

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements**
**Unaudited Statements of Financial Position as at 30 June 2011**

	Note	<b>BANK</b>		<b>GROUP</b>	
		<b>30 June</b>	<b>31 March</b>	<b>30 June</b>	<b>31 March</b>
		<b>2011</b>	<b>2011</b>	<b>2011</b>	<b>2011</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>					
Cash and short-term funds		<b>873,871</b>	958,111	<b>954,643</b>	911,730
Deposits and placements with banks and other financial institutions		<b>889,087</b>	954,610	<b>164</b>	100,228
Financial assets held-for-trading	A13	<b>176,485</b>	1,176,190	<b>176,485</b>	1,938,250
Financial investments available-for-sale	A14	<b>8,144,515</b>	6,329,994	<b>11,637,678</b>	9,259,940
Financial investments held-to-maturity	A15	<b>736,306</b>	633,521	<b>1,431,846</b>	940,726
Derivative financial assets	A30	<b>25,631</b>	32,047	<b>25,631</b>	32,047
Loans, advances and financing	A16	<b>17,849,557</b>	17,718,442	<b>22,026,669</b>	21,796,319
Balances due from clients and brokers	A17	-	-	<b>68,835</b>	80,519
Other assets	A18	<b>191,799</b>	103,509	<b>86,313</b>	87,008
Tax recoverable		-	-	<b>2,923</b>	2,442
Statutory deposits with Bank Negara Malaysia		<b>663,900</b>	225,300	<b>868,597</b>	291,008
Investments in subsidiaries		<b>801,664</b>	801,664	-	-
Investments in associates		<b>30,230</b>	30,230	<b>28,343</b>	29,038
Property, plant and equipment		<b>97,168</b>	100,847	<b>100,388</b>	104,553
Deferred tax assets		<b>58,072</b>	75,272	<b>90,824</b>	108,808
Intangible assets		<b>241,333</b>	241,141	<b>357,790</b>	357,682
<b>TOTAL ASSETS</b>		<b>30,779,618</b>	29,380,878	<b>37,857,129</b>	36,040,298
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	A19	<b>23,743,839</b>	23,418,868	<b>28,942,521</b>	28,997,092
Deposits and placements of banks and other financial institutions	A20	<b>2,322,870</b>	1,390,331	<b>3,635,865</b>	1,952,200
Derivative financial liabilities	A30	<b>28,102</b>	33,347	<b>28,102</b>	33,347
Amount due to Cagamas Berhad		<b>125,905</b>	125,776	<b>125,905</b>	125,776
Bills and acceptances payable		<b>19</b>	111,140	<b>33</b>	111,159
Balances due to clients and brokers	A21	-	-	<b>76,436</b>	86,743
Other liabilities	A22	<b>810,593</b>	663,533	<b>978,105</b>	810,317
Provision for taxation		<b>17,585</b>	35,206	<b>19,811</b>	40,507
Deferred tax liabilities		-	-	<b>9,560</b>	6,792
Subordinated obligations		<b>597,429</b>	600,000	<b>597,429</b>	600,000
<b>TOTAL LIABILITIES</b>		<b>27,646,342</b>	26,378,201	<b>34,413,767</b>	32,763,933
Share capital		<b>600,517</b>	600,517	<b>600,517</b>	600,517
Reserves		<b>2,532,759</b>	2,402,160	<b>2,838,148</b>	2,671,360
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNER OF THE PARENT</b>		<b>3,133,276</b>	3,002,677	<b>3,438,665</b>	3,271,877
Non-controlling interests		-	-	<b>4,697</b>	4,488
<b>TOTAL EQUITY</b>		<b>3,133,276</b>	3,002,677	<b>3,443,362</b>	3,276,365
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>30,779,618</b>	29,380,878	<b>37,857,129</b>	36,040,298
<b>COMMITMENTS AND CONTINGENCIES</b>	A29	<b>16,569,932</b>	14,758,344	<b>17,904,369</b>	15,909,028

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 2011.

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements**  
**Unaudited Statements of Comprehensive Income**  
**for the Financial Quarter Ended 30 June 2011**

		1st Quarter Ended		Three Months Ended	
		30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
<b><u>BANK</u></b>	Note				
Interest income	A23	307,723	259,439	307,723	259,439
Interest expense	A24	(150,535)	(99,132)	(150,535)	(99,132)
Net interest income		157,188	160,307	157,188	160,307
Other operating income	A26	70,503	46,694	70,503	46,694
Net income		227,691	207,001	227,691	207,001
Other operating expenses	A27	(102,687)	(96,731)	(102,687)	(96,731)
Operating profit		125,004	110,270	125,004	110,270
Write-back of losses on loans, advances and financing and other losses	A28	14,808	3,471	14,808	3,471
Write-back of impairment		871	867	871	867
Profit before taxation		140,683	114,608	140,683	114,608
Taxation		(35,366)	(29,251)	(35,366)	(29,251)
Net profit after taxation		105,317	85,357	105,317	85,357
<b>Other comprehensive income:</b>					
Revaluation reserve on financial investments available-for-sale					
- Net gain/(loss) from change in fair value		31,984	(485)	31,984	(485)
- Transfer (to)/from deferred tax assets		(7,996)	121	(7,996)	121
Other comprehensive gain/(loss), net of tax		23,988	(364)	23,988	(364)
<b>Total comprehensive income for the period</b>		<b>129,305</b>	<b>84,993</b>	<b>129,305</b>	<b>84,993</b>
<b>Earnings per share attributable to owner of the parent</b>					
- Basic (sen)		17.7	14.3	17.7	14.3
- Diluted (sen)		13.2	10.7	13.2	10.7

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

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**Condensed Interim Financial Statements****Unaudited Consolidated Statements of Comprehensive Income  
for the Financial Quarter Ended 30 June 2011**

		1st Quarter Ended		Three Months Ended	
		30 June 2011 RM'000	30 June 2010 RM'000	30 June 2011 RM'000	30 June 2010 RM'000
<b>GROUP</b>	<b>Note</b>				
Interest income	A23	<b>328,935</b>	276,698	<b>328,935</b>	276,698
Interest expense	A24	<b>(159,213)</b>	(106,777)	<b>(159,213)</b>	(106,777)
Net interest income		<b>169,722</b>	169,921	<b>169,722</b>	169,921
Net income from Islamic banking business	A25	<b>61,827</b>	55,606	<b>61,827</b>	55,606
		<b>231,549</b>	225,527	<b>231,549</b>	225,527
Other operating income	A26	<b>79,205</b>	51,506	<b>79,205</b>	51,506
Net income		<b>310,754</b>	277,033	<b>310,754</b>	277,033
Other operating expenses	A27	<b>(143,158)</b>	(124,032)	<b>(143,158)</b>	(124,032)
Share of results of associates		<b>(695)</b>	1	<b>(695)</b>	1
Operating profit		<b>166,901</b>	153,002	<b>166,901</b>	153,002
Write-back of/(allowance for) losses on loans, advances and financing and other losses	A28	<b>7,972</b>	(464)	<b>7,972</b>	(464)
Write-back of/(allowance for) impairment		<b>871</b>	(624)	<b>871</b>	(624)
Profit before taxation and zakat		<b>175,744</b>	151,914	<b>175,744</b>	151,914
Taxation and zakat		<b>(43,936)</b>	(39,709)	<b>(43,936)</b>	(39,709)
Net profit after taxation and zakat		<b>131,808</b>	112,205	<b>131,808</b>	112,205
<b>Other comprehensive income:</b>					
Revaluation reserve on financial investments available-for-sale					
- Net gain from change in fair value		<b>45,235</b>	949	<b>45,235</b>	949
- Transfer to deferred tax assets		<b>(11,309)</b>	(237)	<b>(11,309)</b>	(237)
Other comprehensive income, net of tax		<b>33,926</b>	712	<b>33,926</b>	712
<b>Total comprehensive income for the period</b>		<b>165,734</b>	112,917	<b>165,734</b>	112,917
Profit for the period attributable to:					
Owner of the parent		<b>131,599</b>	112,420	<b>131,599</b>	112,420
Non-controlling interests		<b>209</b>	(215)	<b>209</b>	(215)
Net profit after taxation and zakat		<b>131,808</b>	112,205	<b>131,808</b>	112,205

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**Condensed Interim Financial Statements****Unaudited Consolidated Statements of Comprehensive Income  
for the Financial Quarter Ended 30 June 2011 (contd.)**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2011</b>	2010	<b>2011</b>	2010
<b><u>GROUP</u></b>	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Total comprehensive income for the period attributable to:				
Owner of the parent	<b>165,525</b>	113,132	<b>165,525</b>	113,132
Non-controlling interests	<b>209</b>	(215)	<b>209</b>	(215)
Total comprehensive income for the period	<b>165,734</b>	112,917	<b>165,734</b>	112,917
Earnings per share attributable to owner of the parent				
- Basic (sen)	<b>22.1</b>	18.8	<b>22.1</b>	18.8
- Diluted (sen)	<b>16.5</b>	14.1	<b>16.5</b>	14.1

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

**Unaudited Statements of Changes in Equity for the Financial Quarter Ended 30 June 2011**

			Non-distributable reserves			Distributable reserves		
	Ordinary shares	Irredeemable (Non-cumulative) Convertible Preference Shares ("ICPS")	Share premium	Statutory reserve	Revaluation reserves	Equity contribution from parent	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>BANK</u></b>								
At 1 April 2011	596,517	4,000	597,517	601,561	43,051	11,803	1,148,228	3,002,677
Net profit after taxation	-	-	-	-	-	-	105,317	105,317
Other comprehensive income	-	-	-	-	23,988	-	-	23,988
Total comprehensive income for the period	-	-	-	-	23,988	-	105,317	129,305
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	1,294	-	1,294
<b>At 30 June 2011</b>	<b>596,517</b>	<b>4,000</b>	<b>597,517</b>	<b>601,561</b>	<b>67,039</b>	<b>13,097</b>	<b>1,253,545</b>	<b>3,133,276</b>
At 1 April 2010	596,517	4,000	597,517	601,561	48,342	10,334	941,332	2,799,603
Net profit after taxation	-	-	-	-	-	-	85,357	85,357
Other comprehensive loss	-	-	-	-	(364)	-	-	(364)
Total comprehensive (loss)/income for the period	-	-	-	-	(364)	-	85,357	84,993
Share-based payment under ESS	-	-	-	-	-	1,671	-	1,671
<b>At 30 June 2010</b>	<b>596,517</b>	<b>4,000</b>	<b>597,517</b>	<b>601,561</b>	<b>47,978</b>	<b>12,005</b>	<b>1,026,689</b>	<b>2,886,267</b>

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**Condensed Interim Financial Statements**
**Unaudited Statements of Changes in Equity For The Financial Quarter Ended 30 June 2011 (contd.)**

	←----- Attributable to owner of the parent -----→											
<b>GROUP</b>	Ordinary shares RM'000	ICPS RM'000	Share premium RM'000	Statutory reserve RM'000	Other reserves RM'000	Revaluation reserves RM'000	Equity contribution from parent RM'000	Profit Equalisation Reserve ("PER")	Retained profits RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 April 2011	596,517	4,000	597,517	786,406	10,018	68,620	13,544	1,033	1,194,222	3,271,877	4,488	3,276,365
Net profit after taxation and zakat	-	-	-	-	-	-	-	-	131,599	131,599	209	131,808
Other comprehensive income	-	-	-	-	-	33,926	-	-	-	33,926	-	33,926
Total comprehensive income for the period	-	-	-	-	-	33,926	-	-	131,599	165,525	209	165,734
Share-based payment under ESS	-	-	-	-	-	-	1,263	-	-	1,263	-	1,263
<b>At 30 June 2011</b>	<b>596,517</b>	<b>4,000</b>	<b>597,517</b>	<b>786,406</b>	<b>10,018</b>	<b>102,546</b>	<b>14,807</b>	<b>1,033</b>	<b>1,325,821</b>	<b>3,438,665</b>	<b>4,697</b>	<b>3,443,362</b>
At 1 April 2010	596,517	4,000	597,517	735,515	10,018	74,564	12,185	26,388	918,801	2,975,505	4,539	2,980,044
Net profit/(loss) after taxation and zakat	-	-	-	-	-	-	-	-	112,420	112,420	(215)	112,205
Other comprehensive income	-	-	-	-	-	712	-	-	-	712	-	712
Total comprehensive income/(loss) for the period	-	-	-	-	-	712	-	-	112,420	113,132	(215)	112,917
Share-based payment under ESS	-	-	-	-	-	-	1,399	-	-	1,399	-	1,399
Transfer from PER	-	-	-	-	-	-	-	(7,342)	7,342	-	-	-
<b>At 30 June 2010</b>	<b>596,517</b>	<b>4,000</b>	<b>597,517</b>	<b>735,515</b>	<b>10,018</b>	<b>75,276</b>	<b>13,584</b>	<b>19,046</b>	<b>1,038,563</b>	<b>3,090,036</b>	<b>4,324</b>	<b>3,094,360</b>

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Condensed Statements of Cash Flow for the Financial Quarter Ended 30 June 2011**

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 June</b>	30 June	<b>30 June</b>	30 June
	<b>2011</b>	2010	<b>2011</b>	2010
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Profit before taxation and zakat	<b>140,683</b>	114,608	<b>175,744</b>	151,914
Adjustments for non-cash items	<b>(86,703)</b>	(678)	<b>(83,552)</b>	(7,654)
Operating profit before changes in working capital	<b>53,980</b>	113,930	<b>92,192</b>	144,260
Changes in working capital	<b>1,709,404</b>	(204,940)	<b>2,767,080</b>	416,426
Taxation and zakat paid/(refund)	<b>(43,775)</b>	17,551	<b>(55,661)</b>	10,532
Net cash generated from/(used in) operating activities	<b>1,719,609</b>	(73,459)	<b>2,803,611</b>	571,218
Net cash used in investing activities	<b>(1,788,953)</b>	(1,058,718)	<b>(2,716,562)</b>	(1,562,318)
Net cash used in financing activities	<b>(14,896)</b>	(9,110)	<b>(14,896)</b>	(9,110)
Net changes in cash and cash equivalents	<b>(84,240)</b>	(1,141,287)	<b>72,153</b>	(1,000,210)
Cash and cash equivalents at beginning of the year	<b>958,111</b>	3,182,455	<b>824,226</b>	3,469,300
Cash and cash equivalents at end of the period	<b>873,871</b>	2,041,168	<b>896,379</b>	2,469,090
Cash and cash equivalent comprise:				
Cash and short-term funds	<b>873,871</b>	2,041,168	<b>954,643</b>	2,526,863
Less: Monies held in trust	<b>-</b>	-	<b>(58,264)</b>	(57,773)
	<b>873,871</b>	2,041,168	<b>896,379</b>	2,469,090

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 2011.

## **Explanatory Notes**

### **PART A - Explanatory Notes Pursuant to Financial Reporting Standard 134 ("FRS 134") and Revised Guidelines on Financial Reporting for Licensed Institutions ("BNM/GP8") Issued by Bank Negara Malaysia ("BNM")**

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

The unaudited condensed interim financial statements for the 1st financial quarter ended 30 June 2011 have been prepared in accordance with FRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and BNM's Revised Guidelines on Financial Reporting for Licensed Institutions ("revised BNM/GP8").

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 2011. 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 2011.

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 2011, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2011:

- FRS 3 "Business Combinations"
- FRS 127 "Consolidated and Separate Financial Statements"
- Amendments to FRS 2 "Share-based Payment: Group Cash-settled Share-based Payment Transactions"
- Amendments to FRS 7 "Financial Instruments: Disclosures" and FRS 1 "First-time Adoption of Financial Reporting Standards"
- IC Interpretation 4 "Determining whether an Arrangement contains a Leases"
- IC Interpretation 17 "Distributions of Non-cash Assets to Owners"
- Improvements to FRSs (2010)

The revised FRS 3 continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The application of this standard is not expected to have a material impact on the financial statements of the Bank and of the Group.

The revised FRS 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. When this standard is effective, all earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests prior years is not restated. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the statement of comprehensive income. The application of this standard is not expected to have a material impact on the financial statements of the Bank and of the Group.

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

The adoption of the Amendment to FRS 7 and FRS 1 requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.

The following revised FRSs, new IC Interpretations and Amendments to FRSs have been issued by the MASB and are effective for annual periods commencing on or after 1 April 2012, and have yet to be adopted by the Bank and the Group:

- FRS 124 "Related Party Transactions" (effective 1 January 2012)
- IC Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments" (effective from 1 July 2011)

The preparation of unaudited condensed interim financial statements in conformity with the 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 income 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 assumptions 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 2011 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 1st financial quarter ended 30 June 2011.

**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 1st financial quarter ended 30 June 2011.

**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 1st financial quarter ended 30 June 2011.

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

There were no issuance or repayment of debt and equity securities during the 1st financial quarter ended 30 June 2011, other than as disclosed in Note A8(a).

**A7 Dividend Paid**

There was no dividend paid during the 1st financial quarter ended 30 June 2011.

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**A8 Significant Events**

- (a) Tier-2 Subordinated Medium Term Notes Programme of Up to RM1.5 billion in nominal value ("Subordinated MTN Programme")

On 8 April 2011, the Bank had completed the issuance of RM600 million Subordinated Medium Term Notes ("Subordinated Notes") under the RM1.5 billion Subordinated MTN Programme.

The Subordinated MTN Programme was approved by Bank Negara Malaysia ("BNM") and the Securities Commission ("SC") on 30 December 2010 and 25 February 2011 respectively. The Subordinated Notes are eligible for inclusion as Tier-2 capital of the Bank under BNM's capital adequacy regulations.

The Subordinated Notes have been assigned a long term rating of A2 by RAM Rating Services Berhad with tenure of 10 years, callable five (5) years after the issue date and on every coupon payment date thereafter, subject to BNM's approval.

The coupon rate for the Subordinated Notes is fixed at 4.82% per annum, payable semi-annually throughout the entire tenure and was issued at discount. The proceeds have been used to redeem the existing RM600 million Subordinated Bonds of the Bank on 26 May 2011.

- (b) Dissolution of subsidiary

KLCS Asset Management Sdn. Bhd., a subsidiary of Alliance Investment Bank Berhad was dissolved on 28 April 2011 pursuant to Section 272(5) of the Companies Act, 1965.

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

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

**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**

No dividend has been proposed or declared for the 1st financial quarter ended 30 June 2011.

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### **A12 Material Litigation**

- (a) A corporate borrower had issued a Writ of Summons in 2005 against an agent bank for a syndicate of lenders comprising three banks of which our Bank is one of them, claiming for general, special and exemplary damages alleging a breach of duty and contract.

The credit facilities consist of a bridging loan of RM58.5 million and a revolving credit facility of RM4.0 million which were granted by the syndicate lenders of which the Bank's participation was RM18.5 million. In 2002, the credit facilities were restructured to a loan of RM30.0 million, of which the Bank's participation was RM8.31 million, payable over seven years. The syndicated lenders had also filed a suit against the corporate borrower for the recovery of the above-mentioned loan.

The two suits were then consolidated and heard together. On 6 May 2009, judgment was delivered against the agent bank for special damages amounting to RM115.0 million together with interest at the rate of 6% per annum from date of disbursement to date of realisation with general damages to be assessed by the Court.

The agent bank's solicitors had filed an appeal against the said decision. The Court had on 24 June 2009 granted a stay of execution of the judgment pending appeal to the Court of Appeal. The advice from the agent bank's solicitors is that they have a better than even chance of succeeding in the said appeal.

- (b) The Bank had in 1999 filed a suit against a corporate borrower, hereinafter referred to as the first defendant and the second defendant as guarantor (collectively called "Defendants") for money outstanding due to a default in banking facility amounting to RM2.36 million. The Defendants in turn counter-claimed against the Bank for special damages amounting to RM15.5 million and general damages to be assessed by the Court for negligence and/or wrongful termination of the banking facilities, statutory interest on judgment sum, costs and such other and/or further relief deemed fit by the Court.

On 4 May 2009, the High Court in Kota Kinabalu granted judgment against the Bank by dismissing its claim and granted judgment in favour of the Defendants with damages to be assessed by the Deputy Registrar. At a clarification hearing held on 25 May 2009, the Court clarified that the Bank's liability to pay damages under the counter-claim is only in respect of general damages to be assessed by the Court and not special damages.

The Bank filed an appeal to the Court of Appeal against the High Court judgment and applied to the High Court for a stay of execution against the said judgment. On 3 August 2009, the High Court dismissed the Bank's application for stay of execution of the judgment granted in favour of the Defendants. The Bank then filed an appeal to the Court of Appeal against the said decision.

On 16 November 2009, the Court of Appeal dismissed the Bank's appeal for stay of execution with no order as to costs and directed that an early hearing date would be scheduled for the Bank's appeal proper.

The Court of Appeal has on 18 January 2011 allowed the Bank's appeal by dismissing the counter-claim against the Bank and allowing the Bank's claim against the Defendants. The Defendants have since filed an application for leave to appeal at the Federal Court against the said decision. The Defendant's Notice of Motion for leave to appeal to the Federal Court came up for hearing on 21 March 2011 and the judges adjourned the leave application to another date yet to be fixed pending receipts of Grounds of Judgement from the Court of Appeal.

Hearing for the assessment of damages which was initially fixed for decision on 14 March 2011 has been rescheduled for mention on 15 June 2011 pending outcome of the Defendants application for leave to appeal at the Federal Court.

Based on the advice from our solicitors, the Bank has a fair chance of success in its appeal.

**A12 Material Litigation (contd.)**

- (c) (i) The Bank had commenced a civil suit against an individual borrower in March 2007 for recovery of an overdraft facility secured by shares from the individual borrower and shares from a third party. The individual borrower counter-claimed against the Bank for various declarations amongst others that the Bank had acted wrongfully or in bad faith in demanding repayment of the facility and that there was in existence a collateral contract between the individual borrower, the Bank and the third party. In addition, the individual borrower is also claiming for general damages to be assessed by the courts.

The Bank filed its reply and defence to counter-claim on 7 July 2007.

The Court had fixed the matter for trial from 23 February 2011 to 25 February 2011.

However, the individual borrower had also filed an application to consolidate the present suit with the suit stated under A12(c)(ii) below. On 27 January 2011, the judge allowed the said application. In view of this decision, the trial dates above will be vacated to another date and suit will be consolidated for hearing together with the suit under section A12(c)(ii) below.

Trial scheduled on 17 October 2011, 18 October 2011 and 24 November 2011 respectively.

Our solicitors are of the firm view that the Bank has good defence to the counter-claim.

- (ii) Arising from the above-mentioned suit (Note A12 (c)(i)), the third party in September 2008 filed a separate suit against the Bank for force selling the shares pledged by the third party. The third party alleges amongst others that the Bank sold the pledged shares off-market without notice to them in breach of the collateral contract between the third party and the Bank. The third party is claiming for damages for loss of the benefit of the shares pledged to the Bank, damages for conversion, damages for misrepresentation and for breach of contract.

The Bank had filed its defence to the suit on 13 November 2008.

The Court has set the matter down for trial from 13 June 2011 to 15 June 2011.

Court has fixed next case management on 15 April 2011 for clarification on validity of the order to consolidate the present suit with section A12(c)(i) above.

Meanwhile, the third party had filed an application for further interrogatories. On 9 December 2010, the Court allowed the third party's application for further interrogatories in part with costs in the cause. On 15 December 2010, the Bank filed its Notice of Appeal against the said decision. The Court has fixed hearing of the appeal on 9 February 2011. On 9 February 2011, the judge allowed the Bank's appeal with costs in the cause. The third party has since filed an appeal against the said decision at the Court of Appeal.

The Bank's solicitors are of the firm view that there is no such collateral contract and that the Bank has good defence to the claim brought by the third party.

On 16 June 2011, the Court of Appeal directed third party and the Bank to enter into a Consent Order which the Bank shall endeavour to produce supportive documents and deliver it to the Plaintiff.

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

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 June 2011 RM'000</b>	<b>31 March 2011 RM'000</b>	<b>30 June 2011 RM'000</b>	<b>31 March 2011 RM'000</b>
<b>At fair value</b>				
<u>Money market instruments:</u>				
Bank Negara Malaysia bills	-	1,096,239	-	1,848,299
Malaysian Government securities	<b>176,485</b>	-	<b>176,485</b>	-
Malaysian Government investment certificates	-	59,951	-	59,951
Malaysian Government treasury bills	-	20,000	-	30,000
<b>Total financial assets held-for-trading</b>	<b>176,485</b>	<b>1,176,190</b>	<b>176,485</b>	<b>1,938,250</b>

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

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 June 2011 RM'000</b>	<b>31 March 2011 RM'000</b>	<b>30 June 2011 RM'000</b>	<b>31 March 2011 RM'000</b>
<b>At fair value</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	<b>2,480,399</b>	2,659,093	<b>3,120,238</b>	3,244,713
Malaysian Government investment certificates	<b>1,466,105</b>	162,420	<b>2,514,063</b>	764,371
Negotiable instruments of deposits	<b>471,603</b>	1,042,371	<b>1,121,959</b>	1,741,201
Bankers' acceptances	<b>2,067,985</b>	956,814	<b>2,517,015</b>	1,388,637
Cagamas bonds	<b>20,192</b>	20,213	<b>35,358</b>	35,396
<u>Quoted securities in Malaysia:</u>				
Shares	<b>9</b>	11	<b>4,022</b>	3,875
Debt securities	<b>6,598</b>	7,818	<b>6,598</b>	7,818
<u>Unquoted securities:</u>				
Shares	<b>95,703</b>	82,607	<b>136,096</b>	117,587
Debt securities	<b>1,535,921</b>	1,398,647	<b>2,182,329</b>	1,956,342
<b>Total financial investments available-for-sale</b>	<b>8,144,515</b>	<b>6,329,994</b>	<b>11,637,678</b>	<b>9,259,940</b>

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

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2011 RM'000	31 March 2011 RM'000	30 June 2011 RM'000	31 March 2011 RM'000
<b>At amortised cost</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	734,861	629,057	953,623	804,820
Malaysian Government investment certificates	-	-	450,950	105,624
<b>At cost</b>				
<u>Quoted securities in Malaysia:</u>				
Debt securities	-	-	4,902	4,902
<u>Unquoted securities:</u>				
Debt securities	22,275	61,177	77,819	116,711
	757,136	690,234	1,487,294	1,032,057
Accumulated impairment	(20,830)	(56,713)	(55,448)	(91,331)
Total financial investments held-to-maturity	736,306	633,521	1,431,846	940,726

**A16 Loans, Advances and Financing**

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2011 RM'000	31 March 2011 RM'000	30 June 2011 RM'000	31 March 2011 RM'000
Overdrafts	1,561,456	1,603,198	1,722,046	1,753,908
Term loans/financing				
- Housing loans/financing	7,326,176	7,351,039	8,385,581	8,325,550
- Syndicated term loans/financing	411,106	267,440	430,934	287,171
- Hire purchase receivables	359,906	385,945	748,031	784,046
- Other term loans/financing	4,628,901	4,311,669	6,619,995	6,310,426
Bills receivables	204,197	178,851	204,711	179,607
Trust receipts	160,184	157,722	180,141	176,527
Claims on customers under acceptance credits	1,861,368	1,846,053	2,228,351	2,202,863
Staff loans [including loans to Directors of a subsidiary of RM114,000 (31.03.11: RM121,000)]	31,343	32,821	58,589	60,938
Credit/charge card receivables	637,008	663,059	637,008	663,059
Revolving credits	850,004	1,156,101	1,059,383	1,347,748
Other loans	287,250	270,341	360,054	347,518
Gross loans, advances and financing	18,318,899	18,224,239	22,634,824	22,439,361
Add: Sales commissions and handling fees	33,924	37,722	25,811	24,969
Less: Allowance for impairment on loans, advances and financing				
- Individual assessment allowance	(230,571)	(273,141)	(283,514)	(328,375)
- Collective assessment allowance	(272,695)	(270,378)	(350,452)	(339,636)
Total net loans, advances and financing	17,849,557	17,718,442	22,026,669	21,796,319

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

**A16a** By type of customers:

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 June</b>	31 March	<b>30 June</b>	31 March
	<b>2011</b>	2011	<b>2011</b>	2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Domestic non-bank financial institutions				
- Stockbroking companies	<b>13,001</b>	20,002	<b>13,001</b>	20,002
- Others	<b>56,197</b>	156,186	<b>127,062</b>	187,410
Domestic business enterprises				
- Small and medium enterprises	<b>4,137,174</b>	4,096,619	<b>4,890,578</b>	4,784,192
- Others	<b>3,906,335</b>	3,789,961	<b>4,628,882</b>	4,531,660
Government and statutory bodies	<b>14,360</b>	15,973	<b>16,645</b>	18,224
Individuals	<b>9,671,624</b>	9,633,266	<b>12,400,395</b>	12,349,218
Other domestic entities	<b>14,106</b>	14,311	<b>14,445</b>	14,671
Foreign entities	<b>506,102</b>	497,921	<b>543,816</b>	533,984
Gross loans, advances and financing	<b>18,318,899</b>	18,224,239	<b>22,634,824</b>	22,439,361

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

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 June</b>	31 March	<b>30 June</b>	31 March
	<b>2011</b>	2011	<b>2011</b>	2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Fixed rate				
- Housing loans/financing	<b>23,705</b>	24,800	<b>99,993</b>	107,669
- Hire purchase receivables	<b>359,906</b>	385,945	<b>748,031</b>	784,046
- Other fixed rate loans/financing	<b>703,331</b>	732,674	<b>2,102,569</b>	2,207,047
Variable rate				
- Base lending rate plus	<b>13,404,735</b>	13,374,171	<b>15,139,042</b>	14,989,061
- Cost plus	<b>3,643,405</b>	3,553,060	<b>4,288,568</b>	4,120,772
- Other variable rates	<b>183,817</b>	153,589	<b>256,621</b>	230,766
Gross loans, advances and financing	<b>18,318,899</b>	18,224,239	<b>22,634,824</b>	22,439,361

**A16c** By economic purposes:

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 June</b>	31 March	<b>30 June</b>	31 March
	<b>2011</b>	2011	<b>2011</b>	2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Purchase of securities	<b>292,851</b>	276,517	<b>366,682</b>	354,975
Purchase of transport vehicles	<b>270,817</b>	296,030	<b>668,070</b>	703,969
Purchase of landed property	<b>10,131,244</b>	10,133,099	<b>11,611,504</b>	11,514,820
of which: - Residential	<b>7,748,088</b>	7,730,398	<b>8,772,876</b>	8,671,706
- Non-residential	<b>2,383,156</b>	2,402,701	<b>2,838,628</b>	2,843,114
Purchase of fixed assets				
excluding land & buildings	<b>99,426</b>	96,745	<b>102,133</b>	99,836
Personal use	<b>763,232</b>	728,463	<b>2,067,371</b>	2,093,967
Credit card	<b>637,008</b>	663,059	<b>637,008</b>	663,059
Construction	<b>245,880</b>	238,415	<b>260,597</b>	253,621
Working capital	<b>5,308,882</b>	5,331,170	<b>6,127,100</b>	6,116,583
Others	<b>569,559</b>	460,741	<b>794,359</b>	638,531
Gross loans, advances and financing	<b>18,318,899</b>	18,224,239	<b>22,634,824</b>	22,439,361

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**A16 Loans, Advances and Financing (contd.)****A16d** By geographical distribution:

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 June</b>	31 March	<b>30 June</b>	31 March
	<b>2011</b>	2011	<b>2011</b>	2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Northern region	<b>1,577,631</b>	1,573,741	<b>1,871,130</b>	1,882,761
Central region	<b>13,328,055</b>	13,149,993	<b>16,679,539</b>	16,442,221
Southern region	<b>1,647,569</b>	1,670,614	<b>2,007,641</b>	2,014,167
East Malaysia region	<b>1,765,644</b>	1,829,891	<b>2,076,514</b>	2,100,212
Gross loans, advances and financing	<b>18,318,899</b>	18,224,239	<b>22,634,824</b>	22,439,361

**A16e** By residual contractual maturity:

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 June</b>	31 March	<b>30 June</b>	31 March
	<b>2011</b>	2011	<b>2011</b>	2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Within one year	<b>5,786,430</b>	5,994,251	<b>6,698,438</b>	6,868,094
One year to three years	<b>433,072</b>	433,016	<b>735,007</b>	771,372
Three years to five years	<b>1,009,811</b>	1,032,189	<b>1,423,482</b>	1,389,244
Over five years	<b>11,089,586</b>	10,764,783	<b>13,777,897</b>	13,410,651
Gross loans, advances and financing	<b>18,318,899</b>	18,224,239	<b>22,634,824</b>	22,439,361

**A16f** Movements in impaired loans, advances and financing ("impaired loans")

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 June</b>	31 March	<b>30 June</b>	31 March
	<b>2011</b>	2011	<b>2011</b>	2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
At beginning of year	<b>592,458</b>	676,315	<b>741,324</b>	843,866
Impaired during the period/year	<b>83,295</b>	467,756	<b>103,207</b>	564,613
Reclassified as non-impaired during the period/year	<b>(82,681)</b>	(290,824)	<b>(93,576)</b>	(328,118)
Recoveries	<b>(29,534)</b>	(143,048)	<b>(31,621)</b>	(190,022)
Amount written off	<b>(33,741)</b>	(117,741)	<b>(40,670)</b>	(149,015)
At end of period/year	<b>529,797</b>	592,458	<b>678,664</b>	741,324

Gross impaired loans as a percentage of  
gross loans, advances and financing

<b>2.9%</b>	<b>3.3%</b>	<b>3.0%</b>	<b>3.3%</b>
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**A16 Loans, Advances and Financing (contd.)****A16g** Impaired loans by economic purposes:

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 June</b>	31 March	<b>30 June</b>	31 March
	<b>2011</b>	2011	<b>2011</b>	2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Purchase of securities	<b>4,620</b>	4,586	<b>10,287</b>	10,268
Purchase of transport vehicles	<b>2,473</b>	2,536	<b>8,850</b>	8,959
Purchase of landed property	<b>243,132</b>	265,205	<b>265,806</b>	283,410
of which: - Residential	<b>181,034</b>	198,490	<b>196,463</b>	209,057
- Non-residential	<b>62,098</b>	66,715	<b>69,343</b>	74,353
Purchase of fixed assets excluding land & buildings	<b>177</b>	182	<b>177</b>	182
Personal use	<b>21,983</b>	27,032	<b>30,400</b>	37,151
Credit card	<b>10,467</b>	12,694	<b>10,467</b>	12,694
Construction	<b>12,435</b>	12,777	<b>12,435</b>	12,777
Working capital	<b>209,257</b>	229,497	<b>292,881</b>	315,987
Others	<b>25,253</b>	37,949	<b>47,361</b>	59,896
Gross impaired loans	<b>529,797</b>	592,458	<b>678,664</b>	741,324

**A16h** Impaired loans by geographical distribution:

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 June</b>	31 March	<b>30 June</b>	31 March
	<b>2011</b>	2011	<b>2011</b>	2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Northern region	<b>79,084</b>	84,733	<b>96,681</b>	104,487
Central region	<b>339,256</b>	375,912	<b>465,739</b>	500,546
Southern region	<b>55,362</b>	65,280	<b>58,948</b>	68,965
East Malaysia region	<b>56,095</b>	66,533	<b>57,296</b>	67,326
Gross impaired loans	<b>529,797</b>	592,458	<b>678,664</b>	741,324

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

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

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 June</b>	31 March	<b>30 June</b>	31 March
	<b>2011</b>	2011	<b>2011</b>	2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Individual assessment allowance</b>				
At beginning of year	<b>273,141</b>	321,364	<b>328,375</b>	389,578
(Write-back)/allowance made during the period/year	<b>(8,829)</b>	69,518	<b>(4,191)</b>	87,812
Amount written off	<b>(33,741)</b>	(117,741)	<b>(40,670)</b>	(149,015)
At end of period/year	<b>230,571</b>	273,141	<b>283,514</b>	328,375

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 June</b>	31 March	<b>30 June</b>	31 March
	<b>2011</b>	2011	<b>2011</b>	2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Collective assessment allowance</b>				
At beginning of year	<b>270,378</b>	262,372	<b>339,636</b>	323,644
Allowance made during the period/year	<b>2,317</b>	8,006	<b>10,816</b>	15,992
At end of period/year	<b>272,695</b>	270,378	<b>350,452</b>	339,636

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**A17 Balances Due From Clients And Brokers**

	<b>GROUP</b>	
	<b>30 June</b>	31 March
	<b>2011</b>	2011
	<b>RM'000</b>	RM'000
Due from clients	<b>71,826</b>	96,318
Due from brokers	<b>12,773</b>	-
	<b>84,599</b>	96,318
Less:		
Allowance for other losses	<b>(15,764)</b>	(15,799)
	<b>68,835</b>	80,519

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:

	<b>GROUP</b>	
	<b>30 June</b>	31 March
	<b>2011</b>	2011
	<b>RM'000</b>	RM'000
Classified as doubtful	<b>66</b>	976
Classified as bad	<b>15,844</b>	15,856
	<b>15,910</b>	16,832

The movements in allowance for other losses are as follows:

At beginning of year	<b>15,799</b>	16,482
Allowance made during the period/year	<b>1,222</b>	2,214
Reversal of allowance	<b>(1,257)</b>	(2,897)
At end of period/year	<b>15,764</b>	15,799

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**A18 Other Assets**

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 June</b>	31 March	<b>30 June</b>	31 March
	<b>2011</b>	2011	<b>2011</b>	2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Other receivables, deposits and prepayment	<b>88,227</b>	87,634	<b>105,105</b>	99,506
Trade receivables	-	-	<b>1</b>	2,149
Amount due from subsidiaries	<b>113,900</b>	22,039	-	-
Amount due from holding company	<b>752</b>	5	<b>752</b>	5
Foreclosed properties	-	4,200	-	4,200
	<b>202,879</b>	113,878	<b>105,858</b>	105,860
Less:				
Allowance for other losses	<b>(11,080)</b>	(10,369)	<b>(19,545)</b>	(18,852)
	<b>191,799</b>	103,509	<b>86,313</b>	87,008

**A19 Deposits from Customers**

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 June</b>	31 March	<b>30 June</b>	31 March
	<b>2011</b>	2011	<b>2011</b>	2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>A19a By type of deposits:</b>				
Demand deposits	<b>6,986,806</b>	6,611,320	<b>8,377,742</b>	8,010,441
Savings deposits	<b>1,354,256</b>	1,326,520	<b>1,672,874</b>	1,633,845
Fixed/investment deposits	<b>12,413,998</b>	12,516,010	<b>14,961,038</b>	15,230,479
Money market deposits	<b>2,522,841</b>	2,377,219	<b>3,259,525</b>	3,043,464
Negotiable instruments of deposits	<b>400,804</b>	501,988	<b>606,208</b>	993,052
Structured deposits [Note (a)]	<b>65,134</b>	85,811	<b>65,134</b>	85,811
	<b>23,743,839</b>	23,418,868	<b>28,942,521</b>	28,997,092

Note

- (a) Structured deposits represent foreign currency time deposits with embedded foreign exchange and gold commodity options.

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

**A19b** By type of customers:

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 June</b>	31 March	<b>30 June</b>	31 March
	<b>2011</b>	2011	<b>2011</b>	2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Domestic financial institutions	<b>405,736</b>	507,011	<b>611,139</b>	998,676
Government and statutory bodies	<b>539,437</b>	518,610	<b>1,057,620</b>	1,069,088
Business enterprises	<b>8,766,777</b>	8,471,286	<b>11,116,052</b>	10,762,527
Individuals	<b>13,360,800</b>	13,254,543	<b>15,232,634</b>	15,227,162
Others	<b>671,089</b>	667,418	<b>925,076</b>	939,639
	<b><u>23,743,839</u></b>	<u>23,418,868</u>	<b><u>28,942,521</u></b>	<u>28,997,092</u>

**A19c** The maturity structure of fixed/ investment deposits, money market deposits and negotiable instruments of deposit are as follows:

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 June</b>	31 March	<b>30 June</b>	31 March
	<b>2011</b>	2011	<b>2011</b>	2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Due within six months	<b>11,357,168</b>	11,251,070	<b>14,189,242</b>	14,494,558
Six months to one year	<b>3,702,911</b>	3,857,753	<b>4,362,051</b>	4,502,541
One year to three years	<b>264,599</b>	273,713	<b>262,071</b>	256,649
Three years to five years	<b>12,965</b>	12,681	<b>13,407</b>	13,247
	<b><u>15,337,643</u></b>	<u>15,395,217</u>	<b><u>18,826,771</u></b>	<u>19,266,995</u>

**A20 Deposits and Placements of Banks and Other Financial Institutions**

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>30 June</b>	31 March	<b>30 June</b>	31 March
	<b>2011</b>	2011	<b>2011</b>	2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Licensed banks	<b>1,256,202</b>	384,194	<b>1,811,397</b>	744,993
Licensed Investment banks	<b>245,241</b>	150,228	<b>594,501</b>	280,380
Licensed Islamic banks	<b>-</b>	-	<b>345,138</b>	6,000
Bank Negara Malaysia	<b>821,427</b>	855,909	<b>884,829</b>	920,827
	<b><u>2,322,870</u></b>	<u>1,390,331</u>	<b><u>3,635,865</u></b>	<u>1,952,200</u>

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**A21 Balances Due To Clients And Brokers**

	<b>GROUP</b>	
	<b>30 June</b>	31 March
	<b>2011</b>	2011
	<b>RM'000</b>	RM'000
Due to clients	<b>76,436</b>	80,460
Due to brokers	-	6,283
	<b>76,436</b>	<b>86,743</b>

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

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

**A22 Other Liabilities**

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 June</b>	31 March	<b>30 June</b>	31 March
	<b>2011</b>	2011	<b>2011</b>	2011
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Other payable and accruals	<b>810,593</b>	663,533	<b>954,335</b>	785,944
Remisier's accounts	-	-	<b>23,770</b>	24,373
	<b>810,593</b>	<b>663,533</b>	<b>978,105</b>	<b>810,317</b>

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**A23 Interest Income**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>BANK</u></b>				
Loans, advances and financing	<b>206,804</b>	198,733	<b>206,804</b>	198,733
Money at call and deposit placements	<b>14,137</b>	19,255	<b>14,137</b>	19,255
Financial assets held-for-trading	<b>766</b>	78	<b>766</b>	78
Financial investments available-for-sale	<b>56,385</b>	24,694	<b>56,385</b>	24,694
Financial investments held-to-maturity	<b>6,236</b>	5,955	<b>6,236</b>	5,955
Others	<b>1,082</b>	1,219	<b>1,082</b>	1,219
	<b>285,410</b>	249,934	<b>285,410</b>	249,934
Accretion of discount less amortisation of premium	<b>22,313</b>	9,505	<b>22,313</b>	9,505
	<b>307,723</b>	259,439	<b>307,723</b>	259,439
<b><u>GROUP</u></b>				
Loans, advances and financing	<b>220,934</b>	207,683	<b>220,934</b>	207,683
Money at call and deposit placements	<b>3,467</b>	11,852	<b>3,467</b>	11,852
Financial assets held-for-trading	<b>830</b>	78	<b>830</b>	78
Financial investments available-for-sale	<b>70,451</b>	40,980	<b>70,451</b>	40,980
Financial investments held-to-maturity	<b>8,171</b>	7,711	<b>8,171</b>	7,711
Others	<b>1,082</b>	1,219	<b>1,082</b>	1,219
	<b>304,935</b>	269,523	<b>304,935</b>	269,523
Accretion of discount less amortisation of premium	<b>24,000</b>	7,175	<b>24,000</b>	7,175
	<b>328,935</b>	276,698	<b>328,935</b>	276,698

Included in interest income on loans, advances and financing for the current year is interest accrued on impaired loans of the Bank and the Group of RM2,655,000 and RM2,804,000 (30.06.2010: RM3,200,000 and RM3,428,000) respectively.

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**A24 Interest Expense**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>BANK</u></b>				
Deposits and placements of banks and other financial institutions	<b>9,543</b>	8,894	<b>9,543</b>	8,894
Deposits from customers	<b>126,428</b>	78,921	<b>126,428</b>	78,921
Loans sold to Cagamas Berhad	<b>885</b>	-	<b>885</b>	-
Subordinated obligations	<b>12,326</b>	9,110	<b>12,326</b>	9,110
Others	<b>1,353</b>	2,207	<b>1,353</b>	2,207
	<b>150,535</b>	99,132	<b>150,535</b>	99,132
<b><u>GROUP</u></b>				
Deposits and placements of banks and other financial institutions	<b>12,167</b>	12,902	<b>12,167</b>	12,902
Deposits from customers	<b>132,452</b>	82,526	<b>132,452</b>	82,526
Loans sold to Cagamas Berhad	<b>885</b>	-	<b>885</b>	-
Subordinated obligations	<b>12,326</b>	9,110	<b>12,326</b>	9,110
Others	<b>1,383</b>	2,239	<b>1,383</b>	2,239
	<b>159,213</b>	106,777	<b>159,213</b>	106,777

**A25 Net Income from Islamic Banking Business**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>GROUP</u></b>				
Income derived from investment of depositors' funds and others	<b>82,453</b>	62,299	<b>82,453</b>	62,299
Income derived from investment of Islamic Banking funds	<b>7,475</b>	6,926	<b>7,475</b>	6,926
Income attributable to depositors and financial institutions	<b>(34,720)</b>	(20,161)	<b>(34,720)</b>	(20,161)
	<b>55,208</b>	49,064	<b>55,208</b>	49,064
Add: Income due to head office eliminated at Group level	<b>6,619</b>	6,542	<b>6,619</b>	6,542
	<b>61,827</b>	55,606	<b>61,827</b>	55,606

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**A26 Other Operating Income**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b><u>BANK</u></b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(a) <u>Fee income:</u>				
Commissions	<b>13,208</b>	9,859	<b>13,208</b>	9,859
Service charges and fees	<b>7,581</b>	8,998	<b>7,581</b>	8,998
Guarantee fees	<b>1,991</b>	2,082	<b>1,991</b>	2,082
Processing fees	<b>3,039</b>	785	<b>3,039</b>	785
Commitment fees	<b>3,418</b>	3,544	<b>3,418</b>	3,544
Other fee income	<b>4,100</b>	4,051	<b>4,100</b>	4,051
	<b>33,337</b>	29,319	<b>33,337</b>	29,319
(b) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	<b>736</b>	(110)	<b>736</b>	(110)
- Financial investments available-for-sale	<b>2,529</b>	1,254	<b>2,529</b>	1,254
- Financial investments held-to-maturity	<b>11,994</b>	-	<b>11,994</b>	-
Unrealised (loss)/gain on revaluation of:				
- Financial assets held-for-trading	<b>(329)</b>	5	<b>(329)</b>	5
- Derivative instruments	<b>(1,165)</b>	(11,969)	<b>(1,165)</b>	(11,969)
Realised gain on revaluation of derivative instruments	<b>11,392</b>	21,176	<b>11,392</b>	21,176
Gross dividend income from:				
- Financial investments available-for-sale	<b>3,349</b>	613	<b>3,349</b>	613
	<b>28,506</b>	10,969	<b>28,506</b>	10,969
(c) <u>Other income :</u>				
Foreign exchange gain	<b>2,792</b>	2,784	<b>2,792</b>	2,784
Rental income	<b>82</b>	65	<b>82</b>	65
Gain/(loss) on disposal of property, plant and equipment	<b>80</b>	(125)	<b>80</b>	(125)
Others	<b>5,706</b>	3,682	<b>5,706</b>	3,682
	<b>8,660</b>	6,406	<b>8,660</b>	6,406
Total other operating income	<b>70,503</b>	46,694	<b>70,503</b>	46,694

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

<b>GROUP</b>	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Fee income:</b>				
Commissions	<b>12,984</b>	7,800	<b>12,984</b>	7,800
Service charges and fees	<b>8,008</b>	9,056	<b>8,008</b>	9,056
Portfolio management fees	<b>1,801</b>	1,608	<b>1,801</b>	1,608
Corporate advisory fees	<b>2,107</b>	334	<b>2,107</b>	334
Brokerage fees	<b>3,482</b>	3,651	<b>3,482</b>	3,651
Guarantee fees	<b>2,254</b>	2,199	<b>2,254</b>	2,199
Processing fees	<b>3,293</b>	1,037	<b>3,293</b>	1,037
Commitment fees	<b>3,418</b>	3,544	<b>3,418</b>	3,544
Other fee income	<b>4,370</b>	4,054	<b>4,370</b>	4,054
	<b>41,717</b>	33,283	<b>41,717</b>	33,283
<b>(b) Investment income:</b>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	<b>866</b>	(110)	<b>866</b>	(110)
- Financial investments available-for-sale	<b>2,391</b>	1,608	<b>2,391</b>	1,608
- Financial investments held-to-maturity	<b>11,994</b>	-	<b>11,994</b>	-
Unrealised (loss)/gain on revaluation of:				
- Financial assets held-for-trading	<b>(365)</b>	5	<b>(365)</b>	5
- Derivative instruments	<b>(1,165)</b>	(11,969)	<b>(1,165)</b>	(11,969)
Realised gain on revaluation of derivative instruments	<b>11,392</b>	21,176	<b>11,392</b>	21,176
Gross dividend income from:				
- Financial investments available-for-sale	<b>3,619</b>	1,039	<b>3,619</b>	1,039
	<b>28,732</b>	11,749	<b>28,732</b>	11,749
<b>(c) Other income :</b>				
Foreign exchange gain	<b>2,838</b>	2,784	<b>2,838</b>	2,784
Gain/(loss) on disposal of property, plant and equipment	<b>82</b>	(124)	<b>82</b>	(124)
Others	<b>5,836</b>	3,814	<b>5,836</b>	3,814
	<b>8,756</b>	6,474	<b>8,756</b>	6,474
<b>Total other operating income</b>	<b>79,205</b>	51,506	<b>79,205</b>	51,506

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**A27 Other Operating Expenses**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>BANK</u></b>				
Personnel costs				
- Salaries, allowances and bonuses	<b>53,187</b>	46,948	<b>53,187</b>	46,948
- Contribution to EPF	<b>8,521</b>	8,083	<b>8,521</b>	8,083
- Share options/grants under ESS	<b>1,294</b>	1,671	<b>1,294</b>	1,671
- Others	<b>3,398</b>	4,070	<b>3,398</b>	4,070
	<b>66,400</b>	60,772	<b>66,400</b>	60,772
Establishment costs				
- Depreciation of property, plant and equipment	<b>6,687</b>	7,608	<b>6,687</b>	7,608
- Amortisation of computer software	<b>3,973</b>	3,490	<b>3,973</b>	3,490
- Rental of premises	<b>4,532</b>	5,540	<b>4,532</b>	5,540
- Water and electricity	<b>1,610</b>	1,665	<b>1,610</b>	1,665
- Repairs and maintenance	<b>1,179</b>	1,763	<b>1,179</b>	1,763
- Information technology expenses	<b>5,678</b>	8,030	<b>5,678</b>	8,030
- Others	<b>3,196</b>	892	<b>3,196</b>	892
	<b>26,855</b>	28,988	<b>26,855</b>	28,988
Marketing expenses				
- Promotion and advertisement	<b>1,368</b>	30	<b>1,368</b>	30
- Branding and publicity	<b>877</b>	580	<b>877</b>	580
- Others	<b>798</b>	803	<b>798</b>	803
	<b>3,043</b>	1,413	<b>3,043</b>	1,413
Administration and general expenses				
- Communication expenses	<b>2,766</b>	1,183	<b>2,766</b>	1,183
- Printing and stationery	<b>115</b>	692	<b>115</b>	692
- Insurance	<b>593</b>	2,133	<b>593</b>	2,133
- Professional fees	<b>2,098</b>	679	<b>2,098</b>	679
- Others	<b>817</b>	871	<b>817</b>	871
	<b>6,389</b>	5,558	<b>6,389</b>	5,558
Total other operating expenses	<b>102,687</b>	96,731	<b>102,687</b>	96,731

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

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>GROUP</b>				
Personnel costs				
- Salaries, allowances and bonuses	<b>73,294</b>	62,364	<b>73,294</b>	62,364
- Contribution to EPF	<b>11,765</b>	10,428	<b>11,765</b>	10,428
- Share options/grants under ESS	<b>1,263</b>	1,399	<b>1,263</b>	1,399
- Others	<b>6,291</b>	5,763	<b>6,291</b>	5,763
	<b>92,613</b>	79,954	<b>92,613</b>	79,954
Establishment costs				
- Depreciation of property, plant and equipment	<b>7,429</b>	8,681	<b>7,429</b>	8,681
- Amortisation of computer software	<b>4,065</b>	3,601	<b>4,065</b>	3,601
- Rental of premises	<b>6,184</b>	6,831	<b>6,184</b>	6,831
- Water and electricity	<b>1,777</b>	1,856	<b>1,777</b>	1,856
- Repairs and maintenance	<b>1,985</b>	2,189	<b>1,985</b>	2,189
- Information technology expenses	<b>7,176</b>	8,576	<b>7,176</b>	8,576
- Others	<b>6,745</b>	3,899	<b>6,745</b>	3,899
	<b>35,361</b>	35,633	<b>35,361</b>	35,633
Marketing expenses				
- Promotion and advertisement	<b>2,560</b>	824	<b>2,560</b>	824
- Branding and publicity	<b>886</b>	580	<b>886</b>	580
- Others	<b>1,099</b>	996	<b>1,099</b>	996
	<b>4,545</b>	2,400	<b>4,545</b>	2,400
Administration and general expenses				
- Communication expenses	<b>3,515</b>	1,749	<b>3,515</b>	1,749
- Printing and stationery	<b>458</b>	921	<b>458</b>	921
- Insurance	<b>259</b>	2,343	<b>259</b>	2,343
- Professional fees	<b>2,862</b>	934	<b>2,862</b>	934
- Others	<b>3,545</b>	98	<b>3,545</b>	98
	<b>10,639</b>	6,045	<b>10,639</b>	6,045
Total other operating expenses	<b>143,158</b>	124,032	<b>143,158</b>	124,032

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**A28 (Write-back of)/Allowance for Losses on Loans, Advances and Financing and Other Losses**

	<b>1st Quarter Ended</b>		<b>Three Months Ended</b>	
	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>	<b>30 June</b>
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>BANK</u></b>				
(Write-back of)/allowance for impaired loans and financing:				
(a) Individual assessment allowance				
- (write-back)/made during the period (net)	<b>(8,829)</b>	9,292	<b>(8,829)</b>	9,292
(b) Collective assessment allowance				
- made/(write-back) during the period (net)	<b>2,317</b>	(406)	<b>2,317</b>	(406)
(c) Bad debts on loans and financing				
- Recovered	<b>(9,900)</b>	(14,130)	<b>(9,900)</b>	(14,130)
- Written off	<b>156</b>	76	<b>156</b>	76
	<b>(16,256)</b>	(5,168)	<b>(16,256)</b>	(5,168)
Write-back of commitments and contingencies	<b>(50)</b>	-	<b>(50)</b>	-
Allowance for other assets	<b>1,498</b>	1,697	<b>1,498</b>	1,697
	<b>(14,808)</b>	(3,471)	<b>(14,808)</b>	(3,471)
<b><u>GROUP</u></b>				
(Write-back of)/allowance for impaired loans and financing:				
(a) Individual assessment allowance				
- (write-back)/made during the period (net)	<b>(4,191)</b>	11,943	<b>(4,191)</b>	11,943
(b) Collective assessment allowance				
- made during the period (net)	<b>10,816</b>	1,927	<b>10,816</b>	1,927
(c) Bad debts on loans and financing				
- Recovered	<b>(16,345)</b>	(16,119)	<b>(16,345)</b>	(16,119)
- Written off	<b>173</b>	122	<b>173</b>	122
	<b>(9,547)</b>	(2,127)	<b>(9,547)</b>	(2,127)
(Write-back of)/allowance for commitments and contingencies	<b>(50)</b>	980	<b>(50)</b>	980
Allowance for other assets	<b>1,625</b>	1,611	<b>1,625</b>	1,611
	<b>(7,972)</b>	464	<b>(7,972)</b>	464

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**A29 Commitments and Contingencies**

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

	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<b>Bank</b>				
<b>30 June 2011</b>				
<u>Credit-related exposures</u>				
<u>Contingent Liabilities</u>				
Direct credit substitutes	358,763		358,763	358,763
Transaction-related contingent items	483,494		241,747	241,747
Short-term self-liquidating trade-related contingencies	135,867		27,173	27,173
<u>Commitments</u>				
Irrevocable commitments to extent credit:				
- maturity exceeding one year	2,406,723		1,203,361	1,067,365
- maturity not exceeding one year	6,957,748		1,391,551	1,191,491
	<u>10,342,595</u>		<u>3,222,595</u>	<u>2,886,539</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	4,203,255	17,650	84,739	42,632
- over one year to three years	12,082	12	616	616
Interest rate related contracts:				
- one year or less	310,000	89	443	89
- over one year to three years	1,417,000	5,796	27,766	5,553
- over three years	285,000	2,084	15,285	3,057
	<u>6,227,337</u>	<u>25,631</u>	<u>128,849</u>	<u>51,947</u>
	<u>16,569,932</u>	<u>25,631</u>	<u>3,351,444</u>	<u>2,938,486</u>
<b>Group</b>				
<b>30 June 2011</b>				
<u>Credit-related exposures</u>				
<u>Contingent Liabilities</u>				
Direct credit substitutes	396,357		396,357	396,357
Transaction-related contingent items	515,076		257,538	257,538
Short-term self-liquidating trade-related contingencies	162,017		32,403	32,403
Obligations under an on-going underwriting agreement	4,500		2,250	2,250
<u>Commitments</u>				
Irrevocable commitments to extent credit:				
- maturity exceeding one year	2,847,616		1,423,808	1,243,173
- maturity not exceeding one year	7,751,466		1,550,294	1,325,307
	<u>11,677,032</u>		<u>3,662,650</u>	<u>3,257,028</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	4,203,255	17,650	84,739	42,632
- over one year to three years	12,082	12	616	616
Interest rate related contracts:				
- one year or less	310,000	89	443	89
- over one year to three years	1,417,000	5,796	27,766	5,553
- over three years	285,000	2,084	15,285	3,057
	<u>6,227,337</u>	<u>25,631</u>	<u>128,849</u>	<u>51,947</u>
	<u>17,904,369</u>	<u>25,631</u>	<u>3,791,499</u>	<u>3,308,975</u>

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**A29 Commitments and Contingencies (contd.)**

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

	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk- Weighted Assets RM'000</b>
<b><u>Bank</u></b>				
<b>31 March 2011</b>				
<u>Credit-related exposures</u>				
<u>Contingent Liabilities</u>				
Direct credit substitutes	388,733		388,733	388,733
Transaction-related contingent items	484,479		242,239	242,239
Short-term self-liquidating trade-related contingencies	118,582		23,716	23,716
<u>Commitments</u>				
Irrevocable commitments to extent credit:				
- maturity exceeding one year	1,356,908		678,454	582,106
- maturity not exceeding one year	7,453,015		1,490,603	1,265,716
	<u>9,801,717</u>		<u>2,823,745</u>	<u>2,502,510</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	2,844,627	22,568	77,079	40,842
Interest rate related contracts:				
- one year or less	380,000	257	637	127
- over one year to three years	1,447,000	6,465	29,535	5,907
- over three years	285,000	2,757	15,957	3,192
	<u>4,956,627</u>	<u>32,047</u>	<u>123,208</u>	<u>50,068</u>
	<u>14,758,344</u>	<u>32,047</u>	<u>2,946,953</u>	<u>2,552,578</u>
<b><u>Group</u></b>				
<b>31 March 2011</b>				
<u>Credit-related exposures</u>				
<u>Contingent Liabilities</u>				
Direct credit substitutes	423,539		423,539	423,539
Transaction-related contingent items	515,311		257,655	257,655
Short-term self-liquidating trade-related contingencies	143,281		28,656	28,656
<u>Commitments</u>				
Irrevocable commitments to extent credit:				
- maturity exceeding one year	1,715,131		857,565	727,272
- maturity not exceeding one year	8,155,139		1,631,028	1,380,827
	<u>10,952,401</u>		<u>3,198,443</u>	<u>2,817,949</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	2,844,627	22,568	77,079	40,842
Interest rate related contracts:				
- one year or less	380,000	257	637	127
- over one year to three years	1,447,000	6,465	29,535	5,907
- over three years	285,000	2,757	15,957	3,192
	<u>4,956,627</u>	<u>32,047</u>	<u>123,208</u>	<u>50,068</u>
	<u>15,909,028</u>	<u>32,047</u>	<u>3,321,651</u>	<u>2,868,017</u>

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**A30 Derivative Financial Assets/(Liabilities)**

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

<b>BANK/GROUP</b>	<b>As at 30 June 2011</b>			<b>As at 31 March 2011</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	670,060	3,107	(5,797)	442,706	1,217	(7,713)
- over one year to three years	12,082	12	-	-	-	-
Currency swaps						
- one year or less	2,976,820	13,808	(17,913)	1,819,102	18,692	(18,042)
Currency spots						
- one year or less	223,419	439	(649)	76,047	70	(37)
Currency options						
- one year or less	54,846	189	(142)	24,473	90	(57)
Gold options						
- one year or less	278,110	107	(107)	482,299	2,499	(2,499)
	<b>4,215,337</b>	<b>17,662</b>	<b>(24,608)</b>	<b>2,844,627</b>	<b>22,568</b>	<b>(28,348)</b>
Interest rate derivatives						
Interest rate swap	2,012,000	7,969	(3,494)	2,112,000	9,479	(4,999)
- one year or less	310,000	89	(525)	380,000	257	(252)
- over one year to three years	1,417,000	5,796	(2,461)	1,447,000	6,465	(3,766)
- over three years	285,000	2,084	(508)	285,000	2,757	(981)
Total derivatives assets/(liabilities)	<b>6,227,337</b>	<b>25,631</b>	<b>(28,102)</b>	<b>4,956,627</b>	<b>32,047</b>	<b>(33,347)</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 2011.

**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.

**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.

**A30 Derivative Financial Instruments (contd.)**

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.

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**A31 Interest Rate Risk**

<u>BANK</u> As at 30 June 2011	Non-Trading Book						Non-interest sensitive	Trading book	Total	Effective interest rate %
	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Assets</b>										
Cash and short-term funds	415,790	-	-	-	-	-	458,081	-	873,871	3.10
Deposits and placements with banks and other financial institutions	-	150,000	-	733,000	-	-	6,087	-	889,087	3.19
Financial assets held-for-trading	-	-	-	-	-	-	-	176,485	176,485	3.69
Financial investments available-for-sale	1,292,301	1,347,128	234,295	100,463	1,302,678	3,715,228	152,422	-	8,144,515	3.72
Financial investments held-to-maturity	-	501,484	-	50,379	75,769	101,455	7,219	-	736,306	2.88
Loans, advances and financing	14,882,674	1,078,126	334,715	299,541	840,867	387,103	26,531 *	-	17,849,557	5.55
Other non-interest sensitive balances	-	-	-	-	-	-	2,084,166	25,631	2,109,797	-
<b>Total assets</b>	<b>16,590,765</b>	<b>3,076,738</b>	<b>569,010</b>	<b>1,183,383</b>	<b>2,219,314</b>	<b>4,203,786</b>	<b>2,734,506</b>	<b>202,116</b>	<b>30,779,618</b>	
<b>Liabilities</b>										
Deposits from customers	9,375,990	2,783,746	2,977,376	3,734,368	277,542	-	4,594,817	-	23,743,839	2.22
Deposits and placements of banks and other financial institutions	1,322,086	184,868	4,338	168,978	640,041	-	2,559	-	2,322,870	2.44
Amount due to Cagamas Berhad	-	-	-	100,000	24,378	-	1,527	-	125,905	3.77
Bills and acceptances payable	1	8	11	-	-	-	-	-	19	3.27
Subordinated obligations	-	-	-	-	597,429	-	-	-	597,429	5.07
Other non-interest sensitive balances	-	-	-	-	-	-	828,178	28,102	856,280	-
<b>Total liabilities</b>	<b>10,698,077</b>	<b>2,968,622</b>	<b>2,981,725</b>	<b>4,003,346</b>	<b>1,539,390</b>	<b>-</b>	<b>5,427,081</b>	<b>28,102</b>	<b>27,646,342</b>	
Equity	-	-	-	-	-	-	3,133,276	-	3,133,276	-
<b>Total liabilities and equity</b>	<b>10,698,077</b>	<b>2,968,622</b>	<b>2,981,725</b>	<b>4,003,346</b>	<b>1,539,390</b>	<b>-</b>	<b>8,560,357</b>	<b>28,102</b>	<b>30,779,618</b>	

\* Impaired loans, individual assessment allowance and collective assessment allowance of the Bank and the Group are classified under the non-interest sensitive column.

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**A31 Interest Rate Risk (contd.)**

GROUP	Non-Trading Book							Trading book	Total	Effective profit/ interest rate %
	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years	Non-interest sensitive			
As at 30 June 2011	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Assets</b>										
Cash and short-term funds	420,390	-	-	-	-	-	534,253	-	954,643	3.25
Deposits and placements with banks and other financial institutions	-	160	-	-	-	-	4	-	164	3.18
Financial assets held-for-trading	-	-	-	-	-	-	-	176,485	176,485	3.69
Financial investments available-for-sale	2,275,978	1,747,850	269,318	155,650	2,141,165	4,822,938	224,779	-	11,637,678	3.69
Financial investments held-to-maturity	5,000	626,707	-	50,379	352,546	384,523	12,691	-	1,431,846	3.13
Loans, advances and financing	17,010,694	1,285,220	382,982	345,436	1,418,175	1,539,464	44,698*	-	22,026,669	5.87
Balances due from clients and brokers	623	-	-	-	-	-	68,212	-	68,835	12.00
Other non-interest sensitive balances	-	-	-	-	-	-	1,535,178	25,631	1,560,809	-
<b>Total assets</b>	<b>19,712,685</b>	<b>3,659,937</b>	<b>652,300</b>	<b>551,465</b>	<b>3,911,886</b>	<b>6,746,925</b>	<b>2,419,815</b>	<b>202,116</b>	<b>37,857,129</b>	
<b>Liabilities</b>										
Deposits from customers	12,931,417	3,463,999	3,264,528	4,384,585	280,703	-	4,617,289	-	28,942,521	2.25
Deposits and placements of banks and other financial institutions	2,471,136	284,868	4,338	172,309	700,111	-	3,103	-	3,635,865	2.63
Amount due to Cagamas Berhad	-	-	-	100,000	24,378	-	1,527	-	125,905	3.77
Bills and acceptances payable	8	9	16	-	-	-	-	-	33	3.42
Balances due to clients and brokers	30,642	-	-	-	-	-	45,794	-	76,436	2.55
Subordinated obligations	-	-	-	-	597,429	-	-	-	597,429	5.07
Other non-interest sensitive balances	-	-	-	-	-	-	1,007,476	28,102	1,035,578	-
<b>Total liabilities</b>	<b>15,433,203</b>	<b>3,748,876</b>	<b>3,268,882</b>	<b>4,656,894</b>	<b>1,602,621</b>	<b>-</b>	<b>5,675,189</b>	<b>28,102</b>	<b>34,413,767</b>	
Equity	-	-	-	-	-	-	3,438,665	-	3,438,665	-
Non-controlling interests	-	-	-	-	-	-	4,697	-	4,697	-
<b>Total liabilities and equity</b>	<b>15,433,203</b>	<b>3,748,876</b>	<b>3,268,882</b>	<b>4,656,894</b>	<b>1,602,621</b>	<b>-</b>	<b>9,118,551</b>	<b>28,102</b>	<b>37,857,129</b>	

\* Impaired loans, individual assessment allowance and collective assessment allowance of the Bank and the Group are classified under the non-interest/profit sensitive column.

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**A31 Interest Rate Risk (contd.)**

<u>BANK</u> As at 31 March 2011	Non-Trading Book						Non-interest sensitive	Trading book	Total	Effective interest rate %
	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Assets</b>										
Cash and short-term funds	540,200	-	-	-	-	-	417,911	-	958,111	2.83
Deposits and placements with banks and other financial institutions	733,000	100,000	100,000	-	-	-	21,610	-	954,610	3.03
Financial assets held-for-trading	-	-	-	-	-	-	-	1,176,190	1,176,190	2.83
Financial investments available-for-sale	1,045,769	1,056,437	306,911	90,639	1,829,011	1,873,038	128,189	-	6,329,994	3.52
Financial investments held-to-maturity	-	-	503,022	-	126,354	-	4,145	-	633,521	2.62
Loans, advances and financing	14,987,178	1,181,704	269,745	192,847	866,373	171,656	48,939*	-	17,718,442	5.34
Other non-interest sensitive balances	-	-	-	-	-	-	1,577,963	32,047	1,610,010	-
<b>Total assets</b>	<b>17,306,147</b>	<b>2,338,141</b>	<b>1,179,678</b>	<b>283,486</b>	<b>2,821,738</b>	<b>2,044,694</b>	<b>2,198,757</b>	<b>1,208,237</b>	<b>29,380,878</b>	
<b>Liabilities</b>										
Deposits from customers	10,026,566	2,605,938	2,068,051	3,889,586	286,377	-	4,542,350	-	23,418,868	2.08
Deposits and placements of banks and other financial institutions	532,458	1,196	8,443	22,447	819,735	-	6,052	-	1,390,331	1.90
Amount due to Cagamas Berhad	-	-	-	100,000	25,134	-	642	-	125,776	3.77
Bills and acceptances payable	86,155	24,942	43	-	-	-	-	-	111,140	3.04
Subordinated obligations	-	600,000	-	-	-	-	-	-	600,000	6.09
Other non-interest sensitive balances	-	-	-	-	-	-	698,739	33,347	732,086	-
<b>Total liabilities</b>	<b>10,645,179</b>	<b>3,232,076</b>	<b>2,076,537</b>	<b>4,012,033</b>	<b>1,131,246</b>	<b>-</b>	<b>5,247,783</b>	<b>33,347</b>	<b>26,378,201</b>	
Equity	-	-	-	-	-	-	3,002,677	-	3,002,677	-
<b>Total liabilities and equity</b>	<b>10,645,179</b>	<b>3,232,076</b>	<b>2,076,537</b>	<b>4,012,033</b>	<b>1,131,246</b>	<b>-</b>	<b>8,250,460</b>	<b>33,347</b>	<b>29,380,878</b>	

\* Impaired loans, individual assessment allowance and collective assessment allowance of the Bank and the Group are classified under the non-interest sensitive column.

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**A31 Interest Rate Risk (contd.)**

	Non-Trading Book									
<u>GROUP</u>	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years	Non-interest sensitive	Trading book	Total	Effective profit/ interest rate %
<b>As at 31 March 2011</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>Assets</b>										
Cash and short-term funds	409,701	-	-	-	-	-	502,029	-	911,730	2.91
Deposits and placements with banks and other financial institutions	-	100,000	160	-	-	-	68	-	100,228	3.05
Financial assets held-for-trading	-	-	-	-	-	-	-	1,938,250	1,938,250	2.82
Financial investments available-for-sale	1,246,175	2,147,162	593,503	140,837	2,761,012	2,187,048	184,203	-	9,259,940	3.50
Financial investments held-to-maturity	10,009	-	633,480	-	292,381	-	4,856	-	940,726	2.75
Loans, advances and financing	16,882,804	1,413,040	336,274	222,518	1,458,636	1,409,734	73,313*	-	21,796,319	5.63
Balances due from clients and brokers	1,070	-	-	-	-	-	79,449	-	80,519	12.00
Other non-interest sensitive balances	-	-	-	-	-	-	980,539	32,047	1,012,586	-
<b>Total assets</b>	<b>18,549,759</b>	<b>3,660,202</b>	<b>1,563,417</b>	<b>363,355</b>	<b>4,512,029</b>	<b>3,596,782</b>	<b>1,824,457</b>	<b>1,970,297</b>	<b>36,040,298</b>	
<b>Liabilities</b>										
Deposits from customers	13,938,005	3,177,373	2,484,735	4,530,563	291,335	-	4,575,081	-	28,997,092	2.13
Deposits and placements of banks and other financial institutions	968,458	61,196	8,952	23,447	882,911	-	7,236	-	1,952,200	2.13
Amount due to Cagamas Berhad	-	-	-	100,000	25,134	-	642	-	125,776	3.77
Bills and acceptances payable	86,161	24,948	50	-	-	-	-	-	111,159	3.04
Balances due to clients and brokers	34,516	-	-	-	-	-	52,227	-	86,743	2.55
Subordinated obligations	-	600,000	-	-	-	-	-	-	600,000	6.09
Other non-interest sensitive balances	-	-	-	-	-	-	857,616	33,347	890,963	-
<b>Total liabilities</b>	<b>15,027,140</b>	<b>3,863,517</b>	<b>2,493,737</b>	<b>4,654,010</b>	<b>1,199,380</b>	<b>-</b>	<b>5,492,802</b>	<b>33,347</b>	<b>32,763,933</b>	
Equity	-	-	-	-	-	-	3,271,877	-	3,271,877	-
Non-controlling interests	-	-	-	-	-	-	4,488	-	4,488	-
<b>Total liabilities and equity</b>	<b>15,027,140</b>	<b>3,863,517</b>	<b>2,493,737</b>	<b>4,654,010</b>	<b>1,199,380</b>	<b>-</b>	<b>8,769,167</b>	<b>33,347</b>	<b>36,040,298</b>	

\* Impaired loans, individual assessment allowance and collective assessment allowance of the Bank and the Group are classified under the non-interest sensitive column.

## **A32 Segment Information**

The following segment information has been prepared in accordance with FRS 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.

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, wealth management 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 include initial public offering, equity and debt fund raising, loan syndication, mergers and acquisition, as well as corporate restructuring.

### **(v) Others**

Others refer to mainly other business operations such as alternative distribution channels, unit trust, asset management, trustee services and head office.

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**A32 Segment information (contd.)**

<b>Group</b>	<b>Consumer</b>	<b>Business</b>	<b>Financial</b>	<b>Investment</b>	<b>Others</b>	<b>Total</b>	<b>Inter-segment</b>	<b>Total</b>
<b>As at 30 June 2011</b>	<b>Banking</b>	<b>Banking</b>	<b>Markets</b>	<b>Banking</b>	<b></b>	<b>Operations</b>	<b>Elimination</b>	<b></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	32,606	72,167	58,315	1,168	-	164,256	5,466	169,722
- inter-segment	25,250	(1,437)	(22,959)	(854)	-	-	-	-
	57,856	70,730	35,356	314	-	164,256	5,466	169,722
Net income from Islamic banking business	31,011	16,812	7,385	-	-	55,208	6,619	61,827
Other operating income	19,677	38,820	12,505	6,397	6,046	83,445	(4,240)	79,205
Net income	108,544	126,362	55,246	6,711	6,046	302,909	7,845	310,754
Other operating expenses	(61,422)	(47,062)	(9,418)	(9,617)	(4,590)	(132,109)	445	(131,664)
Depreciation and amortisation	(5,505)	(3,793)	(1,482)	(695)	(19)	(11,494)	-	(11,494)
Operating profit	41,617	75,507	44,346	(3,601)	1,437	159,306	8,290	167,596
Write-back of/(allowance for) impairment on loans, advances and financing and other losses	11,277	(2,699)	(701)	95	-	7,972	-	7,972
Write-back of/(allowance for) impairment	-	2,331	-	-	(1,460)	871	-	871
Segment result	52,894	75,139	43,645	(3,506)	(23)	168,149	8,290	176,439
Share of results of associates								(695)
Taxation and zakat								(43,936)
Net profit after taxation and zakat								131,808
Segment assets	12,099,307	9,989,807	17,128,828	203,707	65,838	39,487,487	(2,210,626)	37,276,861
Reconciliation of segment assets to consolidated assets:								
Investments in associates								28,343
Property, plant and equipment								100,388
Unallocated assets								93,747
Intangible assets								357,790
Total assets								37,857,129
Segment Liabilities	15,713,334	9,286,616	10,556,894	161,257	41,965	35,760,066	(1,375,670)	34,384,396
Unallocated liabilities								29,371
Total liabilities								34,413,767

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**A32 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>As at 30 June 2010</b>								
Net interest income								
- External income	62,527	66,275	39,591	1,177	111	169,681	240	169,921
- inter-segment	7,139	6,947	(13,518)	(568)	-	-	-	-
	69,666	73,222	26,073	609	111	169,681	240	169,921
Net income from Islamic banking business	31,445	13,645	3,975	-	-	49,065	6,541	55,606
Other operating income	17,717	24,495	5,244	4,562	2,992	55,010	(3,504)	51,506
Net income	118,828	111,362	35,292	5,171	3,103	273,756	3,277	277,033
Other operating expenses	(56,285)	(38,664)	(9,437)	(3,022)	(4,642)	(112,050)	300	(111,750)
Depreciation and amortisation	(5,941)	(3,486)	(1,813)	(982)	(60)	(12,282)	-	(12,282)
Operating profit	56,602	69,212	24,042	1,167	(1,599)	149,424	3,577	153,001
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(5,711)	4,811	110	327	(1)	(464)	-	(464)
Write-back of/(allowance for) impairment	-	579	(1,203)	-	-	(624)	-	(624)
Segment result	50,891	74,602	22,949	1,494	(1,600)	148,336	3,577	151,913
Share of results of associates								1
Taxation and zakat								(39,709)
Net profit after taxation and zakat								112,205
Segment assets	12,567,368	8,421,299	12,448,834	215,422	37,048	33,689,971	(1,787,937)	31,902,034
Reconciliation of segment assets to consolidated assets:								
Investments in associates								507
Property, plant and equipment								127,288
Unallocated assets								86,032
Intangible assets								362,546
Total assets								32,478,407
Segment Liabilities	13,703,429	8,321,410	8,101,694	136,231	15,221	30,277,985	(943,385)	29,334,600
Unallocated liabilities								49,455
Total liabilities								29,384,055

### A33 Capital Adequacy

The capital adequacy ratios of the Bank and the Group are computed in accordance with BNM's revised Risk-Weighted Capital Adequacy Framework (RWCAF-Basel II). The Bank and the Group have adopted the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk. The minimum regulatory capital adequacy requirement is 8.0% (31.03.2011: 8.0%) for the risk-weighted capital ratio.

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

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 June 2011</b>	<b>31 March 2011</b>	<b>30 June 2011</b>	<b>31 March 2011</b>
<u>Before deducting proposed dividends</u>				
Core capital ratio	<b>13.86%</b>	14.63%	<b>11.74%</b>	12.40%
Risk-weighted capital ratio	<b>14.19%</b>	14.98%	<b>15.68%</b>	16.54%
<u>After deducting proposed dividends</u>				
Core capital ratio	<b>13.35%</b>	14.09%	<b>11.32%</b>	11.95%
Risk-weighted capital ratio	<b>13.67%</b>	14.44%	<b>15.26%</b>	16.09%

Components of Tier I and Tier II capital are as follows:

	<b>BANK</b>		<b>GROUP</b>	
	<b>30 June 2011 RM'000</b>	<b>31 March 2011 RM'000</b>	<b>30 June 2011 RM'000</b>	<b>31 March 2011 RM'000</b>
<b><u>Tier I Capital (Core Capital)</u></b>				
Paid-up share capital	<b>596,517</b>	596,517	<b>596,517</b>	596,517
ICPS	<b>4,000</b>	4,000	<b>4,000</b>	4,000
Share premium	<b>597,517</b>	597,517	<b>597,517</b>	597,517
Retained profits	<b>1,148,228</b>	1,148,228	<b>1,194,222</b>	1,194,222
Statutory reserves	<b>601,561</b>	601,561	<b>786,406</b>	786,406
Other reserves	-	-	<b>10,018</b>	10,018
Non-controlling interests	-	-	<b>4,488</b>	4,488
	<b>2,947,823</b>	2,947,823	<b>3,193,168</b>	3,193,168
Less: Purchased goodwill / goodwill on consolidation	<b>(186,272)</b>	(186,272)	<b>(302,065)</b>	(302,065)
Deferred tax assets	<b>(58,072)</b>	(75,272)	<b>(90,824)</b>	(108,808)
Total Tier I capital	<b>2,703,479</b>	2,686,279	<b>2,800,279</b>	2,782,295
<b><u>Tier II Capital</u></b>				
Subordinated obligations	<b>597,429</b>	600,000	<b>597,429</b>	600,000
Collective assessment allowance	<b>268,207</b>	265,588	<b>344,540</b>	333,466
Total Tier II capital	<b>865,636</b>	865,588	<b>941,969</b>	933,466
Total Capital	<b>3,569,115</b>	3,551,867	<b>3,742,248</b>	3,715,761
Less: Investment in subsidiaries	<b>(801,664)</b>	(801,664)	<b>(3,620)</b>	(3,620)
<b>Total Capital Base</b>	<b>2,767,451</b>	2,750,203	<b>3,738,628</b>	3,712,141

The capital adequacy ratios of the Group consist of capital base and risk weighted assets derived from consolidated balances of the Bank and its subsidiaries.

**A33 Capital Adequacy (contd.)**

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

	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
<b>30 June 2011</b>		
<u>Before deducting proposed dividends</u>		
Core capital ratio	<b>11.16%</b>	<b>54.28%</b>
Risk-Weighted capital ratio	<b>13.01%</b>	<b>54.51%</b>
<u>After deducting proposed dividends</u>	<b>11.16%</b>	<b>52.71%</b>
Core capital ratio	<b>13.01%</b>	<b>52.93%</b>
Risk-Weighted capital ratio		
<b>31 March 2011</b>		
<u>Before deducting proposed dividends</u>		
Core capital ratio	11.65%	57.17%
Risk-Weighted capital ratio	13.37%	57.33%
<u>After deducting proposed dividends</u>	11.65%	55.51%
Core capital ratio	13.37%	55.67%
Risk-Weighted capital ratio		

**Note**

- (i) The capital adequacy ratios of Alliance Islamic Bank Berhad are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (CAFIB). The Bank has adopted the Standardised Approach for credit risk and market risk, and Basic Indicator Approach for operational risk. The minimum regulatory capital adequacy requirement is 8.0% (31.03.2011: 8.0%) for the risk-weighted capital ratio.
- (ii) The capital adequacy ratios of AIBB are computed in accordance with BNM's revised Risk-weighted Capital Adequacy Framework (RWCAF-Basel II). The Bank and the Group have adopted the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk. The minimum regulatory capital adequacy requirement is 8.0% (31.03.2011: 8.0%) for the risk-weighted capital ratio.

**A33 Capital Adequacy (contd.)**

(c) Breakdown of risk-weighted assets ("RWA") in the various categories of risk-weighted are as follows:

	<b>30 June 2011</b>		<b>31 March 2011</b>	
	<b>Net Exposure</b>	<b>Risk-weighted</b>	<b>Net Exposure</b>	<b>Risk-weighted</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Bank</u></b>				
0%	5,862,504	-	4,259,663	-
20%	3,520,608	704,122	3,809,238	761,848
35%	3,783,018	1,324,056	3,658,493	1,280,473
50%	3,602,603	1,801,301	3,100,139	1,550,070
75%	6,751,075	5,063,306	6,787,185	5,090,388
100%	8,168,427	8,168,427	7,377,785	7,377,785
150%	309,545	464,317	251,122	376,683
Total RWA equivalent for Credit risk	31,997,780	17,525,529	29,243,625	16,437,247
Total RWA equivalent for Market risk	-	121,463	-	54,919
Total RWA equivalent for Operational risk	-	1,862,494	-	1,863,398
<b>Total Risk-Weighted Assets</b>	<b>31,997,780</b>	<b>19,509,486</b>	<b>29,243,625</b>	<b>18,355,564</b>
<b><u>Group</u></b>				
0%	8,529,071	-	5,893,876	-
20%	4,938,047	987,609	5,115,709	1,023,142
35%	4,136,154	1,447,655	3,991,155	1,396,904
50%	3,185,730	1,592,866	2,640,539	1,320,269
75%	9,289,124	6,966,843	9,319,469	6,989,602
100%	9,749,597	9,749,597	8,883,490	8,883,490
150%	418,536	627,803	357,265	535,898
Total RWA equivalent for Credit risk	40,246,259	21,372,373	36,201,503	20,149,305
Total RWA equivalent for Market risk	-	137,052	-	71,884
Total RWA equivalent for Operational risk	-	2,337,892	-	2,222,953
<b>Total Risk-Weighted Assets</b>	<b>40,246,259</b>	<b>23,847,317</b>	<b>36,201,503</b>	<b>22,444,142</b>

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

### **B1 Review of Performance**

For the current quarter under review, Alliance Bank and its subsidiaries ("the Group") recorded profit before taxation of RM175.7 million, an increase of 15.7% compared to the corresponding quarter last year. The improvement was primarily due to higher net income and better loans recoveries.

The Group registered 18.9% growth in interest income due to increase in both lending rate and loan growth. Gross loan/financing registered year-on-year growth of 5%. In our efforts to improve liquidity, the Group's deposits registered strong growth of 21% compared to June 2010. Loan Deposit ratio was at 77.8% compared to 90.1% a year ago. Current Account Savings Account ratio recorded at 35% as at 30 June 2011.

Other operating income registered a 53.8% growth mainly due to higher fees income and gain from realisation of investments. Non-Funded Income ratio improved from 19.4% a year ago to 26.3%. In line with the business expansion, overheads recorded an increase of 15.4%, Group's Cost-to-Income ratio recorded at 46.1%.

Gross impaired loan ratio improved to 3.0% compared to 3.8% as of 30 June 2010. Risk-weighted capital ratio continues to remain strong at 15.3%, with core capital ratio at 11.3% compared to 15.5% and 11.2% a year ago.

### **B2 Current Year Prospect**

Economic growth continues to be strong supported by robust domestic economic activity. In its May 2011 Monetary Policy Statement, Bank Negara Malaysia expects the economy to remain steady with growth improving gradually during the course of the year, in line with the implementation of the Economic Transformation Programme. Monetary policy remains supportive of growth.

At the Group level, we continue to focus on rebuilding broad revenue whilst concurrently investing in underlying capabilities and systems to ensure a more diverse range of earnings across our franchises. We will invest and manage our priorities to address operational, infrastructure, service and human capital aspects of our business in realising our long term ambitions. Barring any unforeseen circumstances, the Group expects to continue to record satisfactory performance in the financial year ending 31 March 2012.