

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Financial Position as at 31 December 2013

		<u>BANK</u>		<u>GROUP</u>	
		31 December	31 March	31 December	31 March
		2013	2013	2013	2013
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		1,198,808	1,366,655	1,382,330	1,287,734
Deposits and placements with banks and other financial institutions		488,938	124,946	488,938	153,236
Balances due from clients and brokers	A13	-	-	53,302	50,122
Financial assets held-for-trading	A14	-	1,265,298	19,979	1,519,930
Financial investments available-for-sale	A15	8,163,826	8,428,006	10,712,144	10,362,450
Financial investments held-to-maturity	A16	711,913	101,717	1,321,693	596,949
Derivative financial assets	A31	51,385	19,792	51,385	19,792
Loans, advances and financing	A17	25,293,115	22,907,273	30,251,109	27,771,741
Other assets	A18	76,212	78,016	69,238	75,502
Tax recoverable		408	-	3,745	-
Statutory deposits with Bank Negara Malaysia		1,231,450	1,057,450	1,510,089	1,330,872
Investments in subsidiaries		792,820	792,820	-	-
Investments in associates		230	230	506	497
Property, plant and equipment		72,697	81,706	74,530	82,748
Deferred tax assets		7,268	-	21,473	11,040
Intangible assets		240,096	241,961	354,512	356,168
		38,329,166	36,465,870	46,314,973	43,618,781
Non-current assets and subsidiary held for sale	A19	-	8,844	-	35,179
TOTAL ASSETS		38,329,166	36,474,714	46,314,973	43,653,960
LIABILITIES AND EQUITY					
Deposits from customers	A20	30,287,429	30,116,637	36,705,030	36,024,299
Deposits and placements of banks and other financial institutions	A21	3,162,280	1,310,109	4,093,491	2,009,996
Balances due to clients and brokers	A22	-	-	29,857	30,852
Bills and acceptances payable		148	73,683	162	73,713
Derivative financial liabilities	A31	49,621	15,870	49,621	15,870
Amount due to Cagamas Berhad		14,593	16,290	14,593	16,290
Other liabilities	A23	694,380	750,959	849,189	822,159
Provision for taxation		-	23,218	323	26,270
Deferred tax liabilities		-	15,859	5,401	24,430
Subordinated obligations		605,418	612,193	605,418	612,193
		34,813,869	32,934,818	42,353,085	39,656,072
Liabilities directly associated with non-current assets and subsidiary held for sale	A19	-	-	-	19,291
TOTAL LIABILITIES		34,813,869	32,934,818	42,353,085	39,675,363
Share capital		600,517	600,517	600,517	600,517
Reserves		2,914,780	2,939,379	3,361,371	3,373,333
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNER OF THE PARENT		3,515,297	3,539,896	3,961,888	3,973,850
Non-controlling interests		-	-	-	4,747
TOTAL EQUITY		3,515,297	3,539,896	3,961,888	3,978,597
TOTAL LIABILITIES AND EQUITY		38,329,166	36,474,714	46,314,973	43,653,960
COMMITMENTS AND CONTINGENCIES	A30	19,724,321	17,341,746	21,416,939	19,079,207

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 2013.

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 2013

	Note	3rd Quarter Ended		Nine Months Ended	
		31 December	31 December	31 December	31 December
		2013	2012	2013	2012
BANK		RM'000	RM'000	RM'000	RM'000
Interest income	A24	396,068	336,313	1,137,325	1,014,731
Interest expense	A25	(199,705)	(166,272)	(572,807)	(494,540)
Net interest income		196,363	170,041	564,518	520,191
Other operating income	A27	90,623	85,384	289,217	296,020
Net income		286,986	255,425	853,735	816,211
Other operating expenses	A28	(111,368)	(112,503)	(358,443)	(344,701)
Operating profit before allowance		175,618	142,922	495,292	471,510
(Allowance for)/write-back of losses on loans, advances and financing and other losses	A29	(3,984)	12,109	808	38,185
Write-back of impairment		-	-	622	-
Profit before taxation		171,634	155,031	496,722	509,695
Taxation		(40,014)	(39,452)	(121,680)	(119,526)
Net profit after taxation		131,620	115,579	375,042	390,169
Other comprehensive (expense)/income:					
Items that may be reclassified subsequently					
to profit and loss:					
Revaluation reserve on financial investments available-for-sale					
- Net (loss)/gain from change in fair value		(62,278)	8,515	(118,591)	7,219
- Transfer from/(to) deferred tax		15,570	(2,129)	29,648	(1,805)
Other comprehensive (expense)/income, net of tax		(46,708)	6,386	(88,943)	5,414
Total comprehensive income for the period		84,912	121,965	286,099	395,583
Earnings per share attributable to					
owner of the parent					
- Basic (sen)		22.1	19.4	62.9	65.4
- Diluted (sen)		16.5	14.5	47.1	49.0

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 2013.

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 2013**

GROUP	Note	3rd Quarter Ended		Nine Months Ended	
		31 December	31 December	31 December	31 December
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Interest income	A24	411,478	355,198	1,182,862	1,068,478
Interest expense	A25	(211,803)	(177,444)	(607,251)	(526,761)
Net interest income		199,675	177,754	575,611	541,717
Net income from Islamic banking business	A26	52,741	60,463	158,350	184,874
		252,416	238,217	733,961	726,591
Other operating income	A27	75,247	80,781	271,487	250,109
Net income		327,663	318,998	1,005,448	976,700
Other operating expenses	A28	(143,228)	(151,695)	(460,956)	(465,864)
Operating profit before allowance		184,435	167,303	544,492	510,836
(Allowance for)/write-back of losses on loans, advances and financing and other losses	A29	(3,422)	12,901	(4,604)	28,978
Write-back of impairment		-	-	902	473
Operating profit after allowance		181,013	180,204	540,790	540,287
Share of results of associates		3	(1,801)	9	(3,912)
Profit before taxation and zakat		181,016	178,403	540,799	536,375
Taxation and zakat		(44,766)	(45,673)	(135,782)	(136,314)
Net profit after taxation and zakat		136,250	132,730	405,017	400,061
Other comprehensive (expense)/income:					
Items that may be reclassified subsequently to profit and loss:					
Revaluation reserve on financial investments available-for-sale					
- Net (loss)/gain from change in fair value		(75,224)	12,923	(142,097)	(9,901)
- Transfer from/(to) deferred tax		18,806	(3,231)	35,524	2,475
Other comprehensive (expense)/income, net of tax		(56,418)	9,692	(106,573)	(7,426)
Total comprehensive income for the period		79,832	142,422	298,444	392,635
Profit for the period attributable to:					
Owner of the parent		136,250	132,706	405,017	400,008
Non-controlling interests		-	24	-	53
Net profit after taxation and zakat		136,250	132,730	405,017	400,061

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

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Condensed Interim Financial Statements**Unaudited Consolidated Statements of Comprehensive Income****for the Financial Period Ended 31 December 2013 (contd.)**

<u>GROUP</u>	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Total comprehensive income for the period attributable to:				
Owner of the parent	79,832	142,398	298,444	392,582
Non-controlling interests	-	24	-	53
Total comprehensive income for the period	79,832	142,422	298,444	392,635
Earnings per share attributable to owner of the parent				
- Basic (sen)	22.8	22.2	67.9	67.1
- Diluted (sen)	17.1	16.7	50.8	50.2

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 2013.

ALLIANCE BANK MALAYSIA BERHAD
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Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity for the Financial Period Ended 31 December 2013
BANK

	Non-distributable reserves					Distributable reserves		
	Ordinary shares	Iredeemable (Non-cumulative) Convertible Preference Shares ("ICPS")	Share premium	Statutory reserve	Revaluation reserves	Equity contribution from parent	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2013	596,517	4,000	597,517	601,561	85,257	13,495	1,641,549	3,539,896
Net profit after taxation	-	-	-	-	-	-	375,042	375,042
Other comprehensive expense	-	-	-	-	(88,943)	-	-	(88,943)
Total comprehensive (expense)/income for the period	-	-	-	-	(88,943)	-	375,042	286,099
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	7,029	-	7,029
Payment for ESS recharged from parent	-	-	-	-	-	(4,241)	-	(4,241)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	(1,084)	1,084	-
Dividends paid	-	-	-	-	-	-	(313,486)	(313,486)
At 31 December 2013	596,517	4,000	597,517	601,561	(3,686)	15,199	1,704,189	3,515,297
At 1 April 2012	596,517	4,000	597,517	601,561	88,334	12,274	1,397,888	3,298,091
Net profit after taxation	-	-	-	-	-	-	390,169	390,169
Other comprehensive income	-	-	-	-	5,414	-	-	5,414
Total comprehensive income for the period	-	-	-	-	5,414	-	390,169	395,583
Share-based payment under ESS	-	-	-	-	-	5,772	-	5,772
Payment for ESS recharged from parent	-	-	-	-	-	(4,230)	-	(4,230)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	130	(130)	-
Transfer to retained profits on share options lapsed	-	-	-	-	-	(2,174)	2,174	-
Dividends paid	-	-	-	-	-	-	(265,616)	(265,616)
At 31 December 2012	596,517	4,000	597,517	601,561	93,748	11,772	1,524,485	3,429,600

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 2013.

ALLIANCE BANK MALAYSIA BERHAD
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Condensed Interim Financial Statements

Unaudited Statements of Changes in Equity for the Financial Period Ended 31 December 2013 (contd.)

GROUP	Attributable to owner of the parent										Non-controlling interests	Total equity
	Ordinary shares	ICPS	Share premium	Statutory reserve	Other reserves	Revaluation reserves	Equity contribution from parent	Profit Equalisation Reserve ("PER")	Retained profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2013	596,517	4,000	597,517	885,744	10,018	115,397	14,368	1,033	1,749,256	3,973,850	4,747	3,978,597
Net profit after taxation and zakat	-	-	-	-	-	-	-	-	405,017	405,017	-	405,017
Other comprehensive expense	-	-	-	-	-	(106,573)	-	-	-	(106,573)	-	(106,573)
Total comprehensive (expense)/income for the period	-	-	-	-	-	(106,573)	-	-	405,017	298,444	-	298,444
Share-based payment under ESS	-	-	-	-	-	-	7,675	-	-	7,675	-	7,675
Payment for ESS recharged from parent	-	-	-	-	-	-	(4,530)	-	-	(4,530)	-	(4,530)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	(1,187)	-	1,187	-	-	-
Transfer to statutory reserve	-	-	-	19,694	-	-	-	-	(19,694)	-	-	-
Transfer PER to retained profit	-	-	-	-	-	-	-	(1,033)	1,033	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	(65)	-	-	(65)	(4,747)	(4,812)
Dividends paid	-	-	-	-	-	-	-	-	(313,486)	(313,486)	-	(313,486)
At 31 December 2013	596,517	4,000	597,517	905,438	10,018	8,824	16,261	-	1,823,313	3,961,888	-	3,961,888
At 1 April 2012	596,517	4,000	597,517	842,167	10,018	132,769	13,733	1,033	1,517,252	3,715,006	4,905	3,719,911
Net profit after taxation and zakat	-	-	-	-	-	-	-	-	400,008	400,008	53	400,061
Other comprehensive expense	-	-	-	-	-	(7,426)	-	-	-	(7,426)	-	(7,426)
Total comprehensive (expense)/income for the period	-	-	-	-	-	(7,426)	-	-	400,008	392,582	53	392,635
Share-based payment under ESS	-	-	-	-	-	-	6,079	-	-	6,079	-	6,079
Payment for ESS recharged from parent	-	-	-	-	-	-	(4,668)	-	-	(4,668)	-	(4,668)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	132	-	(132)	-	-	-
Transfer to retained profits on share options lapsed	-	-	-	-	-	-	(2,544)	-	2,544	-	-	-
Transfer to statutory reserve	-	-	-	23,481	-	-	-	-	(23,481)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(265,616)	(265,616)	(237)	(265,853)
At 31 December 2012	596,517	4,000	597,517	865,648	10,018	125,343	12,732	1,033	1,630,575	3,843,383	4,721	3,848,104

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 2013.

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

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 31 December 2013**

	<u>BANK</u>		<u>GROUP</u>	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit before taxation and zakat	496,722	509,695	540,799	536,375
Adjustments for non-cash items	(268,742)	(333,560)	(242,439)	(275,174)
Operating profit before changes in working capital	227,980	176,135	298,360	261,201
Changes in working capital	226,012	(659,982)	1,206,497	(547,232)
Taxation and zakat paid	(132,412)	(66,005)	(159,313)	(100,319)
Net cash generated from/(used in) operating activities	321,580	(549,852)	1,345,544	(386,350)
Net cash (used in)/generated from investing activities	(147,021)	102,839	(908,542)	31,425
Net cash used in financing activities	(342,406)	(294,457)	(342,406)	(294,694)
Net changes in cash and cash equivalents	(167,847)	(741,470)	94,596	(649,619)
Cash and cash equivalents at beginning of the year	1,366,655	1,730,290	1,287,734	1,875,994
Cash and cash equivalents at end of the period	1,198,808	988,820	1,382,330	1,226,375
Cash and cash equivalents comprise:				
Cash and short-term funds	1,198,808	988,820	1,382,330	1,226,375

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 2013.

Explanatory Notes

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

A1 Basis of Preparation

The unaudited condensed interim financial statements for the 3rd quarter and nine months ended 31 December 2013 have been prepared under the historical cost convention, as modified by the available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB").

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 2013. 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 2013.

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 2013, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2013:

- MFRS 10 "Consolidated financial statements" (effective 1 January 2013)
- MFRS 11 "Joint arrangements" (effective 1 January 2013)
- MFRS 12 "Disclosures of interests in other entities" (effective 1 January 2013)
- MFRS 13 "Fair value measurement" (effective 1 January 2013)
- MFRS 127 (revised) "Separate financial statements" (effective 1 January 2013)
- MFRS 128 (revised) "Investments in associates and joint ventures" (effective 1 January 2013)
- Amendment to MFRS 7 "Financial instruments: Disclosures" (effective 1 January 2013)
- Amendment to MFRS 101 "Presentation of items of other comprehensive income" (effective 1 July 2012)
- Amendment to MFRS 119 "Employee benefits" (effective 1 January 2013)
- Amendment to MFRS 134 "Interim financial reporting" (effective 1 January 2013)
- Amendments to MFRS 10, MFRS 11 and MFRS 12 "Consolidated financial statements, Joint arrangements and Disclosure of interests in other entities: Transition Guidance" (effective 1 January 2013)
- Annual Improvements 2009 - 2011 cycle (effective 1 January 2013)

The adoption of the above MFRSs and amendments to MFRSs did not have any financial impact to the Bank and the Group.

The following MFRSs have been issued by the MASB and are effective for annual periods commencing on or after 1 April 2014, and have yet to be adopted by the Bank and the Group:

- MFRS 9 "Financial instruments - Classifications and measurement of financial assets and financial liabilities" (effective 1 January 2015)
- Amendment to MFRS 132 "Offsetting Financial Assets and Financial Liabilities" (effective 1 January 2014)
- Amendment to MFRS 10, 12 & 127 "Investment entities" (effective 1 January 2014)

A1 Basis of Preparation (contd.)

The preparation of unaudited condensed interim financial statements in conformity with the Malaysian Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of 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 2013 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 2013.

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 2013.

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 2013.

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 2013.

A7 Dividend Paid

a) Ordinary shares

A final dividend of 37.4 sen, less 25% taxation on 596,517,043 ordinary shares amounting to approximately RM167,323,000 (gross dividend: RM223,097,000) in respect of the financial year ended 31 March 2013, was paid on 9 July 2013.

A first interim dividend of 28.2 sen, less 25% taxation on 596,517,043 ordinary shares amounting to approximately RM126,163,000 (gross dividend: RM168,218,000) in respect of the financial year ending 31 March 2014, was paid on 27 November 2013.

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 2014, was paid on 27 November 2013.

A8 Significant Events

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

On 16 August 2013, Alliance Financial Group Berhad, the holding company of the Bank 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 ESS:

- (i) 14,921,500 share options under the Share Option at an option price of RM5.36 per share which will be vested subject to the achievement of performance conditions.
- (ii) 1,290,300 share grants under Share Grant Plan. The first 33.3% of the share grants are to be vested at the end of the first year; the second 33.3% are to be vested at the end of the second year; and the remaining 33.4% of the share grants are to be vested at the end of third 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 ESS. Under the MFRS2 Share-based Payment, the compensation expense relating to the share scheme is recognised in profit or loss over the vesting periods of the grants with a corresponding increase in equity.

(b) Disposal of 70% Equity Interest in Alliance Investment Management Berhad ("AIMB")

The disposal of the 70% equity interest in AIMB by the Bank had been completed. AIMB ceased to be a subsidiary of the Bank with effect from 15 April 2013.

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

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

A10 Related Party Transactions

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

A11 Proposed Dividends

No dividend has been proposed or declared for the 3rd quarter ended 31 December 2013.

ALLIANCE BANK MALAYSIA BERHAD

(88103-W)

(Incorporated in Malaysia)

A12 Material Litigation

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 RM115.5 million (of which the Bank's exposure will be approximately RM32 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 has filed an appeal against the said decision. The High Court on 24 June 2009 granted the agent bank a stay of execution of the judgment pending disposal of its appeal at the Court of Appeal.

Prior to the hearing at the Court of Appeal, the advice from the agent bank's solicitors is that there is a better than even chance of succeeding in the said appeal.

On 27 September 2013, the Court of Appeal allowed the agent bank's appeal with costs of RM120,000.

The corporate borrower has since filed an application for leave to appeal to the Federal Court against the decision of the Court of Appeal. On 29 January 2014, the Federal Court dismissed the corporate borrower's leave motion with costs of RM30,000.

With the decision of the Federal Court, the case has come to an end in favour of the syndicate of lenders.

ALLIANCE BANK MALAYSIA BERHAD
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A13 Balances Due From Clients And Brokers

	<u>GROUP</u>	
	31 December 2013 RM'000	31 March 2013 RM'000
Due from clients	52,777	34,205
Due from brokers	1,738	17,132
	54,515	51,337
Less:		
Allowance for other losses	(1,213)	(1,215)
	53,302	50,122

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

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

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

	<u>GROUP</u>	
	31 December 2013 RM'000	31 March 2013 RM'000
Classified as doubtful	53	58
Classified as bad	1,372	1,290
	1,425	1,348

The movements in allowance for other losses are as follows:

At beginning of year	1,215	1,196
(Write-back)/allowance made during the period/year (net)	(2)	19
At end of period/year	1,213	1,215

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A14 Financial Assets Held-for-trading

	<u>BANK</u>		<u>GROUP</u>	
	31 December	31 March	31 December	31 March
	2013	2013	2013	2013
	RM'000	RM'000	RM'000	RM'000
At fair value				
<u>Money market instruments:</u>				
Bank Negara Malaysia bills	-	1,265,298	19,979	1,519,930
Total financial assets held-for-trading	-	1,265,298	19,979	1,519,930

A15 Financial Investments Available-for-sale

	<u>BANK</u>		<u>GROUP</u>	
	31 December	31 March	31 December	31 March
	2013	2013	2013	2013
	RM'000	RM'000	RM'000	RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government securities	2,790,214	971,385	3,240,385	1,265,606
Malaysian Government investment certificates	1,807,949	1,690,067	2,697,240	2,336,784
Negotiable instruments of deposits	942,200	1,801,738	1,268,244	1,676,828
Bankers' acceptances	8,478	1,669,269	273,939	2,113,749
Khazanah bonds	187,237	-	187,237	-
<u>Quoted securities in Malaysia:</u>				
Shares	10	9	10	9
<u>Unquoted securities:</u>				
Shares	114,383	99,463	155,373	137,383
Debt securities and medium term notes	2,313,355	2,196,075	2,889,716	2,832,091
Total financial investments available-for-sale	8,163,826	8,428,006	10,712,144	10,362,450

A16 Financial Investments Held-to-maturity

	<u>BANK</u>		<u>GROUP</u>	
	31 December	31 March	31 December	31 March
	2013	2013	2013	2013
	RM'000	RM'000	RM'000	RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government securities	582,009	101,256	705,771	152,497
Malaysian Government investment certificates	-	-	434,309	438,766
Khazanah bonds	129,559	-	175,966	-
<u>Unquoted securities:</u>				
Debt securities	7,416	11,692	41,919	46,217
	718,984	112,948	1,357,965	637,480
Accumulated impairment	(7,071)	(11,231)	(36,272)	(40,531)
Total financial investments held-to-maturity	711,913	101,717	1,321,693	596,949

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A17 Loans, Advances and Financing

	<u>BANK</u>		<u>GROUP</u>	
	31 December	31 March	31 December	31 March
	2013	2013	2013	2013
	RM'000	RM'000	RM'000	RM'000
Overdrafts	1,639,769	1,711,309	1,864,188	1,902,717
Term loans/financing				
- Housing loans/financing	9,877,321	8,918,988	12,122,619	10,980,836
- Syndicated term loans/financing	418,284	446,852	479,520	454,866
- Hire purchase receivables	836,199	583,118	1,139,967	820,934
- Other term loans/financing	7,875,913	6,888,893	9,373,497	8,511,897
Bills receivables	270,464	262,951	271,107	263,450
Trust receipts	138,925	155,090	157,447	176,776
Claims on customers under acceptance credits	1,757,609	1,797,526	2,221,011	2,262,586
Staff loans [including loans to Directors of a subsidiary of RM195,000 (31.03.13: RM219,000)]	18,954	23,984	42,001	50,120
Credit/charge card receivables	604,273	581,335	604,273	581,335
Revolving credits	818,535	1,029,328	918,825	1,197,953
Other loans	1,338,887	856,142	1,456,075	1,022,010
Gross loans, advances and financing	25,595,133	23,255,516	30,650,530	28,225,480
Add: Sales commissions and handling fees	46,686	42,873	28,546	23,935
Less: Allowance for impairment on loans, advances and financing				
- Individual assessment allowance	(67,502)	(95,282)	(100,371)	(128,471)
- Collective assessment allowance	(281,202)	(295,834)	(327,596)	(349,203)
Total net loans, advances and financing	25,293,115	22,907,273	30,251,109	27,771,741

A17a By type of customers:

	<u>BANK</u>		<u>GROUP</u>	
	31 December	31 March	31 December	31 March
	2013	2013	2013	2013
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions	392,614	403,009	463,178	473,745
Domestic business enterprises				
- Small and medium enterprises	5,304,107	4,996,623	6,179,089	5,848,657
- Others	4,525,523	4,473,204	5,221,287	5,169,563
Government and statutory bodies	9,950	10,905	9,950	10,905
Individuals	14,438,149	12,478,558	17,731,888	15,714,244
Other domestic entities	237,913	248,195	238,025	248,380
Foreign entities	686,877	645,022	807,113	759,986
Gross loans, advances and financing	25,595,133	23,255,516	30,650,530	28,225,480

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A17 Loans, Advances and Financing (contd.)

A17b By interest/profit rate sensitivity:

	BANK		GROUP	
	31 December	31 March	31 December	31 March
	2013	2013	2013	2013
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Housing loans/financing	13,565	16,506	73,175	83,318
- Hire purchase receivables	836,200	583,118	1,139,968	820,934
- Other fixed rate loans/financing	1,322,396	948,731	2,055,665	1,843,089
Variable rate				
- Base lending rate plus	18,464,051	16,517,591	21,720,506	19,556,732
- Cost plus	4,716,978	4,964,962	5,404,345	5,668,573
- Other variable rates	241,943	224,608	256,871	252,834
Gross loans, advances and financing	25,595,133	23,255,516	30,650,530	28,225,480

A17c By economic purposes:

	BANK		GROUP	
	31 December	31 March	31 December	31 March
	2013	2013	2013	2013
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	1,383,225	910,565	1,500,413	1,076,433
Purchase of transport vehicles	727,879	493,059	1,038,738	737,908
Purchase of landed property	14,499,070	12,833,926	17,231,121	15,335,694
of which: - Residential	10,658,853	9,610,629	12,846,086	11,609,873
- Non-residential	3,840,217	3,223,297	4,385,035	3,725,821
Purchase of fixed assets excluding land & buildings	154,189	130,153	154,788	130,994
Personal use	1,192,624	1,010,044	1,998,219	1,952,851
Credit card	604,273	581,335	604,273	581,335
Construction	381,426	286,674	395,064	296,431
Mergers and acquisition	369,206	369,164	369,307	369,164
Working capital	4,948,190	5,374,053	5,803,364	6,266,473
Others	1,335,051	1,266,543	1,555,243	1,478,197
Gross loans, advances and financing	25,595,133	23,255,516	30,650,530	28,225,480

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A17 Loans, Advances and Financing (contd.)**A17d** By geographical distribution:

	BANK		GROUP	
	31 December	31 March	31 December	31 March
	2013	2013	2013	2013
	RM'000	RM'000	RM'000	RM'000
Northern region	1,705,344	1,626,756	1,980,818	1,884,397
Central region	19,426,997	17,613,423	23,191,589	21,463,279
Southern region	2,365,477	1,981,896	2,980,221	2,492,437
Sabah region	1,749,754	1,714,347	2,086,542	2,011,188
Sarawak region	347,561	319,094	411,360	374,179
Gross loans, advances and financing	25,595,133	23,255,516	30,650,530	28,225,480

A17e By residual contractual maturity:

	BANK		GROUP	
	31 December	31 March	31 December	31 March
	2013	2013	2013	2013
	RM'000	RM'000	RM'000	RM'000
Within one year	6,954,534	6,775,321	7,922,226	7,839,679
One year to three years	599,103	600,314	829,880	776,896
Three years to five years	1,539,139	971,161	1,823,696	1,318,636
Over five years	16,502,357	14,908,720	20,074,728	18,290,269
Gross loans, advances and financing	25,595,133	23,255,516	30,650,530	28,225,480

A17f Movements in impaired loans, advances and financing ("impaired loans")

	BANK		GROUP	
	31 December	31 March	31 December	31 March
	2013	2013	2013	2013
	RM'000	RM'000	RM'000	RM'000
At beginning of year	472,533	535,912	579,233	629,236
Impaired during the period/year	306,000	388,936	415,049	524,030
Reclassified as non-impaired during the period/year	(208,844)	(249,057)	(269,295)	(315,366)
Recoveries	(157,410)	(125,830)	(185,975)	(156,795)
Amount written-off	(53,084)	(77,428)	(69,979)	(101,872)
At end of period/year	359,195	472,533	469,033	579,233
Individual allowance for impairment	(67,502)	(95,282)	(100,371)	(128,471)
Collective allowance for impairment (impaired portion)	(101,722)	(111,902)	(116,055)	(128,050)
Net impaired loans, advances and financing	189,971	265,349	252,607	322,712
Gross impaired loans as a percentage of gross loans, advances and financing	1.4%	2.0%	1.5%	2.1%

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A17 Loans, Advances and Financing (contd.)

A17g Impaired loans by economic purposes:

	BANK		GROUP	
	31 December	31 March	31 December	31 March
	2013	2013	2013	2013
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	3,721	3,741	5,072	5,092
Purchase of transport vehicles	5,199	2,011	9,029	5,611
Purchase of landed property	217,627	238,687	263,466	282,371
of which: - Residential	193,500	186,289	226,873	213,718
- Non-residential	24,127	52,398	36,593	68,653
Purchase of fixed assets				
excluding land & buildings	99	204	99	204
Personal use	23,387	20,176	34,734	32,089
Credit card	9,168	9,107	9,168	9,107
Construction	7,278	11,330	7,278	11,330
Working capital	69,940	157,559	104,781	197,330
Others	22,776	29,718	35,406	36,099
Gross impaired loans	359,195	472,533	469,033	579,233

A17h Impaired loans by geographical distribution:

	BANK		GROUP	
	31 December	31 March	31 December	31 March
	2013	2013	2013	2013
	RM'000	RM'000	RM'000	RM'000
Northern region	53,098	86,889	69,178	112,029
Central region	244,466	307,875	329,513	379,755
Southern region	28,903	33,245	34,888	40,911
Sabah region	30,149	41,882	32,623	43,154
Sarawak region	2,579	2,642	2,831	3,384
Gross impaired loans	359,195	472,533	469,033	579,233

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A17 Loans, Advances and Financing (contd.)

A17i Movements in the allowance for impairment on loans, advances and financing are as follows:

	<u>BANK</u>		<u>GROUP</u>	
	31 December	31 March	31 December	31 March
	2013	2013	2013	2013
	RM'000	RM'000	RM'000	RM'000
Individual assessment allowance				
At beginning of year	95,282	132,263	128,471	157,966
Allowance made during the period/year (net)	1,291	12,237	5,140	19,674
Amount written-off	(26,680)	(47,639)	(29,764)	(47,649)
Transfers to collective assessment allowance	(2,391)	(1,579)	(3,476)	(1,520)
At end of period/year	67,502	95,282	100,371	128,471

	<u>BANK</u>		<u>GROUP</u>	
	31 December	31 March	31 December	31 March
	2013	2013	2013	2013
	RM'000	RM'000	RM'000	RM'000
Collective assessment allowance				
At beginning of year	295,834	332,345	349,203	393,872
Allowance made/(write-back) during the period/year (net)	9,381	(8,301)	15,132	8,034
Amount written-off	(26,404)	(29,789)	(40,215)	(54,223)
Transfers from individual assessment allowance	2,391	1,579	3,476	1,520
At end of period/year	281,202	295,834	327,596	349,203

A18 Other Assets

	<u>BANK</u>		<u>GROUP</u>	
	31 December	31 March	31 December	31 March
	2013	2013	2013	2013
	RM'000	RM'000	RM'000	RM'000
Other receivables, deposits and prepayment	93,771	94,030	95,899	99,139
Trade receivables	-	-	-	1
Amount due from subsidiaries	1,776	819	-	-
Amount due from holding company	-	122	-	122
	95,547	94,971	95,899	99,262
Less:				
Allowance for other losses	(19,335)	(16,955)	(26,661)	(23,760)
	76,212	78,016	69,238	75,502

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A19 Non-current Assets/Liabilities Directly Associated with Non-current Assets and Subsidiary Held for Sale

(a) Subsidiary held for sale

	<u>BANK</u>		<u>GROUP</u>	
	31 December	31 March	31 December	31 March
	2013	2013	2013	2013
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Cash and short-term funds	-	-	-	12,486
Deposits and placements with banks and other financial institutions	-	-	-	7,069
Other assets	-	-	-	12,802
Tax recoverable	-	-	-	338
Investments in subsidiaries	-	8,844	-	-
Property, plant and equipment	-	-	-	8
Deferred tax assets	-	-	-	301
Computer software	-	-	-	68
	<hr/>	<hr/>	<hr/>	<hr/>
Goodwill	-	-	-	2,107
Total Assets of subsidiary held for sale	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	-	8,844	-	35,179
LIABILITIES				
Other liabilities	-	-	-	19,291
Total liabilities of subsidiary held for sale	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	-	-	-	19,291

The disposal of the 70% equity interest in AIMB by the Bank had been completed. AIMB ceased to be a subsidiary of the Bank with effect from 15 April 2013.

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A20 Deposits from Customers

	<u>BANK</u>		<u>GROUP</u>	
	31 December	31 March	31 December	31 March
	2013	2013	2013	2013
	RM'000	RM'000	RM'000	RM'000
A20a By type of deposits:				
Demand deposits	9,194,823	8,776,633	11,166,893	10,386,444
Savings deposits	1,436,018	1,413,147	1,737,413	1,712,779
Fixed/investment deposits	14,517,308	14,702,976	17,653,748	17,125,909
Money market deposits	2,519,458	3,324,683	3,477,090	4,681,008
Negotiable instruments of deposits	2,387,815	1,754,640	2,437,879	1,973,601
Structured deposits [Note]	232,007	144,558	232,007	144,558
	30,287,429	30,116,637	36,705,030	36,024,299

Note

- (a) Structured deposits represent foreign currency time deposits with embedded foreign exchange, gold commodity linked options and interest rate index linked placements.
- (b) The Bank and the Group has undertaken a fair value hedge on the interest rate risk of the structured deposits amounting to RM217,318,000 (31.03.13: RM105,804,000) using interest rate swaps.

	<u>BANK</u>		<u>GROUP</u>	
	31 December	31 March	31 December	31 March
	2013	2013	2013	2012
	RM'000	RM'000	RM'000	RM'000
Structured deposits	217,318	105,804	217,318	105,804
Fair value changes arising from fair value hedges	(5,911)	(1,748)	(5,911)	(1,748)
	211,407	104,056	211,407	104,056

The fair value loss of the interest rate swap in this hedge transaction as at financial period ended 31 December 2013 is RM5,911,000 (31.03.13: RM1,748,000).

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A20 Deposits from Customers (contd.)

A20b By type of customers:

	<u>BANK</u>		<u>GROUP</u>	
	31 December	31 March	31 December	31 March
	2013	2013	2013	2013
	RM'000	RM'000	RM'000	RM'000
Domestic financial institutions	2,390,416	1,758,367	2,440,480	2,402,307
Government and statutory bodies	1,008,667	1,136,760	2,356,568	1,474,286
Business enterprises	9,988,960	10,712,081	12,106,188	12,934,165
Individuals	15,360,927	14,877,194	16,642,668	16,205,037
Others	1,538,459	1,632,235	3,159,126	3,008,504
	<u>30,287,429</u>	<u>30,116,637</u>	<u>36,705,030</u>	<u>36,024,299</u>

A20c The maturity structure of fixed deposits, money market deposits and negotiable instruments of deposit are as follows:

	<u>BANK</u>		<u>GROUP</u>	
	31 December	31 March	31 December	31 March
	2013	2013	2013	2013
	RM'000	RM'000	RM'000	RM'000
Due within six months	15,289,718	15,821,917	18,924,871	19,182,840
Six months to one year	4,066,350	3,897,854	4,574,180	4,468,776
One year to three years	58,581	47,643	59,722	112,328
Three years to five years	9,932	14,885	9,944	16,574
	<u>19,424,581</u>	<u>19,782,299</u>	<u>23,568,717</u>	<u>23,780,518</u>

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A21 Deposits and Placements of Banks and Other Financial Institutions

	<u>BANK</u>		<u>GROUP</u>	
	31 December	31 March	31 December	31 March
	2013	2013	2013	2013
	RM'000	RM'000	RM'000	RM'000
Licensed banks	2,505,248	590,161	3,243,656	790,228
Licensed Investment banks	100,008	150,837	172,014	425,940
Licensed Islamic banks	-	-	50,004	150,342
Bank Negara Malaysia	426,231	569,111	497,024	643,486
Other financial institutions	130,793	-	130,793	-
	<u>3,162,280</u>	<u>1,310,109</u>	<u>4,093,491</u>	<u>2,009,996</u>

A22 Balances Due To Clients And Brokers

	<u>GROUP</u>	
	31 December	31 March
	2013	2013
	RM'000	RM'000
Due to clients	<u>29,857</u>	<u>30,852</u>
	<u>29,857</u>	<u>30,852</u>

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

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

Following the issuance of FRSIC Consensus 18, the Group no longer recognises trust monies balances in the statement of financial position, as the Group does not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies. The trust monies maintained by the Group amounting to RM56,389,000 (31.3.13: RM63,290,000) have been excluded accordingly.

A23 Other Liabilities

	<u>BANK</u>		<u>GROUP</u>	
	31 December	31 March	31 December	31 March
	2013	2013	2013	2013
	RM'000	RM'000	RM'000	RM'000
Other payable and accruals	662,960	736,927	827,810	801,004
Remisier's accounts	-	-	21,086	21,108
Amount due to subsidiary company	31,163	14,032	-	-
Amount due to holding company	257	-	293	47
	<u>694,380</u>	<u>750,959</u>	<u>849,189</u>	<u>822,159</u>

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A24 Interest Income

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
Loans, advances and financing	298,924	245,830	852,899	734,984
Money at call and deposit placements with financial institutions	1,484	2,289	9,674	9,196
Financial assets held-for-trading	-	321	906	2,489
Financial investments available-for-sale	76,407	60,429	207,537	169,485
Financial investments held-to-maturity	5,101	1,135	10,364	4,454
Others	1,127	422	1,958	1,199
	383,043	310,426	1,083,338	921,807
Accretion of discount less amortisation of premium	13,025	25,887	53,987	92,924
	396,068	336,313	1,137,325	1,014,731
<u>GROUP</u>				
Loans, advances and financing	305,762	255,070	876,212	763,160
Money at call and deposit placements with financial institutions	726	1,724	6,487	6,345
Financial assets held-for-trading	-	321	906	2,489
Financial investments available-for-sale	82,511	63,855	223,013	181,372
Financial investments held-to-maturity	6,241	1,751	13,172	10,806
Others	1,127	424	1,959	1,201
	396,367	323,145	1,121,749	965,373
Accretion of discount less amortisation of premium	15,111	32,053	61,113	103,105
	411,478	355,198	1,182,862	1,068,478

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A25 Interest Expense

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
Deposits and placements of banks and other financial institutions	12,942	12,423	30,497	31,452
Deposits from customers	176,563	145,506	513,930	438,125
Subordinated obligations	7,385	7,379	22,145	22,126
Others	2,815	964	6,235	2,837
	<u>199,705</u>	<u>166,272</u>	<u>572,807</u>	<u>494,540</u>
<u>GROUP</u>				
Deposits and placements of banks and other financial institutions	18,132	17,214	44,344	44,607
Deposits from customers	183,471	151,851	534,527	457,089
Subordinated obligations	7,385	7,379	22,145	22,126
Others	2,815	1,000	6,235	2,939
	<u>211,803</u>	<u>177,444</u>	<u>607,251</u>	<u>526,761</u>

A26 Net Income from Islamic Banking Business

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<u>GROUP</u>				
Income derived from investment of depositors' funds and others	77,669	81,937	226,997	248,446
Income derived from investment of Islamic Banking funds	7,968	8,526	23,872	25,582
Income attributable to depositors and financial institutions	(40,392)	(37,390)	(114,849)	(111,710)
	<u>45,245</u>	<u>53,073</u>	<u>136,020</u>	<u>162,318</u>
Add: Income due to head office eliminated at Group level	7,496	7,390	22,330	22,556
	<u>52,741</u>	<u>60,463</u>	<u>158,350</u>	<u>184,874</u>

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A27 Other Operating Income

<u>BANK</u>	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
(a) <u>Fee income:</u>				
Commissions	17,912	20,575	61,008	55,963
Service charges and fees	7,953	7,750	22,579	22,154
Guarantee fees	3,469	2,665	8,414	6,873
Processing fees	2,737	3,443	7,799	4,856
Commitment fees	3,715	3,706	11,005	11,086
Other fee income	4,305	2,741	40,840	9,781
	40,091	40,880	151,645	110,713
(b) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	-	405	(863)	271
- Financial investments available-for-sale	3,619	8,334	18,066	33,891
- Financial investments held-to-maturity	567	3,486	3,564	4,973
Marked-to-market revaluation of:				
- Financial assets held-for-trading	-	45	(104)	(32)
- Derivative instruments	2,019	(6,940)	2,378	5,513
Realised gain on revaluation of derivative instruments	14,387	16,688	30,773	30,710
Gross dividend income from:				
- Financial investments available-for-sale	150	616	4,016	2,973
- Subsidiaries	38,020	11,826	38,020	74,648
	58,762	34,460	95,850	152,947
(c) <u>Other income:</u>				
Foreign exchange gain	2,580	5,917	24,224	11,345
Rental income	98	160	296	300
Gain/(loss) on disposal of property, plant and equipment	223	-	224	(48)
Gain on disposal of non current asset held-for-sale	-	-	-	7,556
Gain from disposal of a subsidiary	-	-	3,361	-
Others	5,014	3,967	13,617	13,207
	7,915	10,044	41,722	32,360
Total other operating income	106,768	85,384	289,217	296,020

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A27 Other Operating Income (contd.)

GROUP	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
(a) <u>Fee income:</u>				
Commissions	17,912	20,600	60,458	55,942
Service charges and fees	8,126	8,055	23,191	23,261
Portfolio management fees	9	1,640	26	5,044
Corporate advisory fees	58	642	1,313	3,899
Brokerage fees	3,655	2,442	12,053	7,851
Guarantee fees	3,469	2,779	8,683	6,987
Processing fees	3,782	3,732	11,578	5,693
Commitment fees	3,721	3,724	11,023	11,104
Underwriting commissions	511	13	913	705
Other fee income	4,317	2,723	40,870	9,766
	45,560	46,350	170,108	130,252
(b) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	-	405	(863)	271
- Financial investments available-for-sale	4,456	9,574	20,953	41,121
- Financial investments held-to-maturity	567	3,485	3,742	5,884
Marked-to-market revaluation of:				
- Financial assets held-for-trading	(6)	38	(118)	(32)
- Derivative instruments	2,019	(6,940)	2,378	5,513
Realised gain on revaluation of derivative instruments	14,387	16,688	30,773	30,710
Gross dividend income from:				
- Financial investments available-for-sale	240	1,067	4,516	3,709
	21,663	24,317	61,381	87,176
(c) <u>Other income :</u>				
Foreign exchange gain	2,642	5,971	24,403	11,546
Gain/(loss) on disposal of property, plant and equipment	223	-	226	(136)
Gain on disposal of non current asset held-for-sale	-	-	-	7,556
Gain from disposal of a subsidiary	-	-	1,169	-
Others	5,159	4,143	14,200	13,715
	8,024	10,114	39,998	32,681
Total other operating income	75,247	80,781	271,487	250,109

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A28 Other Operating Expenses

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
Personnel costs				
- Salaries, allowances and bonuses	52,453	54,465	156,668	171,631
- Contribution to EPF	9,018	8,762	26,952	27,631
- Share options/grants under ESS	2,702	1,950	7,029	5,772
- Others	3,712	5,475	36,940	16,289
	<u>67,885</u>	<u>70,652</u>	<u>227,589</u>	<u>221,323</u>
Establishment costs				
- Depreciation of property, plant and equipment	4,895	6,103	15,758	19,596
- Amortisation of computer software	4,550	4,893	14,813	14,499
- Rental of premises	5,404	5,309	16,199	15,786
- Water and electricity	1,430	1,354	4,094	3,826
- Repairs and maintenance	1,971	1,931	6,076	5,673
- Information technology expenses	8,148	7,238	25,295	23,501
- Others	1,584	1,544	3,113	291
	<u>27,982</u>	<u>28,372</u>	<u>85,348</u>	<u>83,172</u>
Marketing expenses				
- Promotion and advertisement	1,436	1,489	2,843	5,228
- Branding and publicity	2,548	1,117	5,262	3,376
- Others	1,455	959	3,343	2,993
	<u>5,439</u>	<u>3,565</u>	<u>11,448</u>	<u>11,597</u>
Administration and general expenses				
- Communication expenses	2,205	2,437	6,312	7,246
- Printing and stationery	749	493	2,401	1,913
- Insurance	2,100	1,714	6,039	5,226
- Professional fees	2,608	3,070	11,291	7,118
- Others	2,400	2,200	8,015	7,106
	<u>10,062</u>	<u>9,914</u>	<u>34,058</u>	<u>28,609</u>
Total other operating expenses	<u>111,368</u>	<u>112,503</u>	<u>358,443</u>	<u>344,701</u>

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A28 Other Operating Expenses (contd.)

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
GROUP				
Personnel costs				
- Salaries, allowances and bonuses	70,922	76,292	213,932	238,186
- Contribution to EPF	12,078	12,216	36,420	38,169
- Share options/grants under ESS	2,929	2,028	7,675	6,079
- Others	5,649	8,302	42,498	23,455
	91,578	98,838	300,525	305,889
Establishment costs				
- Depreciation of property, plant and equipment	5,056	6,301	16,184	20,100
- Amortisation of computer software	4,607	4,949	15,006	14,685
- Rental of premises	6,930	7,108	21,039	21,503
- Water and electricity	1,851	2,393	5,520	5,333
- Repairs and maintenance	2,511	2,642	7,949	7,724
- Information technology expenses	9,762	9,755	31,482	31,667
- Others	3,771	3,936	10,348	9,026
	34,488	37,084	107,528	110,038
Marketing expenses				
- Promotion and advertisement	1,837	1,653	4,729	6,513
- Branding and publicity	2,626	1,050	5,448	3,312
- Others	1,281	1,306	3,824	3,941
	5,744	4,009	14,001	13,766
Administration and general expenses				
- Communication expenses	2,909	3,421	8,663	9,727
- Printing and stationery	920	718	2,966	2,636
- Insurance	2,228	1,927	6,446	5,967
- Professional fees	3,509	3,776	14,012	9,855
- Others	1,852	1,922	6,815	7,986
	11,418	11,764	38,902	36,171
Total other operating expenses	143,228	151,695	460,956	465,864

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A29 Allowance for/(Write-back of) Losses on Loans, Advances and Financing and Other Losses

	3rd Quarter Ended		Nine Months Ended	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
Allowance for/(write-back of) impaired loans and financing:				
(a) Individual assessment allowance				
- made during the period (net)	1,426	4,347	1,291	9,753
(b) Collective assessment allowance				
- made/(write-back) during the period (net)	6,075	(1,890)	9,381	(9,946)
(c) Bad debts on loans and financing				
- Recovered	(6,775)	(18,917)	(27,220)	(52,739)
- Written-off	2,578	3,116	13,360	11,058
	3,304	(13,344)	(3,188)	(41,874)
Allowance for other assets	680	1,235	2,380	3,689
	3,984	(12,109)	(808)	(38,185)
<u>GROUP</u>				
Allowance for/(write-back of) impaired loans and financing:				
(a) Individual assessment allowance				
- made during the period (net)	2,071	3,200	5,140	12,697
(b) Collective assessment allowance				
- made during the period (net)	8,550	3,354	15,132	3,513
(c) Bad debts on loans and financing				
- Recovered	(12,279)	(25,610)	(37,769)	(65,507)
- Written-off	4,347	4,916	19,201	16,519
	2,689	(14,140)	1,704	(32,778)
Write-back of commitments and contingencies	-	(91)	-	(196)
Allowance for other assets	733	1,330	2,900	3,996
	3,422	(12,901)	4,604	(28,978)

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A30 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
<u>Bank</u>				
31 December 2013				
<u>Credit-related exposures</u>				
Direct credit substitutes	329,083	-	329,083	329,083
Transaction-related contingent items	553,541	-	276,771	276,771
Short-term self-liquidating trade-related contingencies	110,537	-	22,107	22,107
Irrevocable commitments to extend credit:				
- maturity exceeding one year	4,744,266	-	2,372,133	1,883,959
- maturity not exceeding one year	5,420,880	-	1,084,176	978,158
unutilised credit card lines	1,380,146	-	276,029	217,744
	<u>12,538,453</u>	<u>-</u>	<u>4,360,299</u>	<u>3,707,822</u>
<u>Derivative financial instruments</u>				
<u>Foreign exchange related contracts:</u>				
- less than one year	4,502,798	44,760	101,146	38,649
- more than 3 years	31,515	-	4,727	945
<u>Interest rate related contracts:</u>				
- one year or less	350,000	261	836	167
- over one year to three years	1,635,000	4,506	21,357	4,271
- over three years	594,636	1,446	27,319	16,642
<u>Equity related contracts</u>				
- one year or less	17,887	52	1,359	830
- over one year to three years	54,032	360	4,798	3,040
	<u>7,185,868</u>	<u>51,385</u>	<u>161,542</u>	<u>64,544</u>
	<u>19,724,321</u>	<u>51,385</u>	<u>4,521,841</u>	<u>3,772,366</u>

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A30 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
<u>Group</u>				
31 December 2013				
<u>Credit-related exposures</u>				
Direct credit substitutes	376,073	-	376,073	376,073
Transaction-related contingent items	584,668	-	292,334	292,334
Short-term self-liquidating trade-related contingencies	141,072	-	28,214	28,214
Irrevocable commitments to extend credit:				
- maturity exceeding one year	5,335,905	-	2,667,953	2,120,555
- maturity not exceeding one year	6,413,207	-	1,282,641	1,107,018
unutilised credit card lines	1,380,146	-	276,029	217,744
	<u>14,231,071</u>	<u>-</u>	<u>4,923,244</u>	<u>4,141,938</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	4,502,798	44,760	101,146	38,649
- more than 3 years	31,515	-	4,727	945
Interest rate related contracts:				
- one year or less	350,000	261	836	167
- over one year to three years	1,635,000	4,506	21,357	4,271
- over three years	594,636	1,446	27,319	16,642
Equity related contracts				
- one year or less	17,887	52	1,359	830
- over one year to three years	54,032	360	4,798	3,040
	<u>7,185,868</u>	<u>51,385</u>	<u>161,542</u>	<u>64,544</u>
	<u>21,416,939</u>	<u>51,385</u>	<u>5,084,786</u>	<u>4,206,482</u>

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A30 Commitments and Contingencies

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
<u>Bank</u>				
31 March 2013				
<u>Credit-related exposures</u>				
Direct credit substitutes	338,044	-	338,044	338,044
Transaction-related contingent items	546,968	-	273,484	273,484
Short-term self-liquidating trade-related contingencies	114,653	-	22,931	22,931
Irrevocable commitments to extend credit:				
- maturity exceeding one year	4,334,151	-	2,167,075	1,739,319
- maturity not exceeding one year	4,370,367	-	874,073	792,789
unutilised credit card lines	1,388,811	-	277,762	217,673
	<u>11,092,994</u>	<u>-</u>	<u>3,953,369</u>	<u>3,384,240</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	3,938,112	14,407	58,978	28,489
Interest rate related contracts:				
- one year or less	1,060,000	640	2,374	475
- over one year to three years	775,000	2,521	15,521	3,104
- over three years	421,608	1,933	20,560	9,719
Equity related contracts:				
- over one year to three year	54,032	291	4,817	2,697
	<u>6,248,752</u>	<u>19,792</u>	<u>102,250</u>	<u>44,484</u>
	<u>17,341,746</u>	<u>19,792</u>	<u>4,055,619</u>	<u>3,428,724</u>
<u>Group</u>				
31 March 2013				
<u>Credit-related exposures</u>				
Direct credit substitutes	387,122	-	387,122	387,122
Transaction-related contingent items	585,435	-	292,717	292,717
Short-term self-liquidating trade-related contingencies	140,311	-	28,062	28,062
Irrevocable commitments to extend credit:				
- maturity exceeding one year	5,027,371	-	2,513,685	2,010,313
- maturity not exceeding one year	5,301,405	-	1,060,281	909,385
unutilised credit card lines	1,388,811	-	277,762	217,673
	<u>12,830,455</u>	<u>-</u>	<u>4,559,629</u>	<u>3,845,272</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	3,938,112	14,407	58,978	28,489
Interest rate related contracts:				
- one year or less	1,060,000	640	2,374	475
- over one year to three years	775,000	2,521	15,521	3,104
- over three years	421,608	1,933	20,560	9,719
Equity related contracts:				
- over one year to three year	54,032	291	4,817	2,697
	<u>6,248,752</u>	<u>19,792</u>	<u>102,250</u>	<u>44,484</u>
	<u>19,079,207</u>	<u>19,792</u>	<u>4,661,879</u>	<u>3,889,756</u>

A31 Derivative Financial Assets/(Liabilities)

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

BANK/GROUP	As at 31 December 2013			As at 31 March 2013		
	Principal RM'000	Fair value Assets RM'000	Liabilities RM'000	Principal RM'000	Fair value Assets RM'000	Liabilities RM'000
Foreign exchange and commodity contracts						
Currency forwards						
- one year or less	624,260	8,491	(3,147)	766,579	2,571	(4,572)
Currency swaps						
- one year or less	3,726,868	32,401	(33,199)	2,972,174	11,465	(5,918)
- more than 3 years	31,515	-	(1,420)			
Currency spots						
- less than one year	121,384	214	(248)	119,254	162	(152)
Currency options						
- one year or less	22,633	86	(61)	80,105	209	(105)
DCI Gold						
- one year or less	7,653	3,568	(3,644)	-	-	-
	4,534,313	44,760	(41,719)	3,938,112	14,407	(10,747)
Interest rate derivatives						
Interest rate swap	2,145,000	6,213	(1,579)	2,045,000	5,094	(3,084)
- one year or less	350,000	261	(96)	1,060,000	640	(753)
- over one year to three years	1,635,000	4,506	(249)	775,000	2,521	(892)
- over three years	160,000	1,446	(1,234)	210,000	1,933	(1,439)
Equity related derivatives						
- one year or less	17,887	52	(52)	-	-	-
- over one year to three years	54,032	360	(360)	54,032	291	(291)
Hedging Derivatives						
Interest rate swap						
- over three years	434,636	-	(5,911)	211,608	-	(1,748)
Total derivatives assets/(liabilities)	7,185,868	51,385	(49,621)	6,248,752	19,792	(15,870)

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 2013.

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.

A31 Derivative Financial Assets/(Liabilities) (Contd.)

Spots

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

Options

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

Related accounting policies

Derivative financial instruments are initially recognised at fair value, which is normally zero or negligible at inception except for options and subsequently re-measured at their fair value. The fair value of options at inception is normally equivalent to the premium received (for options written) or paid (for options purchased). All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value are recognised in the statement of comprehensive income.

Interest income and expenses associated with interest rate swaps are recognised over the life of the swap agreement as a component of interest income or interest expense.

A32 Segment Information

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

The Group is organised into the following key operating segments:

(i) Consumer Banking

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

(ii) Business Banking

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

(iii) Financial Markets

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

(iv) Investment Banking

Investment Banking covers stockbroking activities and corporate advisory which includes initial public offering, equity fund raising, debt fund raising, mergers and acquisitions and corporate restructuring.

(v) Others

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

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A32 Segment information (contd.)

Group	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Investment Banking RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
3rd Quarter ended 31 December 2013								
Net interest income								
- External income	80,383	82,678	39,485	1,730	22	204,298	(4,623)	199,675
- inter-segment	(6,029)	8,976	(1,940)	(1,007)	-	-	-	-
	74,354	91,654	37,545	723	22	204,298	(4,623)	199,675
Net income from Islamic banking business	20,363	15,971	8,911	-	-	45,245	7,496	52,741
Other operating income	23,592	35,446	10,688	5,532	3,728	78,986	(3,739)	75,247
Net income	118,309	143,071	57,144	6,255	3,750	328,529	(866)	327,663
Other operating expenses	(62,138)	(50,353)	(11,391)	(5,439)	(6,565)	(135,886)	2,321	(133,565)
Depreciation and amortisation	(5,058)	(3,402)	(1,037)	(166)	-	(9,663)	-	(9,663)
Operating profit/(loss)	51,113	89,316	44,716	650	(2,815)	182,980	1,455	184,435
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(14,904)	11,294	151	37	-	(3,422)	-	(3,422)
Segment result	36,209	100,610	44,867	687	(2,815)	179,558	1,455	181,013
Share of results of associates								3
Taxation and zakat								(44,766)
Net profit after taxation and zakat								136,250
Segment assets	18,427,515	11,571,319	17,422,753	131,890	9,489	47,562,966	(1,702,759)	45,860,207
Reconciliation of segment assets to consolidated assets:								
Investments in associates								506
Property, plant and equipment								74,530
Unallocated assets								25,218
Intangible assets								354,512
Total assets								46,314,973
Segment Liabilities	17,720,745	14,418,461	11,022,142	57,165	8,972	43,227,485	(880,124)	42,347,361
Unallocated liabilities								5,724
Total liabilities								42,353,085

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A32 Segment information (contd.)

<u>Group</u>	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Investment Banking RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
Nine months ended 31 December 2013								
Net interest income								
- External income	227,196	228,398	125,430	5,044	118	586,186	(10,575)	575,611
- inter-segment	(34)	21,949	(18,773)	(3,142)	-	-	-	-
	<u>227,162</u>	<u>250,347</u>	<u>106,657</u>	<u>1,902</u>	<u>118</u>	<u>586,186</u>	<u>(10,575)</u>	<u>575,611</u>
Net income from Islamic banking business	64,929	47,191	23,900	-	-	136,020	22,330	158,350
Other operating income	<u>107,654</u>	<u>105,357</u>	<u>42,421</u>	<u>18,714</u>	<u>12,976</u>	<u>287,122</u>	<u>(15,635)</u>	<u>271,487</u>
Net income	399,745	402,895	172,978	20,616	13,094 *	1,009,328	(3,880)	1,005,448
Other operating expenses	(192,310)	(150,655)	(32,967)	(19,070)	(41,508)	(436,510)	6,744	(429,766)
Depreciation and amortisation	<u>(16,012)</u>	<u>(10,588)</u>	<u>(4,144)</u>	<u>(446)</u>	<u>-</u>	<u>(31,190)</u>	<u>-</u>	<u>(31,190)</u>
Operating profit/(loss)	191,423	241,652	135,867	1,100	(28,414)	541,628	2,864	544,492
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(25,714)	21,226	(89)	(27)	-	(4,604)	-	(4,604)
Write-back of impairment	-	622	280	-	-	902	-	902
Segment result	<u>165,709</u>	<u>263,500</u>	<u>136,058</u>	<u>1,073</u>	<u>(28,414)</u>	<u>537,926</u>	<u>2,864</u>	<u>540,790</u>
Share of results of associates								9
Taxation and zakat								<u>(135,782)</u>
Net profit after taxation and zakat								<u><u>405,017</u></u>
Segment assets	<u>18,427,515</u>	<u>11,571,319</u>	<u>17,422,753</u>	<u>131,890</u>	<u>9,489</u>	<u>47,562,966</u>	<u>(1,702,759)</u>	<u>45,860,207</u>
Reconciliation of segment assets to consolidated assets:								
Investments in associates								506
Property, plant and equipment								74,530
Unallocated assets								25,218
Intangible assets								<u>354,512</u>
Total assets								<u><u>46,314,973</u></u>
Segment Liabilities	<u>17,720,745</u>	<u>14,418,461</u>	<u>11,022,142</u>	<u>57,165</u>	<u>8,972</u>	<u>43,227,485</u>	<u>(880,124)</u>	<u>42,347,361</u>
Unallocated liabilities								<u>5,724</u>
Total liabilities								<u><u>42,353,085</u></u>

* Includes one-off rationalisation cost of RM22,328,000.

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A32 Segment information (contd.)

<u>Group</u> 3rd Quarter ended 31 December 2012	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Investment Banking RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
Net interest income								
- External income	48,624	75,849	53,805	2,259	4,906	185,443	(7,689)	177,754
- inter-segment	16,284	(285)	(14,368)	(1,631)	-	-	-	-
	64,908	75,564	39,437	628	4,906	185,443	(7,689)	177,754
Net income from Islamic banking business	27,195	15,809	10,067	1	-	53,072	7,391	60,463
Other operating income	23,599	39,002	24,588	3,673	2,924	93,786	(13,005)	80,781
Net income	115,702	130,375	74,092	4,302	7,830	332,301	(13,303)	318,998
Other operating expenses	(65,379)	(51,953)	(10,243)	(7,742)	(6,874)	(142,191)	1,746	(140,445)
Depreciation and amortisation	(5,299)	(4,115)	(1,777)	(49)	(10)	(11,250)	-	(11,250)
Operating profit/(loss)	45,024	74,307	62,072	(3,489)	946	178,860	(11,557)	167,303
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(22,943)	35,754	(44)	134	-	12,901	-	12,901
Segment result	22,081	110,061	62,028	(3,355)	946	191,761	(11,557)	180,204
Share of results of associates								(1,801)
Taxation and zakat								(45,673)
Net profit after taxation and zakat								132,730
Segment assets	15,819,542	12,102,696	13,620,876	189,132	46,448	41,778,694	(1,738,561)	40,040,133
Reconciliation of segment assets to consolidated assets:								
Investments in associates								23,124
Property, plant and equipment								85,014
Unallocated assets								11,850
Intangible assets								357,576
Total assets								40,517,697
Segment Liabilities	16,031,731	9,769,379	11,597,208	65,588	22,735	37,486,641	(894,916)	36,591,725
Unallocated liabilities								77,868
Total liabilities								36,669,593

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A32 Segment information (contd.)

<u>Group</u>	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Investment Banking RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
Nine months ended 31 Decemer 2012								
Net interest income								
- External income	140,397	239,332	164,198	5,455	542	549,924	(8,207)	541,717
- inter-segment	60,595	(3,034)	(53,542)	(4,019)	-	-	-	-
	200,992	236,298	110,656	1,436	542	549,924	(8,207)	541,717
Net income from Islamic banking business	82,529	46,830	32,958	1	-	162,318	22,556	184,874
Other operating income	69,414	106,487	66,488	13,901	22,642	278,932	(28,823)	250,109
Net income	352,935	389,615	210,102	15,338	23,184	991,174	(14,474)	976,700
Other operating expenses	(200,367)	(159,328)	(32,192)	(25,040)	(19,397)	(436,324)	5,245	(431,079)
Depreciation and amortisation	(16,517)	(12,713)	(5,082)	(438)	(35)	(34,785)	-	(34,785)
Operating profit	136,051	217,574	172,828	(10,140)	3,752	520,065	(9,229)	510,836
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(44,274)	73,013	116	123	-	28,978	-	28,978
Write-back of impairment	-	-	473	-	-	473	-	473
Segment result	91,777	290,587	173,417	(10,017)	3,752	549,516	(9,229)	540,287
Share of results of associates								(3,912)
Taxation and zakat								(136,314)
Net profit after taxation and zakat								400,061
Segment assets	15,819,542	12,102,696	13,620,876	189,132	46,448	41,778,694	(1,738,561)	40,040,133
Reconciliation of segment assets to consolidated assets:								
Investments in associates								23,124
Property, plant and equipment								85,014
Unallocated assets								11,850
Intangible assets								357,576
Total assets								40,517,697
Segment Liabilities	16,031,731	9,769,379	11,597,208	65,588	22,735	37,486,641	(894,916)	36,591,725
Unallocated liabilities								77,868
Total liabilities								36,669,593

A33 Capital Adequacy

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

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

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2013	31 March 2013	31 December 2013	31 March 2013
<u>Before deducting proposed dividends</u>				
CET 1 capital ratio	11.148%	12.235%	10.433%	11.221%
Tier 1 capital ratio	12.481%	13.617%	11.812%	12.657%
Total capital ratio	12.481%	13.617%	14.383%	15.369%
<u>After deducting proposed dividends</u>				
CET 1 capital ratio	11.148%	11.514%	10.433%	10.620%
Tier 1 capital ratio	12.481%	12.896%	11.812%	12.056%
Total capital ratio	12.481%	12.896%	14.383%	14.769%

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A33 Capital Adequacy (contd.)

(a) Components of Common Equity Tier 1 ("CET 1"), Tier 1 and Tier 2 capital are as follows:

	BANK		GROUP	
	31 December	31 March	31 December	31 March
	2013	2013	2013	2013
	RM'000	RM'000	RM'000	RM'000
<u>CET 1 Capital</u>				
Paid-up share capital	596,517	596,517	596,517	596,517
Share premium	201,517	201,517	201,517	201,517
Retained profits	1,572,029	1,641,549	1,686,446	1,749,256
Statutory reserves	601,561	601,561	905,438	885,744
Revaluation reserves	(3,686)	85,257	8,824	115,397
Other reserves	-	-	10,018	10,018
	2,967,938	3,126,401	3,408,760	3,558,449
Less: Regulatory adjustment				
- Goodwill and other intangibles	(240,096)	(241,961)	(354,512)	(358,275)
- Deferred tax assets	(7,268)	-	(21,473)	(11,040)
- 55% of revaluation reserve	-	(46,891)	(4,853)	(63,468)
Total CET 1 capital	2,720,574	2,837,549	3,027,922	3,125,666
<u>Tier 1 Capital</u>				
ICPS	4,000	4,000	4,000	4,000
Share premium	396,000	396,000	396,000	396,000
Less: Regulatory adjustment				
- Investment in subsidiaries and associates	(74,755)	(79,467)	-	-
Total additional Tier 1 capital	325,245	320,533	400,000	400,000
Total Tier 1 capital	3,045,819	3,158,082	3,427,922	3,525,666
<u>Tier 2 Capital</u>				
Subordinated obligations	538,815	538,495	538,815	538,495
Collective assessment allowance	179,480	183,932	211,541	221,153
Less: Regulatory adjustment				
- Investment in subsidiaries and associates	(718,295)	(722,427)	(4,126)	(4,117)
Total Tier 2 capital	-	-	746,230	755,531
Total Capital	3,045,819	3,158,082	4,174,152	4,281,197

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A33 Capital Adequacy (contd.)

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

	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
31 December 2013		
<u>Before deducting proposed dividends</u>		
CET 1 capital ratio	13.186%	96.368%
Tier 1 capital ratio	13.186%	96.368%
Total capital ratio	13.888%	96.400%
<u>After deducting proposed dividends</u>		
CET 1 capital ratio	13.186%	96.368%
Tier 1 capital ratio	13.186%	96.368%
Total capital ratio	13.888%	96.400%
31 March 2013		
<u>Before deducting proposed dividends</u>		
CET 1 capital ratio	12.927%	96.235%
Tier 1 capital ratio	12.927%	96.235%
Total capital ratio	13.718%	96.398%
<u>After deducting proposed dividends</u>		
CET 1 capital ratio	12.927%	94.956%
Tier 1 capital ratio	12.927%	94.956%
Total capital ratio	13.718%	95.119%

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

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2013 RM'000	31 March 2013 RM'000	31 December 2013 RM'000	31 March 2013 RM'000
Credit risk	22,149,836	21,056,859	26,237,664	25,175,746
Market risk	122,759	74,054	122,759	76,045
Operational risk	2,131,920	2,060,540	2,660,861	2,603,941
Total RWA and capital requirements	<u>24,404,515</u>	<u>23,191,453</u>	<u>29,021,284</u>	<u>27,855,732</u>

A34 Fair Value Of Financial Instruments

Determination of fair value and fair value hierarchy

MFRS 7 Financial Instruments: Disclosures require disclosure of financial instruments measured at fair value according to a hierarchy of valuation techniques, whether the inputs used are observable or unobservable. The following level of hierarchy are used for determining and disclosing the fair value of the financial instruments:

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

<u>BANK</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 December 2013	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial investments available-for-sale	-	8,049,433	114,393	8,163,826
Derivative financial assets	-	51,385	-	51,385
<u>Liabilities</u>				
Derivative financial liabilities	-	49,621	-	49,621
<u>GROUP</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 December 2013	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	19,979	-	19,979
Financial investments available-for-sale	-	10,556,761	155,383	10,712,144
Derivative financial assets	-	51,385	-	51,385
<u>Liabilities</u>				
Derivative financial liabilities	-	49,621	-	49,621

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A34 Fair Value Of Financial Instruments (contd.)Determination of fair value and fair value hierarchy (contd.)

<u>BANK</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 March 2013	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	1,265,298	-	1,265,298
Financial investments available-for-sale	-	8,328,534	99,472	8,428,006
Derivative financial assets	-	19,792	-	19,792
<u>Liabilities</u>				
Derivative financial liabilities	-	15,870	-	15,870
<u>GROUP</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 March 2013	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	1,519,930	-	1,519,930
Financial investments available-for-sale	-	10,225,058	137,392	10,362,450
Derivative financial assets	-	19,792	-	19,792
<u>Liabilities</u>				
Derivative financial liabilities	-	15,870	-	15,870

A34 Fair Value Of Financial Instruments (contd.)

Determination of fair value and fair value hierarchy (contd.)

Financial instruments that are valued using quoted prices in active market are classified as Level 1 of the valuation hierarchy. This includes listed equities and corporate debt securities which are actively traded.

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

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

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

Reconciliation of movements in Level 3 financial instruments:

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2013 RM'000	31 March 2013 RM'000	31 December 2013 RM'000	31 March 2013 RM'000
At beginning of year	99,472	99,676	137,392	140,669
Total gains recognised in:				
- Other comprehensive income	14,921	4,564	17,991	1,491
Disposal/redemption	-	(4,768)	-	(4,768)
At end of period/year	<u>114,393</u>	<u>99,472</u>	<u>155,383</u>	<u>137,392</u>

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PART B - Review of Performance & Current Year Prospect**B1 Review of Performance**

For the nine months period ended 31 December 2013, the Group recorded profit before taxation and zakat of RM540.8 million, an increase of RM4.4 million or 0.8% over the corresponding period ended 31 December 2012.

Net interest income grew by RM33.9 million or 6.3% while other operating income (non-interest income) increased by RM21.4 million or 8.5%. However, these were partly offset by a decline of RM26.5 million or 14.3% in Islamic Banking income and reduced bad debt recoveries by RM33.6 million.

Operating expenses were well contained, decreasing by 1.1% despite incurring staff rationalisation cost of RM22.3 million.

Gross loans grew by RM2.4 billion or 8.6% during the nine months of the financial year to RM30.7 billion, mainly led by an expansion in residential property loans, purchase of securities and hire purchase loans.

Customer deposits grew by RM681 million or 1.9% during the nine months of the financial year to RM36.7 billion, with CASA ratio improving to 35.2%.

Asset quality registered further improvement, with the gross impaired loans ratio declining to 1.5% as at 31 December 2013 from 2.1% as at 31 March 2013.

The Group's total capital ratio remained strong at 14.4%, with Common Equity Tier 1 ratio of 10.4% as at 31 December 2013.

Performance by business segment

The Group's businesses are presented in the following business segments: Consumer Banking, Business Banking, Financial Markets and Investment Banking.

Consumer Banking's profit before taxation of RM165.7 million for the nine months ended 31 December 2013 was RM73.9 million higher compared to the corresponding period last year. The increase was due to higher fee income and net interest income while operating expenses and loan loss allowance declined. This was partly offset by lower net income from Islamic banking. Segment assets increased by RM2.6 billion or 16% year-on-year to RM18.4 billion as at 31 December 2013.

Business Banking's profit before taxation of RM263.5 million for the nine months ended 31 December 2013 was 9.3% lower compared to the corresponding period last year, mainly due to lower write-back of net bad debts. Operating profit before allowance improved by RM24.1 million or 11.1% to RM241.7 million on higher net interest income and lower operating expenses. Segment assets stood at RM11.6 billion as at 31 December 2013.

Financial Markets' profit before taxation of RM136.1 million for the nine months ended 31 December 2013 was 21.5% lower compared to the corresponding period last year mainly due to lower gain from sales and redemption of financial investments.

Investment Banking's profit before taxation was RM1.1 million for the nine months ended 31 December 2013, compared to a loss of RM10.0 million in the corresponding period last year, mainly attributed to lower operating expenses and improvements in brokerage and fee income.

B2 Current Year Prospect

With the Malaysian economy expected to register a gross domestic product (“GDP”) growth of between 4.5% to 5.0% in 2013, the Group will continue to capitalise on its strengths to generate sustainable revenue from Consumer Banking and Business Banking, while expanding on the opportunities in Wealth Management, Transaction Banking, Treasury and Investment Banking.

For FY2014, the Group expects sustainable loans growth in Consumer Banking, driven mainly by mortgage lending, hire purchase, personal loans, credit cards and share margin financing. In addition to balance sheet growth, Consumer Banking will also focus on growing its non-interest income through its holistic wealth management solutions.

The lending activities of Business Banking are expected to grow moderately, in tandem with the continuing demand for credit by businesses, arising from the implementation of projects under the Economic Transformation Programme and Iskandar Malaysia development region. Business Banking will also continue to focus on cross-selling efforts to grow non-interest income in transaction banking, foreign exchange, investment banking, wealth management products, and business platinum card by capitalising on technology advancements.

Financial Markets continue to focus on the trading of fixed income securities, primarily Government securities and private debt securities, foreign exchange as well as treasury sales.

Investment Banking will continue to focus on effective cost management, improving efficiency and productivity, and improving market share of the trading activity on Bursa Malaysia.

Conclusion

Barring any unforeseen circumstances, the Group expects to deliver a satisfactory performance for the financial year ending 31 March 2014.