



# ALLIANCE BANK MALAYSIA BERHAD (88103-W)

## Abridged Financial Statements

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# Statements of Financial Position of Alliance Bank Malaysia Berhad

as at 31 March 2012

	Bank		Group	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>ASSETS</b>				
Cash and short-term funds	1,730,290	958,111	1,874,332	911,730
Deposits and placements with banks and other financial institutions	143,461	954,610	93,438	100,228
Balances due from clients and brokers	—	—	61,698	80,519
Financial assets held-for-trading	1,342,302	1,176,190	1,491,995	1,938,250
Financial investments available-for-sale	7,419,911	6,329,994	9,123,201	9,259,940
Financial investments held-to-maturity	228,622	633,521	795,256	940,726
Derivative financial assets	23,712	32,047	23,712	32,047
Loans, advances and financing	19,727,393	17,718,442	24,360,203	21,796,319
Other assets	79,901	103,509	77,799	87,008
Tax recoverable	14,022	—	15,019	2,442
Statutory deposits with Bank Negara Malaysia	901,250	225,300	1,162,983	291,008
Investments in subsidiaries	801,664	801,664	—	—
Investments in associates	30,230	30,230	27,035	29,038
Property, plant and equipment	87,696	100,847	89,778	104,553
Deferred tax assets	—	75,272	15,038	108,808
Intangible assets	238,588	241,141	354,902	357,682
	32,769,042	29,380,878	39,566,389	36,040,298
Non-current assets held for sale	3,814	—	3,814	—
<b>TOTAL ASSETS</b>	<b>32,772,856</b>	<b>29,380,878</b>	<b>39,570,203</b>	<b>36,040,298</b>
<b>LIABILITIES AND EQUITY</b>				
Deposits from customers	26,958,903	23,418,868	32,153,643	28,997,092
Deposits and placements of banks and other financial institutions	1,186,730	1,390,331	2,161,005	1,952,200
Balances due to clients and brokers	—	—	74,915	86,743
Bills and acceptances payable	131	111,140	178	111,159
Derivative financial liabilities	26,241	33,347	26,241	33,347
Amount due to Cagamas Berhad	22,044	125,776	22,044	125,776
Other liabilities	720,819	663,533	866,788	810,317
Provision for taxation	—	35,206	7,372	40,507
Deferred tax liabilities	12,191	—	23,012	6,792
Subordinated obligations	611,615	600,000	611,615	600,000
<b>TOTAL LIABILITIES</b>	<b>29,538,674</b>	<b>26,378,201</b>	<b>35,946,813</b>	<b>32,763,933</b>
Share capital	600,517	600,517	600,517	600,517
Reserves	2,633,665	2,402,160	3,017,968	2,671,360
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNER OF THE PARENT</b>	<b>3,234,182</b>	<b>3,002,677</b>	<b>3,618,485</b>	<b>3,271,877</b>
Non-controlling interests	—	—	4,905	4,488
<b>TOTAL EQUITY</b>	<b>3,234,182</b>	<b>3,002,677</b>	<b>3,623,390</b>	<b>3,276,365</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>32,772,856</b>	<b>29,380,878</b>	<b>39,570,203</b>	<b>36,040,298</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>16,775,305</b>	<b>14,758,344</b>	<b>18,741,373</b>	<b>15,909,028</b>

# Statements of Comprehensive Income of Alliance Bank Malaysia Berhad

for the year ended 31 March 2012

	Bank		Group	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest income	1,263,818	1,126,444	1,328,045	1,203,400
Interest expense	(618,607)	(490,539)	(652,989)	(530,003)
Net interest income	645,211	635,905	675,056	673,397
Net income from Islamic banking business	—	—	256,329	232,732
Other operating income	316,554	213,041	320,276	225,701
Net income	961,765	848,946	1,251,661	1,131,830
Other operating expenses	(429,312)	(399,763)	(588,821)	(541,682)
Operating profit before allowance	532,453	449,183	662,840	590,148
Allowance for losses on loans, advances and financing and other losses	(28,643)	(19,405)	(34,043)	(33,008)
Write-back of impairment	15,187	4,070	21,643	4,076
Operating profit after allowance	518,997	433,848	650,440	561,216
Share of results of associates	—	—	(2,003)	(1,467)
Profit before taxation and zakat	518,997	433,848	648,437	559,749
Taxation and zakat	(131,246)	(112,438)	(164,107)	(144,381)
Net profit after taxation and zakat	387,751	321,410	484,330	415,368
Other comprehensive income:				
Revaluation reserve on financial investments available-for-sale				
- Net gain/(loss) from change in fair value	60,377	(7,054)	85,531	(7,925)
- Transfer (to)/from deferred tax	(15,094)	1,763	(21,382)	1,981
Other comprehensive income/(expense), net of tax	45,283	(5,291)	64,149	(5,944)
Total comprehensive income for the year	433,034	316,119	548,479	409,424
Profit attributable to:				
Owner of the parent	387,751	321,410	483,846	415,419
Non-controlling interests	—	—	484	(51)
Net profit after taxation and zakat	387,751	321,410	484,330	415,368
Total comprehensive income attributable to:				
Owner of the parent	433,034	316,119	547,995	409,475
Non-controlling interests	—	—	484	(51)
Total comprehensive income for the year	433,034	316,119	548,479	409,424
Earnings per share attributable to owner of the parent				
- Basic (sen)			81	70
- Diluted (sen)			61	52

# Statements of Changes In Equity of Alliance Bank Malaysia Berhad

for the year ended 31 March 2012

		Non-distributable reserves			Equity contribution		Distributable reserves	
	Ordinary shares RM'000	ICPS <sup>1</sup> RM'000	Share premium RM'000	Statutory reserve RM'000	Revaluation reserves RM'000	from parent RM'000	Retained profits RM'000	Total equity RM'000
<b>Bank</b>	596,517	4,000	597,517	601,561	48,342	10,334	941,332	2,799,603
At 1 April 2010	-	-	-	-	-	-	321,410	321,410
Net profit after taxation and zakat	-	-	-	-	(5,291)	-	-	(5,291)
Other comprehensive expense	-	-	-	-	(5,291)	-	-	-
Total comprehensive (expense)/income	-	-	-	-	(5,291)	-	-	-
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	4,852	-	4,852
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)
At 31 March 2011	596,517	4,000	597,517	601,561	43,051	11,803	1,148,228	3,002,677
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 and zakat	-	-	-	-	-	-	387,751	387,751
Other comprehensive income	-	-	-	-	45,283	-	-	45,283
Total comprehensive income	-	-	-	-	45,283	-	387,751	433,034
Share-based payment under ESS	-	-	-	-	-	5,955	-	5,955
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 shares options lapsed	-	-	-	-	-	(2,479)	2,479	-
Dividends paid	-	-	-	-	-	-	(204,323)	(204,323)
At 31 March 2012	596,517	4,000	597,517	601,561	88,334	12,274	1,333,979	3,234,182

<sup>1</sup> ICPS = Irredeemable (non-cumulative) Convertible Preference Shares.

# Statements of Changes In Equity of Alliance Bank Malaysia Berhad

for the year ended 31 March 2012

Group	Attributable to Equity Holder of the Bank											
	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 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	-	-	-	-	-	-	-	-	415,419	415,419	(51)	415,368
Other comprehensive expense	-	-	-	-	-	(5,944)	-	-	-	(5,944)	-	(5,944)
Total comprehensive (expense)/income	-	-	-	-	-	(5,944)	-	-	415,419	409,475	(51)	409,424
Share-based payment under ESS	-	-	-	-	-	-	5,228	-	-	5,228	-	5,228
Payment for ESS recharged from parent	-	-	-	-	-	-	(3,485)	-	-	(3,485)	-	(3,485)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	(384)	-	384	-	-	-
Transfer to statutory reserve	-	-	-	50,891	-	-	-	-	(50,891)	-	-	-
Transfer to PER	-	-	-	-	-	-	-	(25,355)	25,355	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(114,846)	(114,846)	-	(114,846)
At 31 March 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
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/(loss) after taxation and zakat	-	-	-	-	-	-	-	-	483,846	483,846	484	484,330
Other comprehensive income	-	-	-	-	-	64,149	-	-	-	64,149	-	64,149
Total comprehensive income	-	-	-	-	-	64,149	-	-	483,846	547,995	484	548,479
Share-based payment under ESS	-	-	-	-	-	-	6,494	-	-	6,494	-	6,494
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 shares options lapsed	-	-	-	-	-	-	(2,919)	-	2,919	-	-	-
Transfer to statutory reserve	-	-	-	55,761	-	-	-	-	(55,761)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(204,323)	(204,323)	(67)	(204,390)
At 31 March 2012	596,517	4,000	597,517	842,167	10,018	132,769	13,733	1,033	1,420,731	3,618,485	4,905	3,623,390

# Statements of Cash Flows of Alliance Bank Malaysia Berhad

for the year ended 31 March 2012

	Bank		Group	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation and zakat	<b>518,997</b>	433,848	<b>648,437</b>	559,749
Adjustments for:				
Accretion of discount less amortisation of premium of financial investments	<b>(90,058)</b>	(75,141)	<b>(94,369)</b>	(82,179)
Depreciation of property, plant and equipment	<b>27,091</b>	34,908	<b>29,271</b>	39,516
Amortisation of computer software	<b>17,853</b>	14,014	<b>18,239</b>	14,420
Dividends from financial investments available-for-sale	<b>(9,544)</b>	(2,886)	<b>(10,229)</b>	(3,705)
Dividends from subsidiaries	<b>(34,732)</b>	(17,263)	—	—
(Gain)/loss on disposal of property, plant and equipment	<b>(306)</b>	321	<b>(309)</b>	329
Property, plant and equipment written off	<b>2,019</b>	3,261	<b>2,046</b>	3,399
Computer software written off	<b>841</b>	1	<b>841</b>	1
Loss on disposal of foreclosed properties	—	38	<b>20</b>	38
Net gain from redemption of financial investments held-to-maturity	<b>(16,831)</b>	(3)	<b>(16,831)</b>	(3)
Net gain from sale of financial assets held-for-trading	<b>(3,568)</b>	(417)	<b>(3,699)</b>	(417)
Net gain from sale of financial investments available-for-sale	<b>(43,050)</b>	(1,872)	<b>(47,408)</b>	(3,509)
Unrealised loss/(gain) on revaluation of financial assets held-for-trading	<b>149</b>	(220)	<b>185</b>	(256)
Interest expense on subordinated obligations	<b>34,513</b>	36,540	<b>34,513</b>	36,540
Unrealised gain on revaluation of derivative instruments	<b>(1,572)</b>	(4,149)	<b>(1,572)</b>	(4,149)
Interest income from financial investments held-to-maturity	<b>(17,063)</b>	(24,187)	<b>(22,751)</b>	(30,682)
Interest income from financial investments available-for-sale	<b>(208,528)</b>	(146,531)	<b>(253,237)</b>	(206,340)
Interest income from financial assets held-for-trading	<b>(3,798)</b>	(1,044)	<b>(3,862)</b>	(1,044)
Allowance for loans, advances and financing (net of recoveries)	<b>56,742</b>	77,524	<b>89,744</b>	103,804
Allowance for other assets (net of recoveries)	<b>5,436</b>	6,353	<b>5,596</b>	4,974
Net write-back of financial investments available-for-sale	<b>(16,303)</b>	(579)	<b>(22,759)</b>	(585)
Net write-back of financial investments held-to-maturity	<b>(344)</b>	(3,491)	<b>(344)</b>	(3,491)
Allowance for impairment of property, plant and equipment	<b>1,460</b>	—	<b>1,460</b>	—
(Write-back of)/allowance for commitment and contingencies	<b>(1,482)</b>	(2,866)	<b>(4,210)</b>	59
Share options/grants under Employees' Share Scheme	<b>5,955</b>	4,852	<b>6,494</b>	5,228
Share of results of associates	—	—	<b>2,003</b>	1,467
Operating profit before working capital changes	<b>223,877</b>	331,011	<b>357,269</b>	433,164
Changes in working capital:				
Deposits from customers	<b>3,540,035</b>	2,913,422	<b>3,156,551</b>	4,646,392
Deposits and placements of banks and other financial institutions	<b>(203,601)</b>	(412,521)	<b>208,805</b>	(346,208)
Bills and acceptances payable	<b>(111,009)</b>	(420,229)	<b>(110,981)</b>	(427,191)
Other liabilities	<b>71,282</b>	(26,201)	<b>73,194</b>	3,953
Deposits and placements with banks and other financial institutions	<b>811,149</b>	48,844	<b>6,790</b>	71,354
Financial assets held-for-trading	<b>(152,792)</b>	(1,153,072)	<b>460,685</b>	(1,909,800)
Loans, advances and financing	<b>(2,065,693)</b>	(538,246)	<b>(2,653,628)</b>	(1,146,201)
Other assets	<b>(1,873)</b>	(21,747)	<b>2,452</b>	(22,445)
Balances due from clients and brokers	—	—	<b>22,085</b>	5,971
Amount due from/(to) subsidiaries	<b>19,148</b>	(9,003)	—	—
Amount due (to)/from holding company	<b>(353)</b>	218	<b>(353)</b>	218
Statutory deposits with Bank Negara Malaysia	<b>(675,950)</b>	(17,100)	<b>(871,975)</b>	(32,602)
Amount due (to)/from Cagamas Berhad	<b>(103,732)</b>	97,699	<b>(103,732)</b>	97,699
Payment for ESS recharged from parent	<b>(3,161)</b>	(3,051)	<b>(3,558)</b>	(3,485)
Cash generated from operations	<b>1,347,327</b>	790,024	<b>543,604</b>	1,370,819
Taxes and zakat paid	<b>(99,456)</b>	(86,382)	<b>(121,198)</b>	(119,269)
Net cash generated from operating activities	<b>1,247,871</b>	703,642	<b>422,406</b>	1,251,550

# Statements of Cash Flows of Alliance Bank Malaysia Berhad

for the year ended 31 March 2012

	Bank		Group	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Dividends from financial investments available-for-sale	9,538	2,842	10,219	3,657
Dividends from subsidiaries	26,088	12,947	–	–
Interest income from financial investments held-to-maturity	17,063	24,187	22,751	30,682
Interest income from financial investments available-for-sale	208,528	146,531	253,237	206,340
Interest income from financial assets held-for-trading	3,798	1,044	3,862	1,044
Purchase of property, plant and equipment	(21,599)	(14,347)	(22,184)	(14,882)
Purchase of computer software	(16,141)	(10,222)	(16,300)	(10,400)
Proceeds from redemption and maturity of financial investments held-to-maturity (net of purchase)	474,065	37,735	218,950	6,640
Proceeds from redemption and maturity of financial investments available-for-sale (net of purchase)	(942,169)	(2,949,231)	319,507	(3,940,354)
Proceeds from disposal of property, plant and equipment	672	1,718	677	1,818
Proceeds from disposal of foreclosed properties	4,200	62	4,285	62
Proceeds from disposal of computer software	–	134	–	155
Acquisition of investment in an associate	–	(30,000)	–	(30,000)
Net cash (used in)/generated from investing activities	(235,957)	(2,776,600)	795,004	(3,745,238)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Interest expense on subordinated obligations	(32,778)	(36,540)	(32,778)	(36,540)
Dividends paid to holding company	(204,323)	(114,846)	(204,323)	(114,846)
Dividends paid to non-controlling interests	–	–	(67)	–
Proceeds from issuance of subordinated notes	597,366	–	597,366	–
Redemption of subordinated bonds	(600,000)	–	(600,000)	–
Net cash used in financing activities	(239,735)	(151,386)	(239,802)	(151,386)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	772,179	(2,224,344)	977,608	(2,645,074)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	958,111	3,182,455	824,226	3,469,300
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	1,730,290	958,111	1,801,834	824,226
<b>Cash and cash equivalents comprise the following:</b>				
Cash and short-term funds	1,730,290	958,111	1,874,332	911,730
Less: Monies held in trust	–	–	(72,498)	(87,504)
	1,730,290	958,111	1,801,834	824,226

# Notes to the Financial Statements of Alliance Bank Malaysia Berhad

31 March 2012

## 1. FINANCIAL ASSETS HELD-FOR-TRADING

	Bank		Group	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>At fair value</b>				
<u>Money market instruments:</u>				
Bank Negara Malaysia bills	1,222,003	1,096,239	1,371,696	1,848,299
Malaysian Government securities	20,053	—	20,053	—
Malaysian Government investment certificates	100,246	59,951	100,246	59,951
Malaysian Government treasury bills	—	20,000	—	30,000
	<b>1,342,302</b>	<b>1,176,190</b>	<b>1,491,995</b>	<b>1,938,250</b>

## 2. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Bank		Group	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>At fair value</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	1,894,220	2,659,093	2,316,772	3,244,713
Malaysian Government investment certificates	1,132,121	162,420	1,833,967	764,371
Negotiable instruments of deposits	1,344,854	1,042,371	884,535	1,741,201
Bankers' acceptances	1,532,859	956,814	1,944,074	1,388,637
Cagamas bonds	20,137	20,213	35,254	35,396
<u>Quoted securities in Malaysia:</u>				
Shares	13	11	4,212	3,875
Debt securities	4,768	7,818	4,768	7,818
<u>Unquoted securities:</u>				
Shares	94,895	82,607	135,888	117,587
Debt securities and medium term notes	1,396,044	1,398,647	1,963,731	1,956,342
	<b>7,419,911</b>	<b>6,329,994</b>	<b>9,123,201</b>	<b>9,259,940</b>

## 3. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Bank		Group	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>At amortised cost</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	227,177	629,057	328,639	804,820
Malaysian Government investment certificates	—	—	439,463	105,624
<b>At cost</b>				
<u>Quoted securities in Malaysia:</u>				
Debt securities	—	—	—	4,902
<u>Unquoted securities:</u>				
Debt securities	18,858	61,177	74,283	116,711
	<b>246,035</b>	<b>690,234</b>	<b>842,385</b>	<b>1,032,057</b>
Accumulated impairment	<b>(17,413)</b>	<b>(56,713)</b>	<b>(47,129)</b>	<b>(91,331)</b>
	<b>228,622</b>	<b>633,521</b>	<b>795,256</b>	<b>940,726</b>

# Notes to the Financial Statements of Alliance Bank Malaysia Berhad

31 March 2012

## 3. FINANCIAL INVESTMENTS HELD-TO-MATURITY (cont'd)

The table below shows the movements in accumulated impairment during the financial year for the Bank and the Group:

	Bank		Group	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
At beginning of year	56,713	60,204	91,331	94,822
Reclassified to financial investments available-for-sale due to conversion of bond into equity instrument	—	—	(4,902)	—
Write-back during the year	(39,300)	(3,491)	(39,300)	(3,491)
At end of year	17,413	56,713	47,129	91,331

## 4. LOANS, ADVANCES AND FINANCING

	Bank		Group	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Overdrafts	1,688,688	1,603,198	1,853,950	1,753,908
Term loans/financing				
- Housing loans/financing	7,759,852	7,351,039	9,259,885	8,325,550
- Syndicated term loans/financing	464,662	267,440	472,949	287,171
- Hire purchase receivables	310,473	385,945	654,336	784,046
- Other term loans/financing	5,698,114	4,311,669	7,715,570	6,310,426
Bills receivables	308,446	178,851	308,763	179,607
Trust receipts	184,050	157,722	207,515	176,527
Claims on customers under acceptance credits	1,947,273	1,846,053	2,337,986	2,202,863
Staff loans [included loans to Directors of a subsidiary of RM92,000 (2011 : RM121,000)]	28,602	32,821	54,567	60,938
Credit/charge card receivables	623,563	663,059	623,563	663,059
Revolving credits	843,909	1,156,101	1,043,680	1,347,748
Other loans	357,647	270,341	451,282	347,518
Gross loans, advances and financing	20,215,279	18,224,239	24,984,046	22,439,361
Add: Sales commissions and handling fees	38,007	37,722	28,523	24,969
Less: Allowance for impaired loans, advances and financing				
- Individual assessment allowance	(225,092)	(273,141)	(266,349)	(328,375)
- Collective assessment allowance	(300,801)	(270,378)	(386,017)	(339,636)
Total net loans, advances and financing	19,727,393	17,718,442	24,360,203	21,796,319

# Notes to the Financial Statements of Alliance Bank Malaysia Berhad

31 March 2012

## 4. LOANS, ADVANCES AND FINANCING (cont'd)

	Bank		Group	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
(i) <u>By maturity structure:</u>				
Within one year	6,073,222	5,994,251	7,023,573	6,868,094
One year to three years	548,778	433,016	822,931	771,372
Three years to five years	725,846	1,032,189	1,253,470	1,389,244
Over five years	12,867,433	10,764,783	15,884,072	13,410,651
Gross loans, advances and financing	20,215,279	18,224,239	24,984,046	22,439,361
(ii) <u>By type of customer:</u>				
Domestic non-bank financial institutions				
- Stockbroking companies	—	20,002	—	20,002
- Others	136,426	156,186	207,162	187,410
Domestic business enterprises				
- Small and medium enterprises	4,681,284	4,096,619	5,472,374	4,784,192
- Others	4,197,590	3,789,961	4,961,344	4,531,660
Government and statutory bodies	12,477	15,973	12,618	18,224
Individuals	10,382,595	9,633,266	13,457,860	12,349,218
Other domestic entities	247,403	14,311	247,679	14,671
Foreign entities	557,504	497,921	625,009	533,984
Gross loans, advances and financing	20,215,279	18,224,239	24,984,046	22,439,361
(iii) <u>By interest/profit rate sensitivity:</u>				
Fixed rate				
- Housing loans/financing	20,472	24,800	90,812	107,669
- Hire purchase receivables	310,474	385,945	654,337	784,046
- Other fixed rate loans/financing	679,660	732,674	1,997,225	2,207,047
Variable rate				
- Base lending rate plus	14,429,451	13,374,171	16,737,766	14,989,061
- Cost plus	4,493,616	3,553,060	5,200,601	4,120,772
- Other variable rates	281,606	153,589	303,305	230,766
Gross loans, advances and financing	20,215,279	18,224,239	24,984,046	22,439,361
(iv) <u>By economic purposes:</u>				
Purchase of securities	362,374	276,517	456,010	354,975
Purchase of transport vehicles	212,046	296,030	561,763	703,969
Purchase of landed property	11,181,060	10,133,099	13,100,915	11,514,820
of which: - Residential	8,317,105	7,730,398	9,750,258	8,671,706
- Non-residential	2,863,955	2,402,701	3,350,657	2,843,114
Purchase of fixed assets excluding land and buildings	115,605	96,745	117,110	99,836
Personal use	865,242	728,463	2,146,045	2,093,967
Credit card	623,563	663,059	623,563	663,059
Construction	236,718	238,415	249,709	253,621
Mergers and acquisition	207,265	—	207,265	—
Working capital	5,499,729	5,331,170	6,327,613	6,116,583
Others	911,677	460,741	1,194,053	638,531
Gross loans, advances and financing	20,215,279	18,224,239	24,984,046	22,439,361

# Notes to the Financial Statements of Alliance Bank Malaysia Berhad

31 March 2012

## 4. LOANS, ADVANCES AND FINANCING (cont'd)

	Bank		Group	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
(v) <u>By geographical distribution:</u>				
Northern region	1,643,285	1,573,741	1,911,286	1,882,761
Central region	15,045,510	13,149,993	18,825,748	16,442,221
Southern region	1,692,052	1,670,614	2,100,061	2,014,167
East Malaysia region	1,834,432	1,829,891	2,146,951	2,100,212
Gross loans, advances and financing	20,215,279	18,224,239	24,984,046	22,439,361
(vi) <u>Movements in impaired loans, advances and financing ("impaired loans") are as follows:</u>				
At beginning of year	592,458	676,315	741,324	843,866
Impaired during the year	344,894	467,756	441,439	564,613
Reclassified as performing during the year	(268,690)	(290,824)	(361,159)	(328,118)
Recoveries	(75,220)	(143,048)	(106,986)	(190,022)
Amount written off	(81,457)	(117,741)	(113,483)	(149,015)
At end of year	511,985	592,458	601,135	741,324
Gross impaired loans as % of gross loans, advances and financing	2.5%	3.3%	2.4%	3.3%
(vii) <u>Movements in the allowance for impaired loans are as follows:</u>				
<b>Individual assessment allowance</b>				
At beginning of year	273,141	321,364	328,375	389,578
Allowance made during the year (net)	26,319	69,518	43,363	87,812
Amount written off	(74,368)	(117,741)	(105,389)	(149,015)
At end of year	225,092	273,141	266,349	328,375
<b>Collective assessment allowance</b>				
At beginning of year	270,378	262,372	339,636	323,644
Allowance made during the year (net)	30,423	8,006	46,381	15,992
At end of year	300,801	270,378	386,017	339,636
As % of gross loans, advances and financing less individual assessment allowance	1.5%	1.5%	1.6%	1.5%

# Notes to the Financial Statements of Alliance Bank Malaysia Berhad

31 March 2012

## 4. LOANS, ADVANCES AND FINANCING (cont'd)

	Bank		Group	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
(viii) <u>Impaired loans analysed by economic purposes are as follows:</u>				
Purchase of securities	4,081	4,586	5,432	10,268
Purchase of transport vehicles	2,692	2,536	5,652	8,959
Purchase of landed property	221,820	265,205	251,134	283,410
<i>of which: - Residential</i>	<b>162,967</b>	<i>198,490</i>	<b>180,614</b>	<i>209,057</i>
<i>- Non-residential</i>	<b>58,853</b>	<i>66,715</i>	<b>70,520</b>	<i>74,353</i>
Purchase of fixed assets excluding land and buildings	190	182	190	182
Personal use	19,111	27,032	29,955	37,151
Credit card	9,908	12,694	9,908	12,694
Construction	11,868	12,777	11,869	12,777
Working capital	206,438	229,497	245,777	315,987
Others	35,877	37,949	41,218	59,896
Gross impaired loans	<b>511,985</b>	592,458	<b>601,135</b>	741,324
(ix) <u>Impaired loans by geographical distribution:</u>				
Northern region	109,955	84,733	135,319	104,487
Central region	299,618	375,912	358,099	500,546
Southern region	46,629	65,280	50,698	68,965
East Malaysia region	55,783	66,533	57,019	67,326
Gross impaired loans	<b>511,985</b>	592,458	<b>601,135</b>	741,324

# Notes to the Financial Statements of Alliance Bank Malaysia Berhad

31 March 2012

## 5. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank and the Group make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

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 2012</b>				
<u>Credit-related exposures</u>				
Direct credit substitutes	354,758	—	354,758	354,758
Transaction-related contingent items	515,510	—	257,755	257,755
Short-term self-liquidating trade-related contingencies	126,778	—	25,356	25,356
Irrevocable commitments to extent credit:				
- maturity exceeding one year	3,645,632	—	1,822,816	1,518,664
- maturity not exceeding one year	4,675,582	—	935,116	858,102
Unutilised credit card lines	2,188,661	—	437,732	340,525
	11,506,921	—	3,833,533	3,355,160
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	3,147,488	17,730	64,522	38,478
Interest rate related contracts:				
- one year or less	587,000	130	912	182
- over one year to three years	1,110,000	2,592	14,192	2,838
- over three years	423,896	3,260	20,055	6,467
	5,268,384	23,712	99,681	47,965
	16,775,305	23,712	3,933,214	3,403,125

# Notes to the Financial Statements of Alliance Bank Malaysia Berhad

31 March 2012

## 5. COMMITMENTS AND CONTINGENCIES (cont'd)

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

	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<b>Group 2012</b>				
<u>Credit-related exposures</u>				
Direct credit substitutes	397,029	—	397,029	397,029
Transaction-related contingent items	549,766	—	274,883	274,883
Short-term self-liquidating trade-related contingencies	153,561	—	30,712	30,712
Obligation under on-going underwriting agreement	70,122	—	35,061	35,061
Irrevocable commitments to extent credit:				
- maturity exceeding one year	4,320,657	—	2,160,328	1,786,192
- maturity not exceeding one year	5,793,193	—	1,158,639	1,004,648
Unutilised credit card lines	2,188,661	—	437,732	340,525
	<b>13,472,989</b>	<b>—</b>	<b>4,494,384</b>	<b>3,869,050</b>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	3,147,488	17,730	64,522	38,478
Interest rate related contracts:				
- one year or less	587,000	130	912	182
- over one year to three years	1,110,000	2,592	14,192	2,838
- over three years	423,896	3,260	20,055	6,467
	<b>5,268,384</b>	<b>23,712</b>	<b>99,681</b>	<b>47,965</b>
	<b>18,741,373</b>	<b>23,712</b>	<b>4,594,065</b>	<b>3,917,015</b>

# Notes to the Financial Statements of Alliance Bank Malaysia Berhad

31 March 2012

## 5. COMMITMENTS AND CONTINGENCIES (cont'd)

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

	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>2011</b>				
<u>Credit-related exposures</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
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
	9,801,717	—	2,823,745	2,502,510
<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
	4,956,627	32,047	123,208	50,068
	14,758,344	32,047	2,946,953	2,552,578

# Notes to the Financial Statements of Alliance Bank Malaysia Berhad

31 March 2012

## 5. COMMITMENTS AND CONTINGENCIES (cont'd)

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

	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<b>Group</b>				
<b>2011</b>				
<u>Credit-related exposures</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
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
	10,952,401	—	3,198,443	2,817,949
<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
	4,956,627	32,047	123,208	50,068
	15,909,028	32,047	3,321,651	2,868,017

# Notes to the Financial Statements of Alliance Bank Malaysia Berhad

31 March 2012

## 6. 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% (2011: 8.0%) for the risk-weighted capital ratio.

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

	Bank		Group	
	2012	2011	2012	2011
<u>Before deducting proposed dividends</u>				
Core capital ratio	13.93%	14.63%	12.00%	12.40%
Risk-weighted capital ratio	14.37%	14.98%	15.71%	16.54%
<u>After deducting proposed dividends</u>				
Core capital ratio	13.32%	14.09%	11.52%	11.95%
Risk-weighted capital ratio	13.76%	14.44%	15.22%	16.09%

(b) The components of Tier I and Tier II Capital of the Bank and the Group are as follows:

	Bank		Group	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<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	1,333,979	1,148,228	1,420,731	1,194,222
Statutory reserves	601,561	601,561	842,167	786,406
Other reserves	—	—	10,018	10,018
Non-controlling interests	—	—	4,905	4,488
	3,133,574	2,947,823	3,475,855	3,193,168
Less: Purchased goodwill/goodwill on consolidation	(186,272)	(186,272)	(302,065)	(302,065)
Deferred tax assets	—	(75,272)	(15,038)	(108,808)
Total Tier I Capital	2,947,302	2,686,279	3,158,752	2,782,295
<b><u>Tier II Capital</u></b>				
Subordinated obligations	597,829	600,000	597,829	600,000
Collective assessment allowance	296,498	265,588	381,019	333,466
Total Tier II Capital	894,327	865,588	978,848	933,466
Total Capital	3,841,629	3,551,867	4,137,600	3,715,761
Less: Investment in subsidiaries	(801,664)	(801,664)	(3,620)	(3,620)
Total Capital Base	3,039,965	2,750,203	4,133,980	3,712,141

# Notes to the Financial Statements of Alliance Bank Malaysia Berhad

31 March 2012

## 6. CAPITAL ADEQUACY (cont'd)

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

	Bank		Group	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Credit Risk	<b>19,074,667</b>	16,437,247	<b>23,601,495</b>	20,149,305
Market risk	<b>157,119</b>	54,919	<b>265,432</b>	71,884
Operational risk	<b>1,925,797</b>	1,863,398	<b>2,445,524</b>	2,222,953
Total RWA and capital requirements	<b>21,157,583</b>	18,355,564	<b>26,312,451</b>	22,444,142

Detailed information on the risk exposures above, as prescribed under BNM's Risk-Weighted Capital Adequacy Framework (Basel II) – Disclosure Requirements (Pillar 3) is presented in the Bank's Pillar 3 Report.

# Independent Auditors' Report

to the member of Alliance Bank Malaysia Berhad (88103-W) (Incorporated in Malaysia)

On 30 May 2012, we reported on the statutory financial statements of Alliance Bank Malaysia Berhad for the financial year ended 31 March 2012. In that report we stated that:

## “Report on the financial statements

We have audited the financial statements of Alliance Bank Malaysia Berhad on pages 11 to 135 which comprise the statements of financial position as at 31 March 2012 of the Bank and of the Group, and the statements of comprehensive income, changes in equity and cash flows of the Bank and of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 53.

### *Directors' responsibility for the financial statements*

The Directors of the Bank are responsible for the preparation of financial statements that give a true and fair view in accordance with the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities, the Companies Act, 1965 and Bank Negara Malaysia Guidelines, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Bank's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities, the Companies Act, 1965 and Bank Negara Malaysia Guidelines so as to give a true and fair view of the financial position of the Bank and of the Group as at 31 March 2012 and of their financial performances and cash flows for the year then ended.

## Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Bank and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Bank's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

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# Independent Auditors' Report

to the member of Alliance Bank Malaysia Berhad (88103-W) (Incorporated in Malaysia)

## Other matters

This report is made solely to the member of the Bank, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report."

Other than the non-publication of all the notes to the financial statements, excluding those notes for the Bank and the Group pertaining to financial assets held-for-trading, financial investments available-for-sale, financial investments held-to-maturity, loans, advances and financing, commitments and contingencies and capital adequacy, the financial statements reproduced herewith are similar in all material respects to those reported on by us.

Accordingly, for a fuller appreciation of the state of affairs of the Bank and the Group as at 31 March 2012 and of the results and cash flows of the Bank and the Group for the financial year ended on that date, reference should be made to the statutory financial statements of the Bank for the financial year ended 31 March 2012 in which context of our report of 30 May 2012 was made.

### **PricewaterhouseCoopers**

(No. AF: 1146)

Chartered Accountants

Kuala Lumpur, Malaysia

30 May 2012

### **Ong Ching Chuan**

(No. 2907/11/13 (J))

Chartered Accountant

The full version of the financial statements is available at Alliance Bank's website at [www.alliancebank.com.my](http://www.alliancebank.com.my)