

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements**

**Unaudited Statements of Financial Position as at 31 December 2011**

		<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
		<b>31 December</b>	31 March	<b>31 December</b>	31 March
		<b>2011</b>	2011	<b>2011</b>	2011
	Note	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>ASSETS</b>					
Cash and short-term funds		<b>4,112,931</b>	958,111	<b>4,491,954</b>	911,730
Deposits and placements with banks and other financial institutions		<b>631,989</b>	954,610	<b>241,156</b>	100,228
Financial assets held-for-trading	A13	<b>300,890</b>	1,176,190	<b>300,890</b>	1,938,250
Financial investments available-for-sale	A14	<b>5,414,049</b>	6,329,994	<b>7,355,547</b>	9,259,940
Financial investments held-to-maturity	A15	<b>229,722</b>	633,521	<b>793,518</b>	940,726
Derivative financial assets	A30	<b>58,570</b>	32,047	<b>58,570</b>	32,047
Loans, advances and financing	A16	<b>19,013,461</b>	17,718,442	<b>23,550,950</b>	21,796,319
Balances due from clients and brokers	A17	-	-	<b>48,463</b>	80,519
Other assets	A18	<b>86,501</b>	103,509	<b>84,081</b>	87,008
Tax recoverable		-	-	<b>910</b>	2,442
Statutory deposits with Bank Negara Malaysia		<b>862,350</b>	225,300	<b>1,110,628</b>	291,008
Investments in subsidiaries		<b>801,664</b>	801,664	-	-
Investments in associates		<b>30,230</b>	30,230	<b>27,688</b>	29,038
Property, plant and equipment		<b>94,267</b>	100,847	<b>96,500</b>	104,553
Deferred tax assets		<b>45,459</b>	75,272	<b>79,444</b>	108,808
Intangible assets		<b>239,303</b>	241,141	<b>355,587</b>	357,682
<b>TOTAL ASSETS</b>		<b>31,921,386</b>	29,380,878	<b>38,595,886</b>	36,040,298
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	A19	<b>25,348,049</b>	23,418,868	<b>31,190,637</b>	28,997,092
Deposits and placements of banks and other financial institutions	A20	<b>1,898,131</b>	1,390,331	<b>2,114,204</b>	1,952,200
Derivative financial liabilities	A30	<b>36,131</b>	33,347	<b>36,131</b>	33,347
Amount due to Cagamas Berhad		<b>126,134</b>	125,776	<b>126,134</b>	125,776
Bills and acceptances payable		<b>3,517</b>	111,140	<b>3,568</b>	111,159
Balances due to clients and brokers	A21	-	-	<b>95,931</b>	86,743
Other liabilities	A22	<b>718,020</b>	663,533	<b>856,613</b>	810,317
Provision for taxation		<b>23,186</b>	35,206	<b>30,035</b>	40,507
Deferred tax liabilities		-	-	<b>10,588</b>	6,792
Subordinated obligations		<b>604,248</b>	600,000	<b>604,248</b>	600,000
<b>TOTAL LIABILITIES</b>		<b>28,757,416</b>	26,378,201	<b>35,068,089</b>	32,763,933
Share capital		<b>600,517</b>	600,517	<b>600,517</b>	600,517
Reserves		<b>2,563,453</b>	2,402,160	<b>2,922,405</b>	2,671,360
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNER OF THE PARENT</b>		<b>3,163,970</b>	3,002,677	<b>3,522,922</b>	3,271,877
Non-controlling interests		-	-	<b>4,875</b>	4,488
<b>TOTAL EQUITY</b>		<b>3,163,970</b>	3,002,677	<b>3,527,797</b>	3,276,365
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>31,921,386</b>	29,380,878	<b>38,595,886</b>	36,040,298
<b>COMMITMENTS AND CONTINGENCIES</b>	A29	<b>17,280,757</b>	14,758,344	<b>18,758,103</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 Period Ended 31 December 2011**

	Note	3rd Quarter Ended		Nine Months Ended	
		31 December	31 December	31 December	31 December
		2011	2010	2011	2010
<b><u>BANK</u></b>		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	A23	<b>312,819</b>	285,611	<b>946,028</b>	835,126
Interest expense	A24	<b>(153,142)</b>	(129,642)	<b>(460,590)</b>	(351,785)
Net interest income		<b>159,677</b>	155,969	<b>485,438</b>	483,341
Other operating income	A26	<b>82,010</b>	63,675	<b>238,825</b>	171,393
Net income		<b>241,687</b>	219,644	<b>724,263</b>	654,734
Other operating expenses	A27	<b>(107,264)</b>	(107,362)	<b>(312,479)</b>	(310,756)
Operating profit		<b>134,423</b>	112,282	<b>411,784</b>	343,978
Allowance for losses on loans, advances and financing and other losses	A28	<b>(10,924)</b>	(672)	<b>(7,928)</b>	(20,007)
Write-back of impairment		<b>7,336</b>	1,927	<b>8,395</b>	3,656
Profit before taxation		<b>130,835</b>	113,537	<b>412,251</b>	327,627
Taxation		<b>(34,050)</b>	(29,812)	<b>(106,402)</b>	(84,661)
Net profit after taxation		<b>96,785</b>	83,725	<b>305,849</b>	242,966
<b>Other comprehensive income:</b>					
Revaluation reserve on financial investments available-for-sale					
- Net (loss)/gain from change in fair value		<b>(2,781)</b>	(23,972)	<b>77,988</b>	(702)
- Transfer from/(to) deferred tax assets		<b>695</b>	5,992	<b>(19,497)</b>	175
Other comprehensive (loss)/gain, net of tax		<b>(2,086)</b>	(17,980)	<b>58,491</b>	(527)
<b>Total comprehensive income for the period</b>		<b>94,699</b>	65,745	<b>364,340</b>	242,439
<b>Earnings per share attributable to owner of the parent</b>					
- Basic (sen)		<b>16.2</b>	14.0	<b>51.3</b>	40.7
- Diluted (sen)		<b>12.2</b>	10.5	<b>38.4</b>	30.5

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank and the Group for the financial year ended 31 March 2011.

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Consolidated Statements of Comprehensive Income****for the Financial Period Ended 31 December 2011**

<b>GROUP</b>	<b>Note</b>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
		<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</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>
Interest income	A23	<b>327,233</b>	313,207	<b>999,685</b>	901,448
Interest expense	A24	<b>(161,435)</b>	(144,353)	<b>(487,744)</b>	(387,674)
Net interest income		<b>165,798</b>	168,854	<b>511,941</b>	513,774
Net income from Islamic banking business	A25	<b>66,436</b>	59,020	<b>193,792</b>	173,359
		<b>232,234</b>	227,874	<b>705,733</b>	687,133
Other operating income	A26	<b>79,434</b>	57,931	<b>231,722</b>	173,507
Net income		<b>311,668</b>	285,805	<b>937,455</b>	860,640
Other operating expenses	A27	<b>(147,383)</b>	(136,578)	<b>(432,825)</b>	(396,021)
Share of results of associates		<b>(424)</b>	-	<b>(1,350)</b>	2
Operating profit		<b>163,861</b>	149,227	<b>503,280</b>	464,621
Allowance for losses on loans, advances and financing and other losses	A28	<b>(9,979)</b>	(657)	<b>(10,760)</b>	(23,826)
Write-back of impairment		<b>10,194</b>	3,883	<b>11,253</b>	3,160
Profit before taxation and zakat		<b>164,076</b>	152,453	<b>503,773</b>	443,955
Taxation and zakat		<b>(41,708)</b>	(39,635)	<b>(127,452)</b>	(114,855)
Net profit after taxation and zakat		<b>122,368</b>	112,818	<b>376,321</b>	329,100
<b>Other comprehensive income:</b>					
Revaluation reserve on financial investments available-for-sale					
- Net (loss)/gain from change in fair value		<b>(7,952)</b>	(26,180)	<b>104,316</b>	1,380
- Transfer from/(to) deferred tax assets		<b>1,988</b>	6,545	<b>(26,079)</b>	(345)
Other comprehensive (loss)/gain, net of tax		<b>(5,964)</b>	(19,635)	<b>78,237</b>	1,035
<b>Total comprehensive income for the period</b>		<b>116,404</b>	93,183	<b>454,558</b>	330,135
Profit for the period attributable to:					
Owner of the parent		<b>122,237</b>	112,764	<b>375,867</b>	329,123
Non-controlling interests		<b>131</b>	54	<b>454</b>	(23)
Net profit after taxation and zakat		<b>122,368</b>	112,818	<b>376,321</b>	329,100

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Consolidated Statements of Comprehensive Income****for the Financial Period Ended 31 December 2011 (contd.)**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December</b>	31 December	<b>31 December</b>	31 December
	<b>2011</b>	2010	<b>2011</b>	2010
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b><u>GROUP</u></b>				
Total comprehensive income for the period attributable to:				
Owner of the parent	<b>116,273</b>	93,129	<b>454,104</b>	330,158
Non-controlling interests	<b>131</b>	54	<b>454</b>	(23)
Total comprehensive income for the period	<b><u>116,404</u></b>	<u>93,183</u>	<b><u>454,558</u></b>	<u>330,135</u>
Earnings per share attributable to owner of the parent				
- Basic (sen)	<b>20.5</b>	18.9	<b>63.0</b>	55.2
- Diluted (sen)	<b><u>15.3</u></b>	<u>14.2</u>	<b><u>47.2</u></b>	<u>41.3</u>

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements**

**Unaudited Statements of Changes in Equity for the Financial Period Ended 31 December 2011**

	Non-distributable reserves					Distributable reserves		
	Ordinary shares	Iredeemable (Non-cummulative) 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	-	-	-	-	-	-	305,849	305,849
Other comprehensive income	-	-	-	-	58,491	-	-	58,491
Total comprehensive income for the period	-	-	-	-	58,491	-	305,849	364,340
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	4,438	-	4,438
Payment for ESS recharged from parent	-	-	-	-	-	(3,161)	-	(3,161)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	156	(156)	-
Transfer to retained profits on share options lapsed	-	-	-	-	-	(2,479)	2,479	-
Dividends paid	-	-	-	-	-	-	(204,324)	(204,324)
<b>At 31 December 2011</b>	<b>596,517</b>	<b>4,000</b>	<b>597,517</b>	<b>601,561</b>	<b>101,542</b>	<b>10,757</b>	<b>1,252,076</b>	<b>3,163,970</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	-	-	-	-	-	-	242,966	242,966
Other comprehensive loss	-	-	-	-	(527)	-	-	(527)
Total comprehensive (loss)/income for the period	-	-	-	-	(527)	-	242,966	242,439
Share-based payment under ESS	-	-	-	-	-	3,847	-	3,847
Payment for ESS recharged from parent	-	-	-	-	-	(3,051)	-	(3,051)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	(332)	332	-
Dividends paid	-	-	-	-	-	-	(114,846)	(114,846)
<b>At 31 December 2010</b>	<b>596,517</b>	<b>4,000</b>	<b>597,517</b>	<b>601,561</b>	<b>47,815</b>	<b>10,798</b>	<b>1,069,784</b>	<b>2,927,992</b>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank and the Group for the financial year ended 31 March 2011.

**ALLIANCE BANK MALAYSIA BERHAD**  
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(Incorporated in Malaysia)

**Condensed Interim Financial Statements**

**Unaudited Statements of Changes in Equity for the Financial Period Ended 31 December 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") RM'000	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	-	-	-	-	-	-	-	-	375,867	375,867	454	376,321
Other comprehensive income	-	-	-	-	-	78,237	-	-	-	78,237	-	78,237
Total comprehensive income for the period	-	-	-	-	-	78,237	-	-	375,867	454,104	454	454,558
Share-based payment under ESS	-	-	-	-	-	-	4,823	-	-	4,823	-	4,823
Payment for ESS recharged from parent	-	-	-	-	-	-	(3,558)	-	-	(3,558)	-	(3,558)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	172	-	(172)	-	-	-
Transfer to retained profits on share options lapsed	-	-	-	-	-	-	(2,919)	-	2,919	-	-	-
Transfer to statutory reserve	-	-	-	26,233	-	-	-	-	(26,233)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(204,324)	(204,324)	(67)	(204,391)
<b>At 31 December 2011</b>	<b>596,517</b>	<b>4,000</b>	<b>597,517</b>	<b>812,639</b>	<b>10,018</b>	<b>146,857</b>	<b>12,062</b>	<b>1,033</b>	<b>1,342,279</b>	<b>3,522,922</b>	<b>4,875</b>	<b>3,527,797</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	-	-	-	-	-	-	-	-	329,123	329,123	(23)	329,100
Other comprehensive income	-	-	-	-	-	1,035	-	-	-	1,035	-	1,035
Total comprehensive income/(loss) for the period	-	-	-	-	-	1,035	-	-	329,123	330,158	(23)	330,135
Share-based payment under ESS	-	-	-	-	-	-	3,987	-	-	3,987	-	3,987
Payment for ESS recharged from parent	-	-	-	-	-	-	(3,485)	-	-	(3,485)	-	(3,485)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	(384)	-	384	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(114,846)	(114,846)	-	(114,846)
Transfer from PER	-	-	-	-	-	-	-	(19,041)	19,041	-	-	-
Transfer to statutory reserve	-	-	-	29,266	-	-	-	-	(29,266)	-	-	-
<b>At 31 December 2010</b>	<b>596,517</b>	<b>4,000</b>	<b>597,517</b>	<b>764,781</b>	<b>10,018</b>	<b>75,599</b>	<b>12,303</b>	<b>7,347</b>	<b>1,123,237</b>	<b>3,191,319</b>	<b>4,516</b>	<b>3,195,835</b>

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank and the Group for the financial year ended 31 March 2011.

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements****Unaudited Condensed Statements of Cash Flow for the Financial Period Ended 31 December 2011**

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>31 December</b>	31 December	<b>31 December</b>	31 December
	<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>412,251</b>	327,627	<b>503,773</b>	443,955
Adjustments for non-cash items	<b>(267,867)</b>	(76,020)	<b>(260,405)</b>	(91,590)
Operating profit before changes in working capital	<b>144,384</b>	251,607	<b>243,368</b>	352,365
Changes in working capital	<b>1,647,355</b>	884,191	<b>1,215,850</b>	1,431,413
Taxation and zakat paid	<b>(108,099)</b>	(10,734)	<b>(129,299)</b>	(27,623)
Net cash generated from operating activities	<b>1,683,640</b>	1,125,064	<b>1,329,919</b>	1,756,155
Net cash generated from/(used in) investing activities	<b>1,710,916</b>	(2,359,381)	<b>2,489,516</b>	(3,443,756)
Net cash used in financing activities	<b>(239,736)</b>	(142,376)	<b>(239,803)</b>	(142,376)
Net changes in cash and cash equivalents	<b>3,154,820</b>	(1,376,693)	<b>3,579,632</b>	(1,829,977)
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>4,112,931</b>	1,805,762	<b>4,403,858</b>	1,639,323
Cash and cash equivalent comprise:				
Cash and short-term funds	<b>4,112,931</b>	1,805,762	<b>4,491,954</b>	1,714,471
Less: Monies held in trust	<b>-</b>	-	<b>(88,096)</b>	(75,148)
	<b>4,112,931</b>	1,805,762	<b>4,403,858</b>	1,639,323

*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 3rd quarter and nine months ended 31 December 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 (revised) "Business Combinations"
- FRS 127 (revised) "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 Amendments 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 3rd quarter and nine months ended 31 December 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 3rd quarter and nine months ended 31 December 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 3rd quarter and nine months ended 31 December 2011.

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

There were no issuance or repayment of debt and equity securities during the 3rd quarter and nine months ended 31 December 2011, other than as disclosed in Note A8(b).

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**A7 Dividend Paid**

**(a) Ordinary shares**

A final dividend of 22.3 sen, less 25% taxation on 596,517,043 ordinary shares amounting to RM99,767,000 (gross dividend: RM133,023,000) in respect of the financial year ended 31 March 2011, was paid on 26 July 2011.

An interim dividend of 18.9 sen, less 25% taxation on 596,517,043 ordinary shares amounting to RM84,556,000 (gross dividend: RM112,742,000) in respect of the financial year ending 31 March 2012, was paid on 24 November 2011.

**(b) Preference shares**

A dividend of 5 sen per share on 400,000,000 preference shares amounting to RM20,000,000 in respect of financial year ending 31 March 2012, was paid on 24 November 2011.

**A8 Significant Events**

**(a) Alliance Financial Group Berhad Employee's Share Scheme ("AFG Bhd ESS")**

Alliance Financial Group Berhad, the holding company of the Bank had on 22 July 2011, offered/awarded the following share options and share grants to Directors and employees of the Company and its subsidiaries who have met the criteria of eligibility for the participation in the AFG Bhd ESS:

- (i) 9,764,000 share options under the Share Option Plan at an option price of RM3.58 per share which will be vested subject to the achievement of performance conditions.
- (ii) 2,127,600 share grants under the Share Grant Plan. The first 50% of the share grants are to be vested at the end of the 2nd year and the remaining 50% of the share grants are to be vested at the end of the 3rd year from the date on which an award is made.

Save for the Group Chief Executive Officer of the Bank, none of the other Directors of the Bank were offered/awarded any share options/share grants.

The holding company operates an equity-settled, share-based compensation plan pursuant to the AFG Bhd ESS. Under the FRS 2 Share-based payment, the compensation expense relating to the share scheme is recognised in profit or loss over the vesting periods of the grants with a corresponding increase in equity.

**(b) 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.

**A8 Significant Events (contd.)**

(c) Dissolution of subsidiaries

The following subsidiaries of the Bank have been dissolved pursuant to Section 272(5) of the Companies Act, 1965:

- (i) KLCS Asset Management Sdn. Bhd. - dissolved with effect from 28 April 2011
- (ii) AllianceGroup Properties Sdn. Bhd. - dissolved with effect from 11 November 2011
- (iii) KLCity Ventures Sdn. Bhd. - dissolved with effect from 11 November 2011
- (iv) KLCity Unit Trust Berhad - dissolved with effect from 28 December 2011

**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 3rd quarter ended 31 December 2011.

**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 abovementioned 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 Court of Appeal has fixed the hearing of the appeal on 10 February 2012.

The advice from the agent bank's solicitors is that they have a better than even chance of succeeding in the said appeal.

**A12 Material Litigation (contd.)**

- (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 had 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 receipt of Grounds of Judgment 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 16 December 2011 pending outcome of the Defendants application for leave to appeal at the Federal Court. On 16 December 2011, the High Court had adjourned the mention to another date which is to be notified by Court.

On 23 November 2011, the Federal Court dismissed the Defendants application for leave to appeal at the Federal Court with costs of RM10,000. This essentially brings to a conclusion the substantial dispute between the Bank and the Defendants.

Pursuant to the decision by the Federal Court, as a matter of formality our solicitors will apply to the High Court to dismiss the Defendants application for assessment for damages to conclude the matter, thus bringing the counter-claim against the Bank to an end.

**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 Note A12(c)(ii) below. On 27 January 2011, the judge allowed the said application. In view of this decision, the trial dates above have been vacated to another date and suit will be consolidated for hearing together with the suit under Note A12(c)(ii) below.

The matter has been scheduled for trial from 20 to 24 February 2012 and for case management on 10 January 2012.

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

- (c) (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 the validity of the order to consolidate the present suit with Note 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.

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.

The matter has been scheduled for trial from 20 to 24 February 2012 and for case management on 10 January 2012.

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.

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

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>31 December 2011 RM'000</b>	<b>31 March 2011 RM'000</b>	<b>31 December 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	<b>199,656</b>	1,096,239	<b>199,656</b>	1,848,299
Malaysian Government securities	<b>101,234</b>	-	<b>101,234</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>300,890</b>	<b>1,176,190</b>	<b>300,890</b>	<b>1,938,250</b>

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

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>31 December 2011 RM'000</b>	<b>31 March 2011 RM'000</b>	<b>31 December 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>1,427,878</b>	2,659,093	<b>1,780,121</b>	3,244,713
Malaysian Government investment certificates	<b>792,714</b>	162,420	<b>1,440,376</b>	764,371
Negotiable instruments of deposits	<b>758,934</b>	1,042,371	<b>766,672</b>	1,741,201
Bankers' acceptances	<b>1,002,821</b>	956,814	<b>1,320,692</b>	1,388,637
Cagamas bonds	<b>20,170</b>	20,213	<b>35,314</b>	35,396
<u>Quoted securities in Malaysia:</u>				
Shares	<b>15</b>	11	<b>4,028</b>	3,875
Debt securities	<b>8,389</b>	7,818	<b>8,389</b>	7,818
<u>Unquoted securities:</u>				
Shares	<b>97,541</b>	82,607	<b>138,535</b>	117,587
Debt securities	<b>1,305,587</b>	1,398,647	<b>1,861,420</b>	1,956,342
<b>Total financial investments available-for-sale</b>	<b>5,414,049</b>	<b>6,329,994</b>	<b>7,355,547</b>	<b>9,259,940</b>

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

	<b>BANK</b>		<b>GROUP</b>	
	<b>31 December</b>	<b>31 March</b>	<b>31 December</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>At amortised cost</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	<b>228,278</b>	629,057	<b>330,585</b>	804,820
Malaysian Government investment certificates	-	-	<b>435,673</b>	105,624
<b>At cost</b>				
<u>Quoted securities in Malaysia:</u>				
Debt securities	-	-	<b>4,902</b>	4,902
<u>Unquoted securities:</u>				
Debt securities	<b>20,680</b>	61,177	<b>76,212</b>	116,711
	<b>248,958</b>	690,234	<b>847,372</b>	1,032,057
Accumulated impairment	<b>(19,236)</b>	(56,713)	<b>(53,854)</b>	(91,331)
Total financial investments held-to-maturity	<b>229,722</b>	633,521	<b>793,518</b>	940,726

**A16 Loans, Advances and Financing**

	<b>BANK</b>		<b>GROUP</b>	
	<b>31 December</b>	<b>31 March</b>	<b>31 December</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>
Overdrafts	<b>1,627,922</b>	1,603,198	<b>1,785,877</b>	1,753,908
Term loans/financing				
- Housing loans/financing	<b>7,567,180</b>	7,351,039	<b>8,910,251</b>	8,325,550
- Syndicated term loans/financing	<b>436,972</b>	267,440	<b>447,787</b>	287,171
- Hire purchase receivables	<b>320,321</b>	385,945	<b>683,411</b>	784,046
- Other term loans/financing	<b>5,519,521</b>	4,311,669	<b>7,582,131</b>	6,310,426
Bills receivables	<b>268,709</b>	178,851	<b>269,172</b>	179,607
Trust receipts	<b>170,991</b>	157,722	<b>196,438</b>	176,527
Claims on customers under acceptance credits	<b>1,829,275</b>	1,846,053	<b>2,219,502</b>	2,202,863
Staff loans [including loans to Directors of a subsidiary of RM99,000 (31.03.11: RM121,000)]	<b>28,976</b>	32,821	<b>56,385</b>	60,938
Credit/charge card receivables	<b>635,825</b>	663,059	<b>635,825</b>	663,059
Revolving credits	<b>790,716</b>	1,156,101	<b>985,249</b>	1,347,748
Other loans	<b>287,775</b>	270,341	<b>389,575</b>	347,518
Gross loans, advances and financing	<b>19,484,183</b>	18,224,239	<b>24,161,603</b>	22,439,361
Add: Sales commissions and handling fees	<b>37,054</b>	37,722	<b>27,768</b>	24,969
Less: Allowance for impairment on loans, advances and financing				
- Individual assessment allowance	<b>(217,984)</b>	(273,141)	<b>(264,630)</b>	(328,375)
- Collective assessment allowance	<b>(289,792)</b>	(270,378)	<b>(373,791)</b>	(339,636)
Total net loans, advances and financing	<b>19,013,461</b>	17,718,442	<b>23,550,950</b>	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>31 December</b>	<b>31 March</b>	<b>31 December</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>
Domestic non-bank financial institutions				
- Stockbroking companies	<b>5,001</b>	20,002	<b>5,001</b>	20,002
- Others	<b>79,609</b>	156,186	<b>150,390</b>	187,410
Domestic business enterprises				
- Small and medium enterprises	<b>4,443,966</b>	4,096,619	<b>5,225,648</b>	4,784,192
- Others	<b>4,092,044</b>	3,789,961	<b>4,862,044</b>	4,531,660
Government and statutory bodies	<b>12,411</b>	15,973	<b>12,411</b>	18,224
Individuals	<b>10,079,898</b>	9,633,266	<b>13,084,741</b>	12,349,218
Other domestic entities	<b>235,540</b>	14,311	<b>235,837</b>	14,671
Foreign entities	<b>535,714</b>	497,921	<b>585,531</b>	533,984
Gross loans, advances and financing	<b>19,484,183</b>	18,224,239	<b>24,161,603</b>	22,439,361

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

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>31 December</b>	<b>31 March</b>	<b>31 December</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>
Fixed rate				
- Housing loans/financing	<b>21,895</b>	24,800	<b>92,786</b>	107,669
- Hire purchase receivables	<b>320,321</b>	385,945	<b>683,429</b>	784,046
- Other fixed rate loans/financing	<b>693,654</b>	732,674	<b>2,076,535</b>	2,207,047
Variable rate				
- Base lending rate plus	<b>13,883,405</b>	13,374,171	<b>16,013,129</b>	14,989,061
- Cost plus	<b>4,315,051</b>	3,553,060	<b>5,023,475</b>	4,120,772
- Other variable rates	<b>249,857</b>	153,589	<b>272,249</b>	230,766
Gross loans, advances and financing	<b>19,484,183</b>	18,224,239	<b>24,161,603</b>	22,439,361

**A16c** By economic purposes:

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>31 December</b>	<b>31 March</b>	<b>31 December</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>
Purchase of securities	<b>292,597</b>	276,517	<b>394,396</b>	354,975
Purchase of transport vehicles	<b>221,376</b>	296,030	<b>590,454</b>	703,969
Purchase of landed property	<b>10,877,857</b>	10,133,099	<b>12,626,309</b>	11,514,820
of which: - Residential	<b>8,104,121</b>	7,730,398	<b>9,397,069</b>	8,671,706
- Non-residential	<b>2,773,736</b>	2,402,701	<b>3,229,240</b>	2,843,114
Purchase of fixed assets				
excluding land & buildings	<b>110,122</b>	96,745	<b>112,053</b>	99,836
Personal use	<b>832,872</b>	728,463	<b>2,155,798</b>	2,093,967
Credit card	<b>635,825</b>	663,059	<b>635,825</b>	663,059
Construction	<b>180,493</b>	238,415	<b>193,860</b>	253,621
Mergers and acquisition	<b>318,176</b>	-	<b>318,176</b>	-
Working capital	<b>5,104,019</b>	5,331,170	<b>5,934,888</b>	6,116,583
Others	<b>910,846</b>	460,741	<b>1,199,844</b>	638,531
Gross loans, advances and financing	<b>19,484,183</b>	18,224,239	<b>24,161,603</b>	22,439,361

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

**A16d** By geographical distribution:

	<b>BANK</b>		<b>GROUP</b>	
	<b>31 December</b>	<b>31 March</b>	<b>31 December</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>
Northern region	1,633,211	1,573,741	1,903,351	1,882,761
Central region	14,373,848	13,149,993	18,085,890	16,442,221
Southern region	1,686,194	1,670,614	2,073,505	2,014,167
East Malaysia region	1,790,930	1,829,891	2,098,857	2,100,212
Gross loans, advances and financing	<b>19,484,183</b>	<b>18,224,239</b>	<b>24,161,603</b>	<b>22,439,361</b>

**A16e** By residual contractual maturity:

	<b>BANK</b>		<b>GROUP</b>	
	<b>31 December</b>	<b>31 March</b>	<b>31 December</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>
Within one year	5,732,466	5,994,251	6,678,671	6,868,094
One year to three years	457,708	433,016	739,542	771,372
Three years to five years	791,085	1,032,189	1,291,512	1,389,244
Over five years	12,502,924	10,764,783	15,451,878	13,410,651
Gross loans, advances and financing	<b>19,484,183</b>	<b>18,224,239</b>	<b>24,161,603</b>	<b>22,439,361</b>

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

	<b>BANK</b>		<b>GROUP</b>	
	<b>31 December</b>	<b>31 March</b>	<b>31 December</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>
At beginning of year	592,458	676,315	741,324	843,866
Impaired during the period/year	249,821	467,756	308,992	564,613
Reclassified as non-impaired during the period/year	(197,826)	(290,824)	(278,685)	(328,118)
Recoveries	(70,067)	(143,048)	(89,623)	(190,022)
Amount written off	(68,550)	(117,741)	(88,863)	(149,015)
At end of period/year	<b>505,836</b>	<b>592,458</b>	<b>593,145</b>	<b>741,324</b>
Gross impaired loans as a percentage of gross loans, advances and financing	<b>2.6%</b>	<b>3.3%</b>	<b>2.5%</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>31 December</b>	<b>31 March</b>	<b>31 December</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>
Purchase of securities	<b>4,083</b>	4,586	<b>9,750</b>	10,268
Purchase of transport vehicles	<b>2,353</b>	2,536	<b>5,536</b>	8,959
Purchase of landed property	<b>219,831</b>	265,205	<b>240,617</b>	283,410
of which: - Residential	<b>162,273</b>	198,490	<b>176,246</b>	209,057
- Non-residential	<b>57,558</b>	66,715	<b>64,371</b>	74,353
Purchase of fixed assets excluding land & buildings	<b>92</b>	182	<b>97</b>	182
Personal use	<b>21,159</b>	27,032	<b>31,355</b>	37,151
Credit card	<b>10,240</b>	12,694	<b>10,240</b>	12,694
Construction	<b>11,936</b>	12,777	<b>11,943</b>	12,777
Working capital	<b>200,570</b>	229,497	<b>239,853</b>	315,987
Others	<b>35,572</b>	37,949	<b>43,754</b>	59,896
Gross impaired loans	<b>505,836</b>	592,458	<b>593,145</b>	741,324

**A16h** Impaired loans by geographical distribution:

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>31 December</b>	<b>31 March</b>	<b>31 December</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>
Northern region	<b>98,850</b>	84,733	<b>122,699</b>	104,487
Central region	<b>302,894</b>	375,912	<b>360,571</b>	500,546
Southern region	<b>50,959</b>	65,280	<b>54,979</b>	68,965
East Malaysia region	<b>53,133</b>	66,533	<b>54,896</b>	67,326
Gross impaired loans	<b>505,836</b>	592,458	<b>593,145</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>31 December</b>	31 March	<b>31 December</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
Allowance made during the period/year (net)	<b>9,848</b>	69,518	<b>21,071</b>	87,812
Amount written off	<b>(65,005)</b>	(117,741)	<b>(84,816)</b>	(149,015)
At end of period/year	<b>217,984</b>	273,141	<b>264,630</b>	328,375

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>31 December</b>	31 March	<b>31 December</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 (net)	<b>19,414</b>	8,006	<b>34,155</b>	15,992
At end of period/year	<b>289,792</b>	270,378	<b>373,791</b>	339,636

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**A17 Balances Due From Clients And Brokers**

	<b>GROUP</b>	
	<b>31 December</b>	31 March
	<b>2011</b>	2011
	<b>RM'000</b>	RM'000
Due from clients	<b>48,666</b>	96,318
Due from brokers	<b>1,103</b>	-
	<b>49,769</b>	96,318
Less:		
Allowance for other losses	<b>(1,306)</b>	(15,799)
	<b>48,463</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>31 December</b>	31 March
	<b>2011</b>	2011
	<b>RM'000</b>	RM'000
Classified as doubtful	<b>98</b>	976
Classified as bad	<b>1,393</b>	15,856
	<b>1,491</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>1,468</b>	2,214
Reversal of allowance	<b>(1,467)</b>	(2,897)
Amount written off	<b>(14,494)</b>	-
At end of period/year	<b>1,306</b>	15,799

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**A18 Other Assets**

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>31 December</b>	<b>31 March</b>	<b>31 December</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>
Other receivables, deposits and prepayment	<b>94,717</b>	87,634	<b>104,841</b>	99,506
Trade receivables	-	-	<b>1</b>	2,149
Amount due from subsidiaries	<b>4,068</b>	22,039	-	-
Amount due from holding company	<b>153</b>	5	<b>153</b>	5
Foreclosed properties	-	4,200	-	4,200
	<b>98,938</b>	113,878	<b>104,995</b>	105,860
Less:				
Allowance for other losses	<b>(12,437)</b>	(10,369)	<b>(20,914)</b>	(18,852)
	<b>86,501</b>	103,509	<b>84,081</b>	87,008

**A19 Deposits from Customers**

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>31 December</b>	<b>31 March</b>	<b>31 December</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>A19a By type of deposits:</b>				
Demand deposits	<b>7,550,140</b>	6,611,320	<b>9,233,165</b>	8,010,441
Savings deposits	<b>1,349,934</b>	1,326,520	<b>1,661,095</b>	1,633,845
Fixed deposits	<b>12,080,022</b>	12,516,010	<b>14,073,462</b>	15,230,479
Money market deposits	<b>3,199,330</b>	2,377,219	<b>4,202,329</b>	3,043,464
Negotiable instruments of deposits	<b>984,188</b>	501,988	<b>1,836,151</b>	993,052
Structured deposits [Note (a)]	<b>184,435</b>	85,811	<b>184,435</b>	85,811
	<b>25,348,049</b>	23,418,868	<b>31,190,637</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>31 December</b>	<b>31 March</b>	<b>31 December</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>
Domestic financial institutions	<b>987,644</b>	507,011	<b>2,240,512</b>	998,676
Government and statutory bodies	<b>354,679</b>	518,610	<b>1,042,312</b>	1,069,088
Business enterprises	<b>9,894,153</b>	8,471,286	<b>12,497,592</b>	10,762,527
Individuals	<b>13,296,149</b>	13,254,543	<b>14,808,049</b>	15,227,162
Others	<b>815,424</b>	667,418	<b>602,172</b>	939,639
	<b>25,348,049</b>	23,418,868	<b>31,190,637</b>	28,997,092

**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>31 December</b>	<b>31 March</b>	<b>31 December</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>
Due within six months	<b>12,823,199</b>	11,251,070	<b>16,000,147</b>	14,494,558
Six months to one year	<b>3,362,052</b>	3,857,753	<b>4,038,905</b>	4,502,541
One year to three years	<b>63,450</b>	273,713	<b>57,405</b>	256,649
Three years to five years	<b>14,839</b>	12,681	<b>15,485</b>	13,247
	<b>16,263,540</b>	15,395,217	<b>20,111,942</b>	19,266,995

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

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>31 December</b>	<b>31 March</b>	<b>31 December</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>
Licensed banks	<b>1,215,387</b>	384,194	<b>1,365,433</b>	744,993
Licensed Investment banks	-	150,228	-	280,380
Licensed Islamic banks	-	-	-	6,000
Bank Negara Malaysia	<b>682,744</b>	855,909	<b>748,771</b>	920,827
	<b>1,898,131</b>	1,390,331	<b>2,114,204</b>	1,952,200

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**A21 Balances Due To Clients And Brokers**

	<b>GROUP</b>	
	<b>31 December</b>	31 March
	<b>2011</b>	2011
	<b>RM'000</b>	RM'000
Due to clients	<b>95,931</b>	80,460
Due to brokers	-	6,283
	<b>95,931</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>31 December</b>	31 March	<b>31 December</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>710,872</b>	663,533	<b>835,657</b>	785,944
Remisier's accounts	-	-	<b>20,953</b>	24,373
Amount due to ultimate holding company	-	-	<b>3</b>	-
Amount due to subsidiaries	<b>7,148</b>	-	-	-
	<b>718,020</b>	<b>663,533</b>	<b>856,613</b>	<b>810,317</b>

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**A23 Interest Income**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</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>220,146</b>	200,327	<b>652,202</b>	607,161
Money at call and deposit placements	<b>21,789</b>	12,240	<b>45,729</b>	56,723
Financial assets held-for-trading	<b>675</b>	320	<b>2,921</b>	592
Financial investments available-for-sale	<b>45,530</b>	38,745	<b>160,170</b>	100,961
Financial investments held-to-maturity	<b>2,133</b>	6,044	<b>14,951</b>	17,737
Others	<b>751</b>	1,032	<b>2,685</b>	3,208
	<b>291,024</b>	258,708	<b>878,658</b>	786,382
Accretion of discount less amortisation of premium	<b>21,795</b>	26,903	<b>67,370</b>	48,744
	<b>312,819</b>	285,611	<b>946,028</b>	835,126
<b><u>GROUP</u></b>				
Loans, advances and financing	<b>229,146</b>	211,056	<b>685,612</b>	635,915
Money at call and deposit placements	<b>14,103</b>	6,761	<b>18,295</b>	39,044
Financial assets held-for-trading	<b>675</b>	320	<b>2,986</b>	592
Financial investments available-for-sale	<b>56,476</b>	52,951	<b>199,492</b>	147,451
Financial investments held-to-maturity	<b>3,050</b>	7,692	<b>19,760</b>	22,695
Others	<b>751</b>	1,032	<b>2,685</b>	3,208
	<b>304,201</b>	279,812	<b>928,830</b>	848,905
Accretion of discount less amortisation of premium	<b>23,032</b>	33,395	<b>70,855</b>	52,543
	<b>327,233</b>	313,207	<b>999,685</b>	901,448

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**A24 Interest Expense**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</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>4,500</b>	7,520	<b>22,975</b>	27,416
Deposits from customers	<b>139,643</b>	110,814	<b>404,908</b>	290,974
Loans sold to Cagamas Berhad	<b>894</b>	-	<b>2,674</b>	-
Subordinated obligations	<b>7,375</b>	9,210	<b>27,147</b>	27,530
Others	<b>730</b>	2,098	<b>2,886</b>	5,865
	<b>153,142</b>	129,642	<b>460,590</b>	351,785
<b><u>GROUP</u></b>				
Deposits and placements of banks and other financial institutions	<b>5,139</b>	16,885	<b>27,683</b>	50,080
Deposits from customers	<b>147,283</b>	116,092	<b>427,279</b>	304,074
Loans sold to Cagamas Berhad	<b>894</b>	-	<b>2,674</b>	-
Subordinated obligations	<b>7,375</b>	9,210	<b>27,147</b>	27,530
Others	<b>744</b>	2,166	<b>2,961</b>	5,990
	<b>161,435</b>	144,353	<b>487,744</b>	387,674

**A25 Net Income from Islamic Banking Business**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</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>85,185</b>	78,367	<b>253,363</b>	215,205
Income derived from investment of Islamic Banking funds	<b>8,565</b>	7,224	<b>24,057</b>	21,016
Income attributable to depositors and financial institutions	<b>(33,949)</b>	(32,915)	<b>(103,447)</b>	(80,957)
	<b>59,801</b>	52,676	<b>173,973</b>	155,264
Add: Income due to head office eliminated at Group level	<b>6,635</b>	6,344	<b>19,819</b>	18,095
	<b>66,436</b>	59,020	<b>193,792</b>	173,359

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**A26 Other Operating Income**

	3rd Quarter Ended		Nine Months Ended	
	31 December 2011 RM'000	31 December 2010 RM'000	31 December 2011 RM'000	31 December 2010 RM'000
<b><u>BANK</u></b>				
(a) <u>Fee income:</u>				
Commissions	13,837	10,951	40,736	32,823
Service charges and fees	7,876	8,613	21,930	25,514
Guarantee fees	2,391	2,570	6,558	6,637
Processing fees	2,538	822	6,706	7,940
Commitment fees	3,668	3,484	10,652	10,640
Other fee income	2,961	5,229	9,558	13,492
	<b>33,271</b>	<b>31,669</b>	<b>96,140</b>	<b>97,046</b>
(b) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	(914)	233	3,215	218
- Financial investments available-for-sale	13,292	1,638	35,260	1,872
- Financial investments held-to-maturity	1,183	3	13,177	3
Unrealised gain/(loss) on revaluation of:				
- Financial assets held-for-trading	992	171	(92)	461
- Derivative instruments	22,086	5,709	19,033	11,038
Realised gain on revaluation of derivative instruments	752	12,260	15,334	25,463
Gross dividend income from:				
- Financial investments available-for-sale	6,041	130	9,405	2,753
- Subsidiaries	11,827	11,863	34,732	17,263
	<b>55,259</b>	<b>32,007</b>	<b>130,064</b>	<b>59,071</b>
(c) <u>Other income :</u>				
Unrealised foreign exchange translation (loss)/gain	(10,689)	(2,808)	(2,274)	5,413
Rental income	85	66	235	229
(Loss)/gain on disposal of property, plant and equipment	(45)	(81)	43	(209)
Loss on disposal of foreclosed properties	-	-	-	(38)
Others	4,129	2,822	14,617	9,881
	<b>(6,520)</b>	<b>(1)</b>	<b>12,621</b>	<b>15,276</b>
Total other operating income	<b>82,010</b>	<b>63,675</b>	<b>238,825</b>	<b>171,393</b>

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

<b>GROUP</b>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2011 RM'000</b>	<b>31 December 2010 RM'000</b>	<b>31 December 2011 RM'000</b>	<b>31 December 2010 RM'000</b>
(a) <u>Fee income:</u>				
Commissions	13,821	8,102	40,269	26,388
Service charges and fees	8,235	8,687	23,012	25,702
Portfolio management fees	1,701	1,692	5,279	4,917
Corporate advisory fees	845	490	5,383	1,451
Underwriting commission	99	777	290	949
Brokerage fees	3,481	4,943	10,423	12,393
Guarantee fees	2,391	2,610	6,821	6,825
Processing fees	2,913	1,065	7,646	10,289
Commitment fees	3,668	3,483	10,652	10,640
Other fee income	3,321	5,631	10,458	14,198
	<b>40,475</b>	<b>37,480</b>	<b>120,233</b>	<b>113,752</b>
(b) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	(914)	233	3,346	218
- Financial investments available-for-sale	14,985	1,683	38,133	3,509
- Financial investments held-to-maturity	1,183	3	13,177	3
Unrealised gain/(loss) on revaluation of:				
- Financial assets held-for-trading	954	214	(128)	533
- Derivative instruments	22,087	5,709	19,033	11,038
Realised gain on revaluation of derivative instruments	752	12,260	15,334	25,463
Gross dividend income from:				
- Financial investments available-for-sale	6,280	224	9,930	3,417
	<b>45,327</b>	<b>20,326</b>	<b>98,825</b>	<b>44,181</b>
(c) <u>Other income :</u>				
Unrealised foreign exchange translation (loss)/gain	(10,649)	(2,748)	(2,110)	5,496
(Loss)/gain on disposal of property, plant and equipment	(45)	(81)	26	(203)
Loss on disposal of foreclosed properties	-	-	-	(38)
Others	4,326	2,954	14,748	10,319
	<b>(6,368)</b>	<b>125</b>	<b>12,664</b>	<b>15,574</b>
Total other operating income	<b>79,434</b>	<b>57,931</b>	<b>231,722</b>	<b>173,507</b>

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**A27 Other Operating Expenses**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</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>49,556</b>	45,516	<b>151,117</b>	144,589
- Contribution to EPF	<b>8,495</b>	7,980	<b>25,355</b>	24,004
- Share options/grants under ESS	<b>1,874</b>	990	<b>4,438</b>	3,847
- Others	<b>9,013</b>	7,087	<b>17,986</b>	18,710
	<b>68,938</b>	61,573	<b>198,896</b>	191,150
Establishment costs				
- Depreciation of property, plant and equipment	<b>6,877</b>	12,817	<b>20,357</b>	27,371
- Amortisation of computer software	<b>4,495</b>	3,452	<b>12,891</b>	10,452
- Rental of premises	<b>5,053</b>	4,973	<b>15,006</b>	15,828
- Water and electricity	<b>1,216</b>	1,461	<b>4,125</b>	4,109
- Repairs and maintenance	<b>1,735</b>	1,823	<b>4,898</b>	5,407
- Information technology expenses	<b>5,895</b>	6,648	<b>17,711</b>	17,977
- Others	<b>791</b>	959	<b>4,536</b>	4,632
	<b>26,062</b>	32,133	<b>79,524</b>	85,776
Marketing expenses				
- Promotion and advertisement	<b>2,049</b>	1,422	<b>5,339</b>	2,742
- Branding and publicity	<b>718</b>	1,266	<b>2,620</b>	2,980
- Others	<b>981</b>	974	<b>2,659</b>	2,828
	<b>3,748</b>	3,662	<b>10,618</b>	8,550
Administration and general expenses				
- Communication expenses	<b>2,142</b>	2,599	<b>6,991</b>	6,166
- Printing and stationery	<b>699</b>	788	<b>1,624</b>	2,434
- Insurance	<b>1,751</b>	2,187	<b>4,100</b>	6,534
- Professional fees	<b>2,483</b>	3,070	<b>6,816</b>	6,298
- Others	<b>1,441</b>	1,350	<b>3,910</b>	3,848
	<b>8,516</b>	9,994	<b>23,441</b>	25,280
Total other operating expenses	<b>107,264</b>	107,362	<b>312,479</b>	310,756

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

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</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>				
Personnel costs				
- Salaries, allowances and bonuses	<b>69,307</b>	60,538	<b>210,931</b>	188,424
- Contribution to EPF	<b>11,697</b>	10,338	<b>34,961</b>	30,940
- Share options/grants under ESS	<b>2,043</b>	1,264	<b>4,823</b>	3,987
- Others	<b>12,417</b>	8,971	<b>26,332</b>	23,833
	<b>95,464</b>	81,111	<b>277,047</b>	247,184
Establishment costs				
- Depreciation of property, plant and equipment	<b>7,390</b>	14,276	<b>22,299</b>	31,000
- Amortisation of computer software	<b>4,635</b>	3,551	<b>13,209</b>	10,761
- Rental of premises	<b>6,937</b>	6,194	<b>20,395</b>	19,543
- Water and electricity	<b>1,478</b>	1,600	<b>4,739</b>	4,514
- Repairs and maintenance	<b>2,403</b>	2,308	<b>7,038</b>	6,853
- Information technology expenses	<b>8,301</b>	8,401	<b>23,930</b>	22,286
- Others	<b>3,978</b>	4,234	<b>15,192</b>	13,589
	<b>35,122</b>	40,564	<b>106,802</b>	108,546
Marketing expenses				
- Promotion and advertisement	<b>2,587</b>	2,137	<b>7,356</b>	4,677
- Branding and publicity	<b>718</b>	1,329	<b>2,634</b>	3,086
- Others	<b>1,225</b>	1,176	<b>3,511</b>	3,480
	<b>4,530</b>	4,642	<b>13,501</b>	11,243
Administration and general expenses				
- Communication expenses	<b>2,977</b>	3,251	<b>9,544</b>	8,137
- Printing and stationery	<b>982</b>	1,039	<b>2,569</b>	3,144
- Insurance	<b>1,887</b>	2,400	<b>4,039</b>	7,169
- Professional fees	<b>3,497</b>	2,613	<b>9,533</b>	6,551
- Others	<b>2,924</b>	958	<b>9,790</b>	4,047
	<b>12,267</b>	10,261	<b>35,475</b>	29,048
Total other operating expenses	<b>147,383</b>	136,578	<b>432,825</b>	396,021

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**A28 Allowance for Losses on Loans, Advances and Financing and Other Losses**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</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>				
Allowance for/(write-back of) impaired loans and financing:				
(a) Individual assessment allowance				
- made during the period (net)	<b>6,965</b>	15,739	<b>9,848</b>	62,976
(b) Collective assessment allowance				
- made during the period (net)	<b>6,705</b>	(3,082)	<b>19,414</b>	(1,144)
(c) Bad debts on loans and financing				
- Recovered	<b>(7,758)</b>	(13,987)	<b>(28,806)</b>	(47,162)
- Written off	<b>3,556</b>	290	<b>3,774</b>	616
	<b>9,468</b>	(1,040)	<b>4,230</b>	15,286
Write-back of commitments and contingencies	-	-	<b>(592)</b>	-
Allowance for other assets	<b>1,456</b>	1,712	<b>4,290</b>	4,721
	<b>10,924</b>	672	<b>7,928</b>	20,007
<b><u>GROUP</u></b>				
Allowance for/(write-back of) impaired loans and financing:				
(a) Individual assessment allowance				
- made during the period (net)	<b>9,481</b>	23,384	<b>21,071</b>	73,545
(b) Collective assessment allowance				
- made during the period (net)	<b>10,244</b>	(2,262)	<b>34,155</b>	4,232
(c) Bad debts on loans and financing				
- Recovered	<b>(14,913)</b>	(24,572)	<b>(52,069)</b>	(62,241)
- Written off	<b>4,067</b>	2,629	<b>4,328</b>	3,097
	<b>8,879</b>	(821)	<b>7,485</b>	18,633
(Write-back of)/allowance for commitments and contingencies	<b>(481)</b>	-	<b>(1,443)</b>	980
Allowance for other assets	<b>1,581</b>	1,478	<b>4,718</b>	4,213
	<b>9,979</b>	657	<b>10,760</b>	23,826

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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>31 December 2011</b>				
<u>Credit-related exposures</u>				
<u>Contingent Liabilities</u>				
Direct credit substitutes	354,050		354,050	354,050
Transaction-related contingent items	527,077		263,538	263,538
Short-term self-liquidating trade-related contingencies	133,481		26,696	26,696
<u>Commitments</u>				
Irrevocable commitments to extent credit:				
- maturity exceeding one year	3,130,371		1,565,186	1,331,232
- maturity not exceeding one year	4,641,868		928,374	849,675
unutilised credit card lines	2,747,678		549,536	423,430
	<u>11,534,525</u>		<u>3,687,380</u>	<u>3,248,621</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	3,686,002	50,176	99,603	64,073
Interest rate related contracts:				
- one year or less	587,000	463	1,885	377
- over one year to three years	1,110,000	3,671	16,271	3,254
- over three years	363,230	4,260	18,322	4,442
	<u>5,746,232</u>	<u>58,570</u>	<u>136,081</u>	<u>72,146</u>
	<u>17,280,757</u>	<u>58,570</u>	<u>3,823,461</u>	<u>3,320,767</u>
<b>Group</b>				
<b>31 December 2011</b>				
<u>Credit-related exposures</u>				
<u>Contingent Liabilities</u>				
Direct credit substitutes	397,105		397,105	397,105
Transaction-related contingent items	558,393		279,196	279,196
Short-term self-liquidating trade-related contingencies	169,822		33,964	33,964
<u>Commitments</u>				
Irrevocable commitments to extent credit:				
- maturity exceeding one year	3,764,475		1,882,238	1,584,789
- maturity not exceeding one year	5,374,398		1,074,880	958,385
unutilised credit card lines	2,747,678		549,536	423,430
	<u>13,011,871</u>		<u>4,216,919</u>	<u>3,676,869</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	3,686,002	50,176	99,603	64,073
Interest rate related contracts:				
- one year or less	587,000	463	1,885	377
- over one year to three years	1,110,000	3,671	16,271	3,254
- over three years	363,230	4,260	18,322	4,442
	<u>5,746,232</u>	<u>58,570</u>	<u>136,081</u>	<u>72,146</u>
	<u>18,758,103</u>	<u>58,570</u>	<u>4,353,000</u>	<u>3,749,015</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.):

	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>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	4,027,184		805,437	737,330
unutilised credit card lines	3,425,831		685,166	528,386
	<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>Group</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	4,729,308		945,862	852,441
unutilised credit card lines	3,425,831		685,166	528,386
	<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 31 December 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	<b>793,170</b>	<b>17,119</b>	<b>(1,216)</b>	442,706	1,217	(7,713)
Currency swaps						
- one year or less	<b>2,157,963</b>	<b>22,233</b>	<b>(21,575)</b>	1,819,102	18,692	(18,042)
Currency spots						
- one year or less	<b>174,861</b>	<b>133</b>	<b>(35)</b>	76,047	70	(37)
Currency options						
- one year or less	<b>62,384</b>	<b>275</b>	<b>(154)</b>	24,473	90	(57)
Gold options						
- one year or less	<b>497,624</b>	<b>10,416</b>	<b>(5,677)</b>	482,299	2,499	(2,499)
	<b>3,686,002</b>	<b>50,176</b>	<b>(28,657)</b>	2,844,627	22,568	(28,348)
Interest rate derivatives						
Interest rate swap	<b>2,060,230</b>	<b>8,394</b>	<b>(7,474)</b>	2,112,000	9,479	(4,999)
- one year or less	<b>587,000</b>	<b>463</b>	<b>(240)</b>	380,000	257	(252)
- over one year to three years	<b>1,110,000</b>	<b>3,671</b>	<b>(4,228)</b>	1,447,000	6,465	(3,766)
- over three years	<b>363,230</b>	<b>4,260</b>	<b>(3,006)</b>	285,000	2,757	(981)
Total derivatives assets/(liabilities)	<b>5,746,232</b>	<b>58,570</b>	<b>(36,131)</b>	4,956,627	32,047	(33,347)

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 31 December 2011	Non-Trading Book						Non-interest sensitive	Trading book	Total	Effective interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000				
<b>Assets</b>										
Cash and short-term funds	3,613,140	-	-	-	-	-	499,791	-	4,112,931	3.02
Deposits and placements with banks and other financial institutions	-	50,000	573,591	-	-	-	8,398	-	631,989	2.92
Financial assets held-for-trading	-	-	-	-	-	-	-	300,890	300,890	3.18
Financial investments available-for-sale	359,702	895,410	45,045	251,608	1,984,257	1,748,480	129,547	-	5,414,049	3.57
Financial investments held-to-maturity	-	-	50,181	75,902	-	101,345	2,294	-	229,722	3.58
Loans, advances and financing	16,043,150	750,200	242,290	63,712	853,334	1,062,715	(1,940)*	-	19,013,461	5.47
Other non-interest sensitive balances	-	-	-	-	-	-	2,159,774	58,570	2,218,344	-
<b>Total assets</b>	<b>20,015,992</b>	<b>1,695,610</b>	<b>911,107</b>	<b>391,222</b>	<b>2,837,591</b>	<b>2,912,540</b>	<b>2,797,864</b>	<b>359,460</b>	<b>31,921,386</b>	
<b>Liabilities</b>										
Deposits from customers	11,665,093	3,340,177	1,722,650	3,616,543	78,265	14,115	4,911,206	-	25,348,049	2.17
Deposits and placements of banks and other financial institutions	891,599	174,107	178,774	67,849	579,208	-	6,594	-	1,898,131	2.45
Amount due to Cagamas Berhad	100,000	-	-	11,684	11,134	-	3,316	-	126,134	3.77
Bills and acceptances payable	3,501	8	8	-	-	-	-	-	3,517	3.31
Subordinated obligations	-	-	-	-	604,248	-	-	-	604,248	4.92
Other non-interest sensitive balances	-	-	-	-	-	-	741,206	36,131	777,337	-
<b>Total liabilities</b>	<b>12,660,193</b>	<b>3,514,292</b>	<b>1,901,432</b>	<b>3,696,076</b>	<b>1,272,855</b>	<b>14,115</b>	<b>5,662,322</b>	<b>36,131</b>	<b>28,757,416</b>	
Equity	-	-	-	-	-	-	3,163,970	-	3,163,970	-
<b>Total liabilities and equity</b>	<b>12,660,193</b>	<b>3,514,292</b>	<b>1,901,432</b>	<b>3,696,076</b>	<b>1,272,855</b>	<b>14,115</b>	<b>8,826,292</b>	<b>36,131</b>	<b>31,921,386</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						Non-interest sensitive	Trading book	Total	Effective Interest/ profit rate %
	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years				
As at 31 December 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	3,886,240	-	-	-	-	-	605,714	-	4,491,954	3.01
Deposits and placements with banks and other financial institutions	-	-	240,592	165	-	-	399	-	241,156	2.55
Financial assets held-for-trading	-	-	-	-	-	-	-	300,890	300,890	3.18
Financial investments available-for-sale	744,162	1,202,946	134,650	341,935	2,391,989	2,350,762	189,103	-	7,355,547	3.74
Financial investments held-to-maturity	-	-	50,181	145,517	358,014	233,240	6,566	-	793,518	3.55
Loans, advances and financing	18,628,586	941,551	317,476	106,040	1,472,989	2,129,584	(45,276)*	-	23,550,950	5.66
Balances due from clients and brokers	765	-	-	-	-	-	47,698	-	48,463	12.00
Other non-interest sensitive balances	-	-	-	-	-	-	1,754,838	58,570	1,813,408	-
<b>Total assets</b>	<b>23,259,753</b>	<b>2,144,497</b>	<b>742,899</b>	<b>593,657</b>	<b>4,222,992</b>	<b>4,713,586</b>	<b>2,559,042</b>	<b>359,460</b>	<b>38,595,886</b>	
<b>Liabilities</b>										
Deposits from customers	16,214,528	4,311,128	2,211,727	4,289,854	79,762	14,115	4,069,523	-	31,190,637	2.23
Deposits and placements of banks and other financial institutions	1,049,599	172,607	174,274	69,906	641,179	-	6,639	-	2,114,204	2.46
Amount due to Cagamas Berhad	100,000	-	-	11,684	11,134	-	3,316	-	126,134	3.77
Bills and acceptances payable	3,515	15	38	-	-	-	-	-	3,568	3.32
Balances due to clients and brokers	68,946	-	-	-	-	-	26,985	-	95,931	2.90
Subordinated obligations	-	-	-	-	604,248	-	-	-	604,248	4.92
Other non-interest sensitive balances	-	-	-	-	-	-	897,236	36,131	933,367	-
<b>Total liabilities</b>	<b>17,436,588</b>	<b>4,483,750</b>	<b>2,386,039</b>	<b>4,371,444</b>	<b>1,336,323</b>	<b>14,115</b>	<b>5,003,699</b>	<b>36,131</b>	<b>35,068,089</b>	
Equity	-	-	-	-	-	-	3,522,922	-	3,522,922	-
Non-controlling interests	-	-	-	-	-	-	4,875	-	4,875	-
<b>Total liabilities and equity</b>	<b>17,436,588</b>	<b>4,483,750</b>	<b>2,386,039</b>	<b>4,371,444</b>	<b>1,336,323</b>	<b>14,115</b>	<b>8,531,496</b>	<b>36,131</b>	<b>38,595,886</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 RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years 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.)**

GROUP	Non-Trading Book							Trading book	Total	Effective Interest/ profit 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 31 March 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	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 includes initial public offering, equity fund raising, debt fund raising, mergers and acquisitions and corporate restructuring.

### **(v) Others**

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

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**A32 Segment information (contd.)**

<b>Group</b>	<b>Consumer Banking RM'000</b>	<b>Business Banking RM'000</b>	<b>Financial Markets RM'000</b>	<b>Investment Banking RM'000</b>	<b>Others RM'000</b>	<b>Total Operations RM'000</b>	<b>Inter-segment Elimination RM'000</b>	<b>Total RM'000</b>
<b>3rd Quarter ended 31 December 2011</b>								
Net interest income								
- External income	34,198	80,036	51,871	1,419	-	167,524	(1,726)	165,798
- inter-segment	22,568	(5,823)	(15,722)	(1,023)	-	-	-	-
	56,766	74,213	36,149	396	-	167,524	(1,726)	165,798
Net income from Islamic banking business	31,082	16,565	12,154	-	-	59,801	6,635	66,436
Other operating income	18,907	31,644	33,393	5,087	2,694	91,725	(12,291)	79,434
Net income	106,755	122,422	81,696	5,483	2,694	319,050	(7,382)	311,668
Other operating expenses	(62,501)	(49,728)	(9,497)	(8,319)	(6,305)	(136,350)	992	(135,358)
Depreciation and amortisation	(5,862)	(4,040)	(1,573)	(562)	12	(12,025)	-	(12,025)
Operating profit	38,392	68,654	70,626	(3,398)	(3,599)	170,675	(6,390)	164,285
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(10,773)	771	340	(317)	-	(9,979)	-	(9,979)
Write-back of impairment	-	222	8,512	-	1,460	10,194	-	10,194
Segment result	27,619	69,647	79,478	(3,715)	(2,139)	170,890	(6,390)	164,500
Share of results of associates								(424)
Taxation and zakat								(41,708)
Net profit after taxation and zakat								122,368
Segment assets	12,768,048	10,852,261	16,118,040	243,046	77,454	40,058,849	(2,023,092)	38,035,757
Reconciliation of segment assets to consolidated assets:								
Investments in associates								27,688
Property, plant and equipment								96,500
Unallocated assets								80,354
Intangible assets								355,587
Total assets								38,595,886
Segment Liabilities	15,227,696	9,937,934	10,870,400	126,198	51,643	36,213,871	(1,186,405)	35,027,466
Unallocated liabilities								40,623
Total liabilities								35,068,089

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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 31 December 2011</b>								
Net interest income								
- External income	106,708	229,619	169,472	3,712	-	509,511	2,430	511,941
- inter-segment	73,571	(4,970)	(65,796)	(2,805)	-	-	-	-
	180,279	224,649	103,676	907	-	509,511	2,430	511,941
Net income from Islamic banking business	91,741	50,503	31,729	-	-	173,973	19,819	193,792
Other operating income	62,177	97,354	83,547	17,740	23,397	284,215	(52,493)	231,722
Net income	334,197	372,506	218,952	18,647	23,397	967,699	(30,244)	937,455
Other operating expenses	(183,587)	(147,627)	(28,843)	(22,869)	(16,080)	(399,006)	1,689	(397,317)
Depreciation and amortisation	(17,209)	(11,818)	(4,555)	(1,901)	(25)	(35,508)	-	(35,508)
Operating profit	133,401	213,061	185,554	(6,123)	7,292	533,185	(28,555)	504,630
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(10,045)	944	(1,280)	(379)	-	(10,760)	-	(10,760)
Write-back of impairment	-	2,741	8,512	-	-	11,253	-	11,253
Segment result	123,356	216,746	192,786	(6,502)	7,292	533,678	(28,555)	505,123
Share of results of associates								(1,350)
Taxation and zakat								(127,452)
Net profit after taxation and zakat								376,321
Segment assets	12,768,048	10,852,261	16,118,040	243,046	77,454	40,058,849	(2,023,092)	38,035,757
Reconciliation of segment assets to consolidated assets:								
Investments in associates								27,688
Property, plant and equipment								96,500
Unallocated assets								80,354
Intangible assets								355,587
Total assets								38,595,886
Segment Liabilities	15,227,696	9,937,934	10,870,400	126,198	51,643	36,213,871	(1,186,405)	35,027,466
Unallocated liabilities								40,623
Total liabilities								35,068,089

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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>3rd Quarter ended 31 December 2010</b>								
Net interest income								
- External income	50,293	61,897	52,942	1,074	122	166,328	2,526	168,854
- inter-segment	12,175	15,519	(27,066)	(628)	-	-	-	-
	62,468	77,416	25,876	446	122	166,328	2,526	168,854
Net income from Islamic banking business	35,338	14,274	3,064	-	-	52,676	6,344	59,020
Other operating income	18,696	25,497	19,706	7,637	5,253	76,789	(18,858)	57,931
Net income	116,502	117,187	48,646	8,083	5,375	295,793	(9,988)	285,805
Other operating expenses	(56,665)	(41,763)	(11,950)	(4,922)	(4,794)	(120,094)	1,343	(118,751)
Depreciation and amortisation	(6,879)	(5,583)	(4,395)	(928)	(42)	(17,827)	-	(17,827)
Operating profit	52,958	69,841	32,301	2,233	539	157,872	(8,645)	149,227
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(11,405)	10,251	42	453	2	(657)	-	(657)
Write-back of impairment	-	146	3,737	-	-	3,883	-	3,883
Segment result	41,553	80,238	36,080	2,686	541	161,098	(8,645)	152,453
Share of results of associates								-
Taxation and zakat								(39,635)
Net profit after taxation and zakat								112,818
Segment assets	12,785,816	8,333,959	17,205,928	242,156	32,161	38,600,020	(2,344,258)	36,255,762
Reconciliation of segment assets to consolidated assets:								
Investments in associates								30,508
Property, plant and equipment								109,607
Unallocated assets								83,633
Intangible assets								358,992
Total assets								36,838,502
Segment Liabilities	15,164,080	9,505,301	10,236,423	144,209	11,686	35,061,699	(1,503,174)	33,558,525
Unallocated liabilities								84,150
Total liabilities								33,642,675

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**A32 Segment information (contd.)**

<b>Group</b>	<b>Consumer Banking RM'000</b>	<b>Business Banking RM'000</b>	<b>Financial Markets RM'000</b>	<b>Investment Banking RM'000</b>	<b>Others RM'000</b>	<b>Total Operations RM'000</b>	<b>Inter-segment Elimination RM'000</b>	<b>Total RM'000</b>
<b>As at 31 December 2010</b>								
Net interest income								
- External income	179,493	187,391	139,848	3,254	348	510,334	3,440	513,774
- inter-segment	26,360	35,005	(59,523)	(1,842)	-	-	-	-
	205,853	222,396	80,325	1,412	348	510,334	3,440	513,774
Net income from Islamic banking business	103,474	41,430	10,360	-	-	155,264	18,095	173,359
Other operating income	59,837	80,249	33,606	19,014	14,552	207,258	(33,751)	173,507
Net income	369,164	344,075	124,291	20,426	14,900	872,856	(12,216)	860,640
Other operating expenses	(172,779)	(123,314)	(33,620)	(12,853)	(13,693)	(356,259)	1,999	(354,260)
Depreciation and amortisation	(18,532)	(12,337)	(7,933)	(2,813)	(146)	(41,761)	-	(41,761)
Operating profit	177,853	208,424	82,738	4,760	1,061	474,836	(10,217)	464,619
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(25,189)	431	135	796	1	(23,826)	-	(23,826)
Write-back of impairment	-	725	2,435	-	-	3,160	-	3,160
Segment result	152,664	209,580	85,308	5,556	1,062	454,170	(10,217)	443,953
Share of results of associates								2
Taxation and zakat								(114,855)
Net profit after taxation and zakat								329,100
Segment assets	12,785,816	8,333,959	17,205,928	242,156	32,161	38,600,020	(2,344,258)	36,255,762
Reconciliation of segment assets to consolidated assets:								
Investments in associates								30,508
Property, plant and equipment								109,607
Unallocated assets								83,633
Intangible assets								358,992
Total assets								36,838,502
Segment Liabilities	15,164,080	9,505,301	10,236,423	144,209	11,686	35,061,699	(1,503,174)	33,558,525
Unallocated liabilities								84,150
Total liabilities								33,642,675

### 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>31 December 2011</b>	<b>31 March 2011</b>	<b>31 December 2011</b>	<b>31 March 2011</b>
<u>Before deducting proposed dividends</u>				
Core capital ratio	-	14.63%	-	12.40%
Risk-weighted capital ratio	-	14.98%	-	16.54%
<u>After deducting proposed dividends</u>				
Core capital ratio	<b>13.29%</b>	14.09%	<b>11.36%</b>	11.95%
Risk-weighted capital ratio	<b>13.68%</b>	14.44%	<b>15.18%</b>	16.09%

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

	<b>BANK</b>		<b>GROUP</b>	
	<b>31 December 2011 RM'000</b>	<b>31 March 2011 RM'000</b>	<b>31 December 2011 RM'000</b>	<b>31 March 2011 RM'000</b>
<b><u>Tier I Capital (Core Capital)</u></b>				
Paid-up share capital	596,517	596,517	596,517	596,517
ICPS	4,000	4,000	4,000	4,000
Share premium	597,517	597,517	597,517	597,517
Retained profits	1,155,291	1,148,228	1,220,042	1,194,222
Statutory reserves	601,561	601,561	812,639	786,406
Other reserves	-	-	10,018	10,018
Non-controlling interests	-	-	4,875	4,488
	<b>2,954,886</b>	2,947,823	<b>3,245,608</b>	3,193,168
Less: Purchased goodwill / goodwill on consolidation	(186,272)	(186,272)	(302,065)	(302,065)
Deferred tax assets	(45,459)	(75,272)	(79,444)	(108,808)
Total Tier I capital	<b>2,723,155</b>	2,686,279	<b>2,864,099</b>	2,782,295
<b><u>Tier II Capital</u></b>				
Subordinated obligations	597,672	600,000	597,672	600,000
Collective assessment allowance	285,474	265,588	368,898	333,466
Total Tier II capital	<b>883,146</b>	865,588	<b>966,570</b>	933,466
Total Capital	<b>3,606,301</b>	3,551,867	<b>3,830,669</b>	3,715,761
Less: Investment in subsidiaries	(801,664)	(801,664)	(3,620)	(3,620)
<b>Total Capital Base</b>	<b>2,804,637</b>	2,750,203	<b>3,827,049</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>31 December 2011</b>		
<u>Before deducting proposed dividends</u>		
Core capital ratio	-	-
Risk-Weighted capital ratio	-	-
<u>After deducting proposed dividends</u>		
Core capital ratio	<b>11.28%</b>	<b>70.57%</b>
Risk-Weighted capital ratio	<b>13.13%</b>	<b>71.20%</b>
<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>		
Core capital ratio	11.65%	55.51%
Risk-Weighted capital ratio	13.37%	55.67%

**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:

	31 December 2011		31 March 2011	
	Net Exposure	Risk-weighted	Net Exposure	Risk-weighted
	RM'000	RM'000	RM'000	RM'000
<b><u>Bank</u></b>				
0%	5,850,052	-	4,259,663	-
20%	4,047,496	809,499	3,809,238	761,848
35%	3,941,168	1,379,409	3,658,493	1,280,473
50%	2,930,435	1,465,217	3,100,139	1,550,070
75%	7,631,695	5,723,771	6,787,185	5,090,388
100%	8,724,300	8,724,300	7,377,785	7,377,785
150%	293,905	440,859	251,122	376,683
Total RWA equivalent for Credit risk	33,419,051	18,543,055	29,243,625	16,437,247
Total RWA equivalent for Market risk	-	73,271	-	54,919
Total RWA equivalent for Operational risk	-	1,880,624	-	1,863,398
<b>Total Risk-Weighted Assets</b>	<b>33,419,051</b>	<b>20,496,950</b>	<b>29,243,625</b>	<b>18,355,564</b>
<b><u>Group</u></b>				
0%	7,889,842	-	5,893,876	-
20%	5,167,168	1,033,434	5,115,709	1,023,142
35%	4,360,149	1,526,052	3,991,155	1,396,904
50%	2,967,223	1,483,612	2,640,539	1,320,269
75%	10,383,352	7,787,514	9,319,469	6,989,602
100%	10,378,073	10,378,073	8,883,490	8,883,490
150%	352,401	528,602	357,265	535,898
Total RWA equivalent for Credit risk	41,498,208	22,737,287	36,201,503	20,149,305
Total RWA equivalent for Market risk	-	82,674	-	71,884
Total RWA equivalent for Operational risk	-	2,384,230	-	2,222,953
<b>Total Risk-Weighted Assets</b>	<b>41,498,208</b>	<b>25,204,191</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 RM164.1 million, an increase of 7.6% compared to the corresponding quarter last year. For the nine months ended 31 December 2011, the Group recorded profit before taxation of RM503.8 million, an increase of 13.5% compared to the corresponding period last year.

The Group registered a 11.0% growth in interest income due to the 11.5% expansion in loans. Gross loan/financing registered year-on-year growth of 11.5%, driven mainly by the expansion in housing loans and SME lending. Meanwhile, customer deposits grew 8.4% year-on-year with loan-to-deposit ratio at 77.1% as at December 2011, as compared with 75.3% a year ago. As at 31 December 2011, Current and Savings Account (CASA) accounts for 35% of the Group's customer deposits.

Other operating income registered a 33.5% growth mainly due to higher fee income and gains from treasury trading and investment activities. The overall fee-to-total income ratio improved from 20.9% a year ago to 26.1%. Despite the moderate rise of 9.3% in overhead expenses due to the expansion in business operations, the Group's cost-to-income ratio remained at 46.2% compared to 46.0% a year ago.

Reflecting on the on-going efforts to improve asset quality, the Group's net impaired loans ratio has declined further to 1.4%, as compared with 2.2% as of 31 December 2010. Risk-weighted capital ratio continued to remain strong at 15.2%, with core capital ratio at 11.4% compared to 15.9% and 11.8% respectively a year ago.

#### Performance by business segment

The Group's businesses are presented in the following business segments: Consumer Banking, Business Banking, Financial Markets, Investment Banking and Others. All segments, with the exception of Consumer Banking and Investment Banking, registered higher contributions; both exceptions reported lower profit segment before taxation compared to corresponding quarter/period last year.

##### *Consumer Banking*

Consumer Banking provides a wide range of personal banking solutions which include mortgages, term loans, personal loans, hire purchase facilities, credit cards and wealth management.

For the current quarter and nine months ended 31 December 2011, Consumer Banking registered profit before taxation of RM27.6 million and RM123.4 million, a decline of 33.5% and 19.2% respectively, as compared to last year. This was mainly due to lower net income contributed by margin compression. The decrease in net income was offset by lower allowance on impaired loans. The total assets of Consumer Banking were at RM12.8 billion as at 31 December 2011.

##### *Business Banking*

Business Banking encompasses Small-and-Medium Enterprise ("SME") and Wholesale Banking. Business Banking reported an increase in profit before taxation of 3.4% to RM216.7 million for the nine months ended 31 December 2011 when compared to last year. The increase stemmed from higher net interest income and fee-base income arising from the Group's efforts to grow SME and Wholesale Banking loans. For the current quarter three months ended 31 December 2011, Business Banking registered lower profit before taxation by 13.2% due to higher allowance on impaired loans. The total assets of Business Banking grew by RM2.5 billion or 30.2% to RM10.9 billion as at 31 December 2011.

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

### *Financial Markets*

Financial Markets provides foreign exchange, money market, hedging, wealth management and investment (capital market instruments) solutions for banking customers. For the current quarter three months ended 31 December 2011, Financial Markets reported a profit before taxation of RM79.5 million, or an increase of 120.3% over the corresponding quarter. For the nine months period, Financial Markets reported a profit before taxation of RM192.8 million, representing a year-on-year increase of 126.0%. The increase was mainly due to higher net income and capital gains from active portfolio management.

### *Investment Banking*

Investment Banking encompasses stockbroking activities and corporate advisory. In line with business expansion, Investment Banking's other operating expenses increased substantially compared to last year. As a result of this, it reported loss before taxation of RM3.7 million and RM6.5 million for the current quarter and nine months ended 31 December 2011 respectively. Net income has also declined compared to last year, a result of lower brokerage income due to the drop in trading volumes on Bursa Malaysia.

### *Others*

The "Others" segment comprises business operations such as unit trust, assets management, alternative distribution channels and trustee. Profit before taxation for this segment was RM7.3 million for 9 months ended 31 December 2011, an increase of RM6.2 million compared to corresponding period last year. The increase was contributed by higher profit from Alliance Direct Marketing, one of the distribution channels of the Group.

## **B2 Current Year Prospect**

The global economic outlook remains challenging, with market pressures stemming from the eurozone crisis and the sustainability of US growth. Arising from the global external environment, the Group expects economic growth to moderate, and interest margins to compress further. Notwithstanding this, the Group is confident that the business strategies that have been implemented will enable the Group to further diversify its revenue, strengthen its operational and risk management infrastructure, service and human capital aspects of our business in realising our long-term aspirations.

### *Consumer Banking*

Consumer Banking expects growth in mortgage financing to sustain its loan books in the coming fourth quarter and has in place strategies to grow personal loans, hire purchase and credit cards financing. This will be supported by initiatives such as wealth management, share margin financing and investment lending offerings which will diversify its revenues further.

### *Business Banking*

Business Banking aims to sustain its strong segment assets expansion momentum with incoming loan disbursements from negotiations held during the year, and will continue its efforts to work with existing customers and to bring in new customers. To a lesser extent, the competitive pricing in the industry, which will impact margins, is expected to mitigate improvements made in growing the segment's interest income.

### *Financial Markets*

Interest rates are expected to stay low in the coming fourth quarter; hence, Financial Markets expects stable earnings of net interest income and will maintain the current strategy of actively managing its fixed income portfolio to enhance returns.

**B2 Current Year Prospect (contd.)**

*Investment Banking*

The global external environment has negatively impacted liquidity in the capital markets in terms of fund raising as well as trading volatility and trading volumes on Bursa Malaysia. Investment Banking is putting in place strategies to further expand its broking and corporate advisory services and expects the benefits therefrom to accrue in the future.

Barring any unforeseen circumstances, the Group expects to report a satisfactory performance for the financial year ending 31 March 2012.