	(72,360)	(68,331)
- Collective assessment allowance	(230,085)	(236,501)	(302,394)	(306,978)
Total net loans, advances and financing	31,274,699	31,245,478	38,774,606	38,410,724

A16a By type of customers:

	BANK		GROUP	
	30 September 2016 RM'000	31 March 2016 RM'000	30 September 2016 RM'000	31 March 2016 RM'000
Domestic non-bank financial institutions	311,038	339,935	391,446	375,434
Domestic business enterprises				
- Small and medium enterprises	7,336,649	7,170,303	9,298,983	8,956,673
- Others	6,302,926	5,959,540	7,528,110	7,058,880
Government and statutory bodies	6,063	6,816	6,063	6,816
Individuals	16,689,333	17,096,520	20,882,083	21,306,301
Other domestic entities	187,858	196,851	195,301	201,401
Foreign entities	708,248	735,230	810,835	842,163
Gross loans, advances and financing	31,542,115	31,505,195	39,112,821	38,747,668

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

A16 Loans, Advances and Financing (contd.)

A16b By interest/profit rate sensitivity:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2016 RM'000	31 March 2016 RM'000	30 September 2016 RM'000	31 March 2016 RM'000
Fixed rate				
- Housing loans/financing	6,326	7,106	43,221	46,476
- Hire purchase receivables	722,599	689,079	1,273,269	1,306,547
- Other fixed rate loans/financing	934,400	1,195,668	2,292,312	2,379,044
Variable rate				
- Base lending rate plus	22,421,066	23,025,701	27,003,415	27,543,664
- Base rate plus	1,547,186	762,987	1,647,774	847,853
- Cost plus	5,557,033	5,583,485	6,495,174	6,350,612
- Other variable rates loans/financing	353,505	241,169	357,656	273,472
Gross loans, advances and financing	31,542,115	31,505,195	39,112,821	38,747,668

A16c By economic purposes:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2016 RM'000	31 March 2016 RM'000	30 September 2016 RM'000	31 March 2016 RM'000
Purchase of securities	865,451	1,140,290	1,054,691	1,285,780
Purchase of transport vehicles	599,236	597,735	1,152,795	1,218,632
Purchase of landed property	18,954,264	18,976,106	22,629,533	22,624,255
of which: - Residential	13,223,416	13,289,744	15,727,123	15,846,729
- Non-residential	5,730,848	5,686,362	6,902,410	6,777,526
Purchase of fixed assets excluding land & buildings	207,831	183,680	215,435	192,901
Personal use	1,436,953	1,459,164	2,617,350	2,560,230
Credit card	641,018	646,321	641,018	646,321
Construction	647,926	653,792	657,363	663,866
Mergers and acquisitions	117,688	117,688	117,688	117,688
Working capital	6,085,151	5,946,276	7,544,713	7,186,477
Others	1,986,597	1,784,143	2,482,235	2,251,518
Gross loans, advances and financing	31,542,115	31,505,195	39,112,821	38,747,668

A16d By geographical distribution:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2016 RM'000	31 March 2016 RM'000	30 September 2016 RM'000	31 March 2016 RM'000
Northern region	2,034,463	2,110,739	2,579,523	2,569,926
Central region	22,949,158	22,900,089	28,164,947	27,917,362
Southern region	3,522,740	3,480,489	4,606,197	4,581,547
Sabah region	2,051,242	2,092,217	2,607,915	2,586,488
Sarawak region	984,512	921,661	1,154,239	1,092,345
Gross loans, advances and financing	31,542,115	31,505,195	39,112,821	38,747,668

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

A16 Loans, Advances and Financing (contd.)

A16e By maturity structure:

	BANK		GROUP	
	30 September 2016 RM'000	31 March 2016 RM'000	30 September 2016 RM'000	31 March 2016 RM'000
Within one year	7,762,046	7,817,151	9,376,080	9,201,769
One year to three years	1,118,694	1,080,775	1,394,182	1,318,284
Three years to five years	1,764,367	1,474,458	2,359,389	2,050,419
Over five years	20,897,008	21,132,811	25,983,170	26,177,196
Gross loans, advances and financing	31,542,115	31,505,195	39,112,821	38,747,668

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

	BANK		GROUP	
	30 September 2016 RM'000	31 March 2016 RM'000	30 September 2016 RM'000	31 March 2016 RM'000
At beginning of financial year	373,199	321,497	487,868	380,712
Impaired during the period/year	191,652	504,902	254,160	688,435
Reclassified as unimpaired during the period/year	(156,715)	(274,846)	(249,290)	(342,996)
Recoveries	(70,219)	(127,829)	(84,228)	(157,779)
Amount written-off	(19,983)	(50,525)	(40,699)	(80,504)
At end of financial period/year	317,934	373,199	367,811	487,868
Individual allowance for impairment	(65,517)	(58,061)	(72,360)	(68,331)
Collective allowance for impairment (impaired portion)	(72,663)	(85,540)	(87,945)	(109,347)
Net impaired loans, advances and financing	179,754	229,598	207,506	310,190
Gross impaired loans as % of gross loans, advances and financing	1.0%	1.2%	0.9%	1.3%

A16g Impaired loans analysed by economic purposes are as follows:

	BANK		GROUP	
	30 September 2016 RM'000	31 March 2016 RM'000	30 September 2016 RM'000	31 March 2016 RM'000
Purchase of securities	7	-	7	-
Purchase of transport vehicles	7,546	9,583	11,669	14,742
Purchase of landed property	195,356	247,620	221,016	307,795
of which: - Residential	157,187	192,500	178,595	220,145
- Non-residential	38,169	55,120	42,421	87,650
Purchase of fixed assets excluding land & buildings	756	651	756	651
Personal use	23,177	22,783	36,961	37,029
Credit card	9,248	9,421	9,248	9,421
Construction	3,647	3,837	3,647	3,892
Working capital	54,991	61,879	60,600	96,211
Others	23,206	17,425	23,907	18,127
Gross impaired loans	317,934	373,199	367,811	487,868

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

A16 Loans, Advances and Financing (contd.)

A16h Impaired loans by geographical distribution:

	BANK		GROUP	
	30 September 2016	31 March 2016	30 September 2016	31 March 2016
	RM'000	RM'000	RM'000	RM'000
Northern region	40,992	42,935	42,760	46,072
Central region	215,044	272,288	249,732	372,422
Southern region	39,844	33,365	47,678	40,279
Sabah region	18,879	21,662	21,190	25,088
Sarawak region	3,175	2,949	6,451	4,007
Gross impaired loans	317,934	373,199	367,811	487,868

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

	BANK		GROUP	
	30 September 2016	31 March 2016	30 September 2016	31 March 2016
	RM'000	RM'000	RM'000	RM'000
Individual assessment allowance				
At beginning of financial year	58,061	46,191	68,331	56,303
Allowance made during the period/year (net)	9,877	18,795	10,331	24,229
Amount written-off	(866)	(8,662)	(4,666)	(14,060)
Transfers (to)/from collective assessment allowance	(1,555)	1,737	(1,636)	1,859
At end of financial period/year	65,517	58,061	72,360	68,331

	BANK		GROUP	
	30 September 2016	31 March 2016	30 September 2016	31 March 2016
	RM'000	RM'000	RM'000	RM'000
Collective assessment allowance				
At beginning of financial year	236,501	278,599	306,978	334,704
Allowance made during the period/year (net)	11,146	1,502	29,813	40,577
Amount written-off	(19,117)	(41,863)	(36,033)	(66,444)
Transfers from/(to) individual assessment allowance	1,555	(1,737)	1,636	(1,859)
At end of financial period/year	230,085	236,501	302,394	306,978

A17 Other Assets

	BANK		GROUP	
	30 September 2016	31 March 2016	30 September 2016	31 March 2016
	RM'000	RM'000	RM'000	RM'000
Other receivables	107,122	96,584	117,349	104,253
Deposits	8,449	8,388	9,124	9,089
Prepayment	13,639	13,712	14,822	14,871
Amount due from holding company	115	105	479	105
Amount due from subsidiaries and related companies	122,318	12,906	416	239
	251,643	131,695	142,190	128,557
Less:				
Allowance for other losses	(23,514)	(22,119)	(27,981)	(26,382)
	228,129	109,576	114,209	102,175

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

A18 Deposits from Customers

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2016 RM'000	31 March 2016 RM'000	30 September 2016 RM'000	31 March 2016 RM'000
A18a By type of deposits:				
Amortised cost				
Demand deposits	11,224,596	10,929,997	13,417,032	12,984,517
Savings deposits	1,479,347	1,467,810	1,812,860	1,787,163
Fixed/investment deposits	17,535,478	18,185,230	22,884,789	22,984,461
Money market deposits	1,946,185	1,684,628	2,654,959	2,596,081
Negotiable instruments of deposits	4,774,629	5,069,583	5,054,026	5,268,944
Structured deposits	191,280	260,185	191,280	260,185
	<u>37,151,515</u>	<u>37,597,433</u>	<u>46,014,946</u>	<u>45,881,351</u>
At fair value through profit and loss				
Structured deposits	315,866	239,136	315,866	239,136
	<u>37,467,381</u>	<u>37,836,569</u>	<u>46,330,812</u>	<u>46,120,487</u>

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 Bank and the Group has undertaken a fair value hedge on the interest rate risk of certain structured deposits amounting to RM107,753,000 (31.03.16: RM200,913,000) using interest rate swaps.

	<u>BANK/GROUP</u>	
	30 September 2016 RM'000	31 March 2016 RM'000
Structured deposits	107,753	200,913
Fair value changes arising from fair value hedges	(1,894)	(5,832)
	<u>105,859</u>	<u>195,081</u>

The fair value loss of the interest rate swap in this hedge transaction as at financial period ended 30 September 2016 is RM1,894,000 (31.03.16: RM5,832,000). There were no ineffectiveness.

- (c) 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 RM11,678,000 lower than the contractual amount at maturity.

	<u>BANK/GROUP</u>	
	30 September 2016 RM'000	31 March 2016 RM'000
Structured deposits	343,818	269,601
Fair value changes arising from designation at fair value through profit or loss	(27,952)	(30,465)
	<u>315,866</u>	<u>239,136</u>

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

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

A18 Deposits from Customers (contd.)

A18b By type of customers:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2016 RM'000	31 March 2016 RM'000	30 September 2016 RM'000	31 March 2016 RM'000
Domestic financial institutions	4,808,098	5,168,192	5,067,988	5,349,252
Domestic non-bank financial institutions	2,189,100	1,835,191	2,941,906	2,724,792
Government and statutory bodies	1,817,479	1,814,137	4,092,886	3,962,637
Business enterprises	12,314,578	11,717,603	16,055,307	14,773,608
Individuals	15,388,634	16,361,415	17,112,440	18,221,964
Foreign entities	550,138	533,915	605,311	593,398
Others	399,354	406,116	454,974	494,836
	37,467,381	37,836,569	46,330,812	46,120,487

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

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2016 RM'000	31 March 2016 RM'000	30 September 2016 RM'000	31 March 2016 RM'000
Due within six months	20,670,622	20,297,177	26,454,224	25,199,911
Six months to one year	3,510,928	4,583,847	3,942,347	5,464,888
One year to three years	44,608	52,640	44,253	53,992
Three years to five years	30,134	5,777	152,950	130,695
	24,256,292	24,939,441	30,593,774	30,849,486

A19 Deposits and Placements of Banks and Other Financial Institutions

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2016 RM'000	31 March 2016 RM'000	30 September 2016 RM'000	31 March 2016 RM'000
Licensed banks	470,562	708,074	470,562	708,074
Bank Negara Malaysia	356,563	309,358	532,545	449,176
	827,125	1,017,432	1,003,107	1,157,250

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

A20 Balances Due To Clients And Brokers

	GROUP	
	30 September	31 March
	2016	2016
	RM'000	RM'000
Due to clients	75,585	77,246
Due to brokers	20,747	-
	96,332	77,246

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

The Group's normal trade credit terms for non-margin 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 RM72,480,000 (31.3.16: RM83,067,000) have been excluded accordingly.

A21 Other Liabilities

	BANK		GROUP	
	30 September	31 March	30 September	31 March
	2016	2016	2016	2016
	RM'000	RM'000	RM'000	RM'000
Other payables	366,244	631,078	417,436	756,515
Provision and accruals	61,163	82,005	66,209	93,172
Remisiers and dealers account	-	-	22,088	22,165
Finance lease liabilities	6,984	8,125	6,984	8,125
Amount due to subsidiaries and related companies	-	-	186	-
Amount due to holding company	-	-	96	161
	434,391	721,208	512,999	880,138

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

A22 Interest Income

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
Loans, advances and financing	365,797	358,357	733,954	711,662
Money at call and deposit placements with financial institutions	9,004	2,622	17,903	6,809
Financial assets held-for-trading	1,751	889	3,158	1,708
Financial investments available-for-sale	57,216	70,832	116,505	141,806
Financial investments held-to-maturity	5,440	5,438	10,824	10,886
Others	2,849	2,435	5,503	5,493
	442,057	440,573	887,847	878,364
Accretion of discount less amortisation of premium	18,756	16,348	37,275	32,165
	460,813	456,921	925,122	910,529
<u>GROUP</u>				
Loans, advances and financing	366,898	368,392	744,977	725,959
Money at call and deposit placements with financial institutions	9,697	2,489	16,459	5,785
Financial assets held-for-trading	1,751	889	3,158	1,708
Financial investments available-for-sale	56,660	74,205	117,390	149,958
Financial investments held-to-maturity	6,706	6,705	13,348	13,416
Others	2,850	2,435	5,504	5,493
	444,562	455,115	900,836	902,319
Accretion of discount less amortisation of premium	18,893	16,138	37,483	32,652
	463,455	471,253	938,319	934,971

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

A23 Interest Expense

	2nd Quarter Ended		Six Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
<u>BANK</u>				
Deposits and placements of banks and other financial institutions	3,514	11,229	7,378	17,788
Deposits from customers	221,683	225,418	446,405	454,045
Other borrowings	60	-	119	-
Subordinated obligations	17,404	7,472	35,086	14,786
Others	12,940	5,982	25,762	11,475
	255,601	250,101	514,750	498,094
<u>GROUP</u>				
Deposits and placements of banks and other financial institutions	4,001	13,494	8,259	24,026
Deposits from customers	225,690	231,974	454,647	465,667
Other borrowings	60	-	119	-
Subordinated obligations	17,395	7,472	35,013	14,786
Others	12,940	5,982	25,762	11,475
	260,086	258,922	523,800	515,954

A24 Net Income from Islamic Banking Business

	2nd Quarter Ended		Six Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
<u>GROUP</u>				
Income derived from investment of depositors' funds and others	116,532	107,497	229,001	209,369
Income derived from investment of Islamic Banking funds	11,388	9,089	21,979	18,027
Income attributable to the depositors and financial institutions	(64,744)	(62,477)	(127,684)	(121,596)
	63,176	54,109	123,296	105,800
Add: Income due to head office eliminated at Group level	15,278	6,943	22,493	13,804
	78,454	61,052	145,789	119,604

A25 Other Operating Income

	2nd Quarter Ended		Six Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
<u>BANK</u>				
(a) <u>Fee and commission income:</u>				
Commissions	22,553	21,702	43,341	39,550
Service charges and fees	6,472	6,582	14,576	13,995
Guarantee fees	4,582	3,260	9,279	6,960
Processing fees	2,084	1,321	4,904	3,427
Commitment fees	3,891	4,045	7,809	7,787
Other fee income	23,679	24,938	48,877	50,133
	63,261	61,848	128,786	121,852
(b) <u>Fee and commission expense:</u>				
Commissions expense	(514)	(567)	(1,051)	(791)
Guarantee fees expense	(137)	(126)	(495)	(633)
Other fee expense	(19,661)	(22,047)	(40,463)	(44,911)
	(20,312)	(22,740)	(42,009)	(46,335)
(c) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	406	(908)	2,007	(1,466)
- Financial investments available-for-sale	532	(317)	882	640
Marked-to-market revaluation of:				
- Financial assets held-for-trading	332	(523)	(638)	(422)
- Derivative instruments	47,268	77,721	91,438	31,555
- Unrealised gain arising from financial liabilities designated at fair value	(6,189)	19,070	(2,513)	22,230
Realised (loss)/gain on derivative instruments	(14,324)	(59,018)	(29,936)	4,630
Gross dividend income from:				
- Financial investments available-for-sale	192	-	2,281	2,281
- Subsidiaries	-	-	30,217	5,974
	28,217	36,025	93,738	65,422
(d) <u>Other income:</u>				
Foreign exchange (loss)/gain	(12,049)	5,486	(20,642)	9,072
Rental income	164	94	327	185
Loss on disposal of property, plant and equipment	(347)	-	(347)	(12)
Others	5,987	6,332	12,851	13,551
	(6,245)	11,912	(7,811)	22,796
Total other operating income	64,921	87,045	172,704	163,735

A25 Other Operating Income (contd.)

GROUP	2nd Quarter Ended		Six Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
(a) <u>Fee and commission income:</u>				
Commissions	22,553	21,702	43,341	39,550
Service charges and fees	6,624	6,707	14,871	14,319
Corporate advisory fees	785	194	1,345	680
Underwriting commissions	-	-	85	-
Brokerage fees	7,219	8,066	14,295	17,096
Guarantee fees	4,582	3,261	9,411	7,221
Processing fees	4,286	1,394	7,766	3,952
Commitment fees	3,898	4,053	7,824	7,800
Other fee income	23,679	24,938	48,877	50,133
	73,626	70,315	147,815	140,751
(b) <u>Fee and commission expense:</u>				
Commissions expense	(514)	(567)	(1,051)	(791)
Brokerage fees expense	(2,431)	(4,047)	(5,537)	(8,241)
Guarantee fees expense	(137)	(126)	(495)	(633)
Other fee expense	(19,661)	(22,047)	(40,463)	(44,911)
	(22,743)	(26,787)	(47,546)	(54,576)
(c) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	406	(908)	2,007	(1,466)
- Financial investments available-for-sale	2,573	(282)	2,967	1,036
Marked-to-market revaluation of:				
- Financial assets held-for-trading	332	(523)	(638)	(422)
- Derivative instruments	47,268	77,721	91,438	31,555
- Unrealised (loss)/gain arising from financial liabilities designated at fair value	(6,189)	19,070	(2,513)	22,230
Realised (loss)/gain on derivative instruments	(14,324)	(59,018)	(29,936)	4,630
Gross dividend income from:				
- Financial investments available-for-sale	359	-	2,855	2,761
	30,425	36,060	66,180	60,324
(d) <u>Other income :</u>				
Foreign exchange (loss)/gain	(11,900)	5,555	(20,413)	9,244
Loss on disposal of property, plant and equipment	(347)	-	(347)	(12)
Others	7,876	6,582	15,602	14,015
	(4,371)	12,137	(5,158)	23,247
Total other operating income	76,937	91,725	161,291	169,746

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

A26 Other Operating Expenses

	2nd Quarter Ended		Six Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
<u>BANK</u>				
Personnel costs				
- Salaries, allowances and bonuses	63,017	61,344	128,997	123,518
- Contribution to EPF	10,244	10,040	21,078	20,140
- Share options/grants under ESS	507	1,567	1,381	3,594
- Others	9,591	7,924	16,139	13,845
	83,359	80,875	167,595	161,097
Establishment costs				
- Depreciation of property, plant and equipment	5,088	5,545	10,512	11,244
- Amortisation of computer software	5,423	5,333	10,839	10,432
- Rental of premises	5,887	5,842	11,822	11,830
- Water and electricity	1,258	1,568	2,782	3,139
- Repairs and maintenance	1,775	2,012	3,542	3,033
- Information technology expenses	9,103	8,250	17,400	16,760
- Others	800	420	1,873	1,532
	29,334	28,970	58,770	57,970
Marketing expenses				
- Promotion and advertisement	902	645	2,306	1,447
- Branding and publicity	906	2,361	1,536	3,426
- Others	1,034	1,339	2,221	2,414
	2,842	4,345	6,063	7,287
Administration and general expenses				
- Communication expenses	2,257	2,614	5,066	4,960
- Printing and stationery	567	715	1,266	1,250
- Insurance	2,630	4,754	4,854	10,930
- Professional fees	3,929	2,127	7,677	5,942
- Others	5,953	5,073	10,401	10,064
	15,336	15,283	29,264	33,146
Total other operating expenses	130,871	129,473	261,692	259,500

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

A26 Other Operating Expenses (contd.)

	2nd Quarter Ended		Six Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
GROUP				
Personnel costs				
- Salaries, allowances and bonuses	82,568	80,476	168,017	162,570
- Contribution to EPF	13,319	12,992	27,246	26,225
- Share options/grants under ESS	563	1,657	1,568	3,760
- Others	11,492	9,953	19,979	17,567
	107,942	105,078	216,810	210,122
Establishment costs				
- Depreciation of property, plant and equipment	5,229	5,668	10,795	11,486
- Amortisation of computer software	5,573	5,408	11,093	10,575
- Rental of premises	7,589	7,612	15,205	15,392
- Water and electricity	1,734	2,109	3,848	4,156
- Repairs and maintenance	2,376	2,623	4,718	4,092
- Information technology expenses	11,841	10,629	22,764	21,249
- Others	2,898	3,048	6,560	7,087
	37,240	37,097	74,983	74,037
Marketing expenses				
- Promotion and advertisement	1,257	1,087	2,830	2,861
- Branding and publicity	1,029	2,482	1,681	3,657
- Others	1,820	2,086	3,850	3,956
	4,106	5,655	8,361	10,474
Administration and general expenses				
- Communication expenses	2,861	3,190	6,552	6,423
- Printing and stationery	693	870	1,584	1,601
- Insurance	2,848	5,221	5,253	12,186
- Professional fees	4,872	3,073	10,023	7,546
- Others	6,666	5,740	12,584	10,737
	17,940	18,094	35,996	38,493
Total other operating expenses	167,228	165,924	336,150	333,126

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

A27 Allowance for Losses on Loans, Advances and Financing and Other Receivables

	2nd Quarter Ended		Six Months Ended	
	30 September 2016 RM'000	30 September 2015 RM'000	30 September 2016 RM'000	30 September 2015 RM'000
<u>BANK</u>				
Allowance for impaired loans and financing and other receivables:				
(a) Individual assessment allowance				
- made/(write-back) during the period (net)	4,312	5,698	9,877	5,011
(b) Collective assessment allowance				
- (write-back)/made during the period (net)	11,186	6,113	11,146	15,554
(c) Bad debts on loans and financing				
- Recovered	(6,433)	(6,688)	(12,650)	(12,934)
- Written-off	2,565	2,672	5,271	4,816
	<u>11,630</u>	<u>7,795</u>	<u>13,644</u>	<u>12,447</u>
Allowance for other receivables	695	769	1,395	1,369
	<u>12,325</u>	<u>8,564</u>	<u>15,039</u>	<u>13,816</u>
<u>GROUP</u>				
Allowance for impaired loans and financing and other receivables:				
(a) Individual assessment allowance				
- made during the period (net)	4,652	5,716	10,331	9,940
(b) Collective assessment allowance				
- made during the period (net)	15,253	16,328	29,813	33,734
(c) Bad debts on loans and financing				
- Recovered	(8,713)	(8,804)	(16,671)	(17,581)
- Written-off	4,774	4,674	9,872	8,016
	<u>15,966</u>	<u>17,914</u>	<u>33,345</u>	<u>34,109</u>
Allowance for other receivables	841	1,348	1,599	2,267
	<u>16,807</u>	<u>19,262</u>	<u>34,944</u>	<u>36,376</u>

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

A28 Commitments and Contingencies

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

	BANK		GROUP	
	30 September	31 March	30 September	31 March
	2016	2016	2016	2016
	RM'000	RM'000	RM'000	RM'000
<u>Credit-related exposures</u>				
Direct credit substitutes	678,432	625,635	794,284	717,319
Transaction-related contingent items	664,859	618,043	717,079	677,126
Short-term self-liquidating trade-related contingencies	229,202	113,621	256,067	137,524
Irrevocable commitments to extend credit:				
- maturity exceeding one year	1,319,429	1,940,980	1,605,530	2,287,572
- maturity not exceeding one year	5,019,616	4,803,945	6,519,922	6,327,855
Unutilised credit card lines	1,604,860	1,597,855	1,604,860	1,597,855
	9,516,398	9,700,079	11,497,742	11,745,251
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	7,740,938	7,255,690	7,740,938	7,255,690
- over one year to three years	82,750	39,135	82,750	39,135
Interest rate related contracts:				
- one year or less	700,000	380,000	700,000	380,000
- over one year to three years	1,370,419	809,755	1,370,419	809,755
- over three years	1,087,855	1,490,776	1,087,855	1,490,776
Equity related contracts				
- one year or less	103,570	92,940	103,570	92,940
- over one year to three years	49,680	18,880	49,680	18,880
	11,135,212	10,087,176	11,135,212	10,087,176
	20,651,610	19,787,255	22,632,954	21,832,427

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

(Incorporated in Malaysia)

A29 Derivative Financial Assets/(Liabilities)

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

<u>BANK/GROUP</u>	As at 30 September 2016			As at 31 March 2016		
	Principal RM'000	Fair value		Principal RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Foreign exchange and commodity contracts						
Currency forwards						
- one year or less	1,405,116	18,939	(16,586)	1,316,549	25,079	(53,190)
Currency swaps						
- one year or less	5,905,607	25,237	(49,233)	5,520,405	90,660	(174,450)
- over one year to three years	82,750	-	(9,984)	39,135	-	(7,656)
Currency spots						
- one year or less	220,966	485	(354)	258,309	646	(615)
Currency options						
- one year or less	209,249	654	(357)	160,427	1,349	(404)
	7,823,688	45,315	(76,514)	7,294,825	117,734	(236,315)
Interest rate derivatives						
Interest rate swap						
- one year or less	3,050,855	21,362	(14,690)	2,480,312	15,917	(10,333)
- over one year to three years	700,000	3	(1,290)	380,000	136	(87)
- over three years	1,263,000	11,862	(4,747)	763,000	1,813	(3,410)
	1,087,855	9,497	(8,653)	1,337,312	13,968	(6,836)
Equity related derivatives						
- one year or less	103,570	105	(19,692)	92,940	-	(23,782)
- over one year to three years	49,680	-	(4,543)	18,880	-	(3,279)
Hedging Derivatives						
Interest rate swap						
- over one year to three years	107,419	-	(1,894)	46,755	-	(1,592)
- over three years	-	-	-	153,464	-	(4,240)
Total derivatives assets/(liabilities)	11,135,212	66,782	(117,333)	10,087,176	133,651	(279,541)

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 2016.

Forwards

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

ALLIANCE BANK MALAYSIA BERHAD

(88103-W)

(Incorporated in Malaysia)

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

(iii) Financial Markets

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

(iv) 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.

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

(Incorporated in Malaysia)

A30 Segment information (contd.)

Group	Consumer Banking	Business Banking	Financial Markets	Investment Banking	Others	Total Operations	Inter-segment Elimination	Total
2nd Quarter ended 30 September 2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income								
- External income	111,791	77,518	19,459	2,757	2,035	213,560	(10,191)	203,369
- inter-segment	(30,606)	20,959	11,223	(1,576)	-	-	-	-
	81,185	98,477	30,682	1,181	2,035	213,560	(10,191)	203,369
Net income from Islamic banking business	27,691	22,577	12,908	-	-	63,176	15,278	78,454
Other operating income	27,872	38,656	184	8,562	6,664	81,938	(5,001)	76,937
Net income	136,748	159,710	43,774	9,743	8,699	358,674	86	358,760
Other operating expenses	(72,557)	(63,019)	(10,153)	(8,858)	(3,853)	(158,440)	2,014	(156,426)
Depreciation and amortisation	(5,753)	(4,030)	(805)	(214)	-	(10,802)	-	(10,802)
Operating profit	58,438	92,661	32,816	671	4,846	189,432	2,100	191,532
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(16,579)	(4,622)	20	(26)	4,400	(16,807)	-	(16,807)
Segment result	41,859	88,039	32,836	645	9,246	172,625	2,100	174,725
Share of results of associate								1
Share of profit of equity accounted joint venture, net of tax								19
Taxation								(42,506)
Net profit for the financial period								132,239
Segment assets	21,668,383	16,843,624	17,577,821	358,063	25,156	56,473,047	(2,148,176)	54,324,871
Reconciliation of segment assets to consolidated assets:								
Investments in associate								524
Investments in joint venture								604
Property, plant and equipment								77,745
Unallocated assets								21,137
Intangible assets								366,104
Total assets								54,790,985
Segment Liabilities	21,426,683	21,848,117	7,613,264	120,310	10,464	51,018,838	(1,224,325)	49,794,513
Unallocated liabilities								41,741
Total liabilities								49,836,254

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

(Incorporated in Malaysia)

A30 Segment information (contd.)

Group	Consumer Banking	Business Banking	Financial Markets	Investment Banking	Others	Total Operations	Inter-segment Elimination	Total
Six months ended 30 September 2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income								
- External income	222,705	157,563	37,756	5,227	2,059	425,310	(10,791)	414,519
- inter-segment	(61,073)	37,574	26,586	(3,087)	-	-	-	-
	161,632	195,137	64,342	2,140	2,059	425,310	(10,791)	414,519
Net income from Islamic banking business	55,357	42,250	25,689	-	-	123,296	22,493	145,789
Other operating income	56,566	80,375	8,567	14,240	13,817	173,565	(12,274)	161,291
Net income	273,555	317,762	98,598	16,380	15,876	722,171	(572)	721,599
Other operating expenses	(147,265)	(123,910)	(20,656)	(17,927)	(7,700)	(317,458)	3,196	(314,262)
Depreciation and amortisation	(11,752)	(8,127)	(1,608)	(401)	-	(21,888)	-	(21,888)
Operating profit/(loss)	114,538	185,725	76,334	(1,948)	8,176	382,825	2,624	385,449
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(33,265)	(1,675)	1	(5)	-	(34,944)	-	(34,944)
Allowance for impairment	-	-	-	(1,208)	-	(1,208)	-	(1,208)
Segment result	81,273	184,050	76,335	(3,161)	8,176	346,673	2,624	349,297
Share of results of associate								4
Share of profit of equity accounted joint venture, net of tax								38
Taxation								(84,999)
Net profit for the financial period								264,340
Segment assets	21,668,383	16,843,624	17,577,821	358,063	25,156	56,473,047	(2,148,176)	54,324,871
Reconciliation of segment assets to consolidated assets:								
Investments in associate								524
Investments in joint venture								604
Property, plant and equipment								77,745
Unallocated assets								21,137
Intangible assets								366,104
Total assets								54,790,985
Segment Liabilities	21,426,683	21,848,117	7,613,264	120,310	10,464	51,018,838	(1,224,325)	49,794,513
Unallocated liabilities								41,741
Total liabilities								49,836,254

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

(Incorporated in Malaysia)

A30 Segment information (contd.)

Group	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
2nd Quarter ended 30 September 2015								
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)	-	-	-	-
	74,382	96,138	41,066	125	18	211,729	602	212,331
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	121,975	154,614	76,330	4,977	5,815	363,711	1,397	365,108
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)	43,539	93,144	61,923	(3,911)	1,491	196,186	2,998	199,184
(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	37,327	80,340	61,676	(3,910)	1,491	176,924	2,998	179,922
Share of results of associate								2
Share of profit of equity accounted joint venture, net of tax								17
Taxation								(45,950)
Net profit for the financial period								133,991
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 associate								516
Investments in joint venture								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

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

(Incorporated in Malaysia)

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
Six months ended 30 September 2015								
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 associate								4
Share of profit of equity accounted joint venture, net of tax								120
Taxation								(84,396)
Net profit for the financial period								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 associate								516
Investments in joint venture								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

A31 Capital Adequacy

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

On 13 October 2015, BNM issued the revised Capital Adequacy Framework (Capital Components and Basel II - Risk-weighted Assets) ("Revised Framework") which is effective from 1 January 2016. The minimum regulatory capital adequacy ratios before including capital conservation buffer and countercyclical capital buffer for CET I capital ratio, Tier I capital ratio and total capital ratio are 4.5%, 6.0% and 8.0% respectively.

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

Calendar Year	Capital Conservation Buffer
2016	0.625%
2017	1.250%
2018	1.875%
2019 onwards	2.500%

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

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

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2016	31 March 2016	30 September 2016	31 March 2016
<u>Before deducting proposed dividends</u>				
CET I capital ratio	11.818%	11.237%	12.555%	12.070%
Tier I capital ratio	11.818%	11.237%	12.555%	12.070%
Total capital ratio	15.901%	16.528%	17.151%	17.657%
<u>After deducting proposed dividends</u>				
CET I capital ratio	11.349%	10.880%	12.171%	11.775%
Tier I capital ratio	11.349%	10.880%	12.171%	11.775%
Total capital ratio	15.433%	16.170%	16.768%	17.362%

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

A31 Capital Adequacy (contd.)

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

	BANK		GROUP	
	30 September	31 March	30 September	31 March
	2016	2016	2016	2016
	RM'000	RM'000	RM'000	RM'000
<u>CET I Capital/Tier I Capital</u>				
Paid-up share capital	796,517	796,517	796,517	796,517
Share premium	401,517	401,517	401,517	401,517
Retained profits	2,020,353	1,888,285	2,191,059	2,047,248
Statutory reserves	835,401	835,401	1,211,808	1,200,019
Revaluation reserves	112,739	73,152	169,741	114,786
Capital reserves	-	-	10,018	10,018
	4,166,527	3,994,872	4,780,660	4,570,105
Less: Regulatory adjustment				
- Goodwill and other intangibles	(250,390)	(247,299)	(366,104)	(362,982)
- Deferred tax assets	-	-	(8,546)	(10,201)
- 55% of revaluation reserves	(62,006)	(40,234)	(93,358)	(63,132)
- Investment in subsidiaries, associate and joint venture	(535,830)	(535,830)	(2,849)	(2,824)
Total CET I Capital/Total Tier I Capital	3,318,301	3,171,509	4,309,803	4,130,966
<u>Tier II Capital</u>				
Subordinated obligations	1,198,620	1,558,540	1,199,080	1,559,074
Collective assessment allowance and regulatory reserves	305,056	291,825	380,540	354,805
Less: Regulatory adjustment				
- Investment in subsidiaries and associate	(357,220)	(357,220)	(1,899)	(1,882)
Total Tier II Capital	1,146,456	1,493,145	1,577,721	1,911,997
Total Capital	4,464,757	4,664,654	5,887,524	6,042,963

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

	BANK		GROUP	
	30 September	31 March	30 September	31 March
	2016	2016	2016	2016
	RM'000	RM'000	RM'000	RM'000
Credit risk	25,514,680	25,743,934	31,245,020	31,241,896
Market risk	194,647	118,013	194,647	123,843
Operational risk	2,368,383	2,361,359	2,887,782	2,858,987
Total RWA and capital requirements	28,077,710	28,223,306	34,327,449	34,224,726

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

A31 Capital Adequacy (contd.)

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

	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
30 September 2016		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	13.453%	85.114%
Tier I capital ratio	13.453%	85.114%
Total capital ratio	14.618%	85.608%
<u>After deducting proposed dividends</u>		
CET I capital ratio	13.212%	84.017%
Tier I capital ratio	13.212%	84.017%
Total capital ratio	14.377%	84.511%
31 March 2016		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	13.375%	103.287%
Tier I capital ratio	13.375%	103.287%
Total capital ratio	14.399%	103.641%
<u>After deducting proposed dividends</u>		
CET I capital ratio	13.044%	101.292%
Tier I capital ratio	13.044%	101.292%
Total capital ratio	14.068%	101.646%

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.

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

A32 Fair Value Measurements (contd.)

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

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

<u>BANK</u> 30 September 2016	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets held-for-trading				
- Money market instruments	-	41,995	-	41,995
- Unquoted securities	-	254,908	-	254,908
Financial investments available-for-sale				
- Money market instruments	-	4,196,536	-	4,196,536
- Quoted securities in Malaysia	12	-	-	12
- Unquoted securities	-	2,454,571	111,377	2,565,948
Derivative financial assets	-	66,782	-	66,782
<u>Liabilities</u>				
Derivative financial liabilities	-	117,333	-	117,333

<u>GROUP</u> 30 September 2016	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets held-for-trading				
- Money market instruments	-	41,995	-	41,995
- Unquoted securities	-	254,908	-	254,908
Financial investments available-for-sale				
- Money market instruments	-	4,076,766	-	4,076,766
- Quoted securities in Malaysia	12	-	-	12
- Unquoted securities	-	3,780,580	170,267	3,950,847
Derivative financial assets	-	66,782	-	66,782
<u>Liabilities</u>				
Derivative financial liabilities	-	117,333	-	117,333

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

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>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 March 2016	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading				
- Money market instruments	-	40,441	-	40,441
- Unquoted securities	-	91,788	-	91,788
Financial investments available-for-sale				
- Money market instruments	-	5,202,751	-	5,202,751
- Quoted securities in Malaysia	15	-	-	15
- Unquoted securities	-	1,947,499	102,657	2,050,156
Derivative financial assets	-	133,651	-	133,651
<u>Liabilities</u>				
Derivative financial liabilities	-	279,541	-	279,541

<u>GROUP</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 March 2016	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading				
- Money market instruments	-	40,441	-	40,441
- Unquoted securities	-	91,788	-	91,788
Financial investments available-for-sale				
- Money market instruments	-	5,503,569	-	5,503,569
- Quoted securities in Malaysia	15	-	-	15
- Unquoted securities	-	2,904,779	157,333	3,062,112
Derivative financial assets	-	133,651	-	133,651
<u>Liabilities</u>				
Derivative financial liabilities	-	279,541	-	279,541

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 2016 RM'000	31 March 2016 RM'000	30 September 2016 RM'000	31 March 2016 RM'000
At beginning of financial period/year	102,657	94,376	157,333	140,211
Purchase of Unit Trust Funds	-	-	-	5,000
Total (losses)/gains recognised in:				
- Statement of comprehensive income				
(i) Loss arising from sales financial investments available-for-sales	-	(549)	-	(549)
- Other comprehensive income				
(i) Revaluation reserves	8,720	8,856	12,934	12,697
Disposal	-	(26)	-	(26)
At end of financial period/year	<u>111,377</u>	<u>102,657</u>	<u>170,267</u>	<u>157,333</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 2016 RM'000	31 March 2016 RM'000
Outstanding credit exposures with connected parties	<u>11,613</u>	<u>65,946</u>
of which:		
Total credit exposure which is impaired or in default	<u>1</u>	<u>-</u>
Total credit exposures	<u>46,759,534</u>	<u>39,847,975</u>
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	<u>0.02%</u>	<u>0.17%</u>
- which is impaired or in default	<u>0.00%</u>	<u>0.00%</u>

A34 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

(a) Financial assets

	Gross amounts of recognised financial assets RM'000	Gross amounts of recognised financial liabilities set off in the balance sheet RM'000	Net amounts of financial assets presented in the balance sheet RM'000	Related amounts not set off in the balance sheet		Net Amount RM'000
				Financial Instruments RM'000	Cash collateral received RM'000	
BANK						
September 2016						
Derivative financial assets	66,782	-	66,782	(40,401)	-	26,381
GROUP						
September 2016						
Derivative financial assets	66,782	-	66,782	(40,401)	-	26,381
Balances due from clients and brokers	195,588	(71,581)	124,007	-	-	124,007
Total	262,370	(71,581)	190,789	(40,401)	-	150,388
BANK						
March 2016						
Derivative financial assets	133,651	-	133,651	(61,231)	-	72,420
GROUP						
March 2016						
Derivative financial assets	133,651	-	133,651	(61,231)	-	72,420
Balances due from clients and brokers	189,714	(85,055)	104,659	-	-	104,659
Total	323,365	(85,055)	238,310	(61,231)	-	177,079

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

A34 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

(b) Financial liabilities

	Gross amounts of recognised financial liabilities RM'000	Gross amounts of recognised financial assets set off in the balance sheet RM'000	Net amounts of financial liabilities presented in the balance sheet RM'000	Related amounts not set off in the balance sheet		Net Amount RM'000
				Financial Instruments RM'000	Cash collateral received RM'000	
<u>BANK</u>						
September 2016						
Derivative financial liabilities	117,333	-	117,333	(40,401)	(25,767)	51,165
<u>GROUP</u>						
September 2016						
Derivative financial liabilities	117,333	-	117,333	(40,401)	(25,767)	51,165
Balances due to clients and brokers	167,913	(71,581)	96,332	-	-	96,332
Total	285,246	(71,581)	213,665	(40,401)	(25,767)	147,497
<u>BANK</u>						
March 2016						
Derivative financial liabilities	279,541	-	279,541	(61,231)	(29,052)	189,258
<u>GROUP</u>						
March 2016						
Derivative financial liabilities	279,541	-	279,541	(61,231)	(29,052)	189,258
Balances due to clients and brokers	162,301	(85,055)	77,246	-	-	77,246
Total	441,842	(85,055)	356,787	(61,231)	(29,052)	266,504

PART B - Review of Performance & Current Year Prospect

B1 Review of Performance

For the 6 months ended 30 September 2016, the Group's net profit after taxation was RM264.3 million, an increase of RM9.1 million or 3.6% compared to corresponding period last year primarily due to increase in revenue.

Revenue grew by RM13.2 million or 1.9%, primarily from higher net interest income.

Net interest income including Islamic banking income grew by RM19.4 million due to total gross loans growth of RM1.1 billion. Net Interest Margin recorded at 222bps, a 5bps increase.

Other operating income including Islamic Banking Income dropped by RM6.2 million or 3.5% mainly from lower realized and unrealized gain from derivative and FX income.

Gross impaired loan was recorded at 0.9%, while the loan loss coverage was at 147.0%, reflecting a healthy book.

Operating expenses increased by RM3.0 million or 0.9% mainly on higher personnel costs.

The Current Account Savings Account ratio stood at 32.9%, while the loans-to-deposits ratio rose to 84.4% as at 30 September 2016, from 84.0% in 31 March 2016.

The Group's total capital ratio stood healthy at 16.8%, with a Common Equity Tier 1 Capital ratio of 12.2% as at 30 September 2016.

Performance by business segment:

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

Consumer Banking profit before tax was higher by RM5.0 million or 6.6% compared to corresponding period last year. The revenue was RM19.4 million or 7.6% higher compared to corresponding period last year. Operating profit was higher by RM17.3 million or 17.8% mainly due to higher revenue. Allowance for loans, advances and financing was higher by RM12.3 million or 58.9%. Segment asset was RM0.5 billion or 2.1% lower, while liabilities registered growth of RM0.5 billion or 2.3% higher.

Business Banking profit before tax was higher by RM18.6 million or 11.2% compared to corresponding period last year, mainly due to increase revenue by RM14.7 million or 4.9% coupled with lower allowances for losses on loans, advances and financing by RM13.8 million compared to corresponding period last year. Segment asset growth was RM1.5 billion or 9.9%, while liabilities registered growth of RM3.4 billion or 18.4%

Financial Markets profit before tax was RM25.7 million or 25.2% lower compared to corresponding period last year mainly due to lower revenue by RM32.4 million or 24.7%.

Investment Banking segment covers stockbroking, capital market activities and corporate advisory services. Investment Banking segment improved RM4.4 million or 58.1% compared to a corresponding period last year.

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

B2 Current Year Prospect

The Malaysian economy registered a gross domestic product growth of 4.0% in 2Q'16 and is expected to continue growing at a moderate pace of 4.0% to 4.2% in 2016.

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

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

We are embarking on our transformation program to deploy new and differentiated value propositions to our customers. We will be investing in the required Information Technology enablers to support the Bank's strategic initiatives and focus on fixing the present with tactical short term solutions by streamlining to improve the efficiency of our operations.

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

The Group expects that these actions will position its businesses for sustainable revenue and profitability for the financial year 2017.