ALLIANCE FINANCIAL GROUP BERHAD (6627-X)

Banking Made Personal

2015 ANNUAL REPORT

"THE BEST CUSTOMER SERVICE BANK"

OUR MISSION

To Build Consistent and Sustainable Financial Performance

To Deliver Superior Customer Experience

To Develop Engaged Employees With The Right Values

CORE VALUES

Respect, Integrity,
Teamwork, Excellence

OUR PEOPLE STRATEGY

Performance Management, Recruitment & Retention,
Personal Development, Reward & Recognition

KEY DRIVER

LEADERSHIP

CORPORATE PROFILE

Alliance Financial Group Berhad was incorporated in Malaysia on 7 April 1966 and was listed on the Main Market of Bursa Malaysia Securities Berhad on 6 July 1979. The Group is principally involved in the provision of banking and financial services through Alliance Bank Malaysia Berhad.

Alliance Bank Malaysia Berhad, together with its subsidiaries, Alliance Investment Bank Berhad and Alliance Islamic Bank Berhad, provide a wide range of financial products and services in commercial banking, financing, investment banking, investment advisory, stockbroking, Islamic banking and other related financial services.

CONTENTS

CORPORATE SECTION

FINANCIAL SECTION

ADDITIONAL INFORMATION

VIEW OUR REPORT ONLINE

Our Annual Report, Accounts and other information about Alliance Financial Group Berhad can be found at **www.alliancefg.com**

THE NEW FEATURES OF OUR ANNUAL REPORT:

Scan the QR code to view videos.

YouTube: Alliance Bank Malaysia
Facebook: AllianceBankMalaysia

HISTORY OF ALLIANCE FINANCIAL GROUP

1958

Banque de L'Indochine commenced operations in Malaya with its first branch in the Selangor Kwangtung Association Building, Jalan Pudu, Kuala Lumpur. This branch was subsequently relocated to Jalan Raja Chulan, Kuala Lumpur, in 1975.

1959

Banque de L'Indochine opened a sub-branch at Jalan Batu, Kuala Lumpur (now known as Jalan Tunku Abdul Rahman).

1975

The name of the Bank was changed to Banque de L'Indochine et de Suez (Banque Indosuez). In the same year, Banque Indosuez acquired a building in Jalan Raja Chulan, Kuala Lumpur, to serve as its headquarters.

1996

Malaysian French Bank Berhad changed its name to Multi-Purpose Bank Berhad.

1998

By February 1998, the Bank had a network of 34 branches nationwide, including Sabah and Sarawak.

1999

Multi-Purpose Bank Berhad was selected to be one of the anchor banks in the Malaysian government's bank consolidation initiative. Multi-Purpose Bank Berhad successfully anchored the merger with International Bank Malaysia Berhad, Sabah Bank Berhad, Sabah Finance Berhad, Bolton Finance Berhad, Amanah Merchant Bank Berhad, and Bumiputra Merchant Bankers Berhad.

2006

In August, Alliance Merchant Bank Berhad changed its name to Alliance Investment Bank Berhad (AIBB). In December, KLCS merged with AIBB to offer a full suite of investment banking services.

2007

In April, Alliance Unit Trust Management Berhad merged with Alliance Capital Asset Management Berhad to form Alliance Investment Management Berhad (AIMB). Under the terms of the agreement, Alliance Bank owns 70% equity stake in AIMB. In June, Alliance Islamic Bank Berhad (AIS) was incorporated as a wholly-owned subsidiary of Alliance Bank.

In conjunction with the change of name of its holding company from Malaysian Plantations Berhad to Alliance Financial Group Berhad on 31 August, Alliance Banking Group underwent a major rebranding exercise and was renamed Alliance Financial Group (the Group).

2013

In March, Alliance Bank completed the sale of its 30% equity stake in AIA AFG Takaful Berhad.

In April, Alliance Bank completed the sale of its 70% shareholding in AIMB to KAF-Seagroatt Campbell Berhad. AIMB ceased to be part of the Group following the completion of the sale.

In June, Alliance Bank entered into a 10-year bancassurance partnership with Manulife Insurance Berhad. With this partnership, Alliance Bank is now able to provide a comprehensive bancassurance product suite to its customers.

2014

In May, AIBB acquired a 51% equity stake in HwangDBS Vickers Research Sdn Bhd (HDBSV). HDBSV was later re-named AllianceDBS Research Sdn Bhd.

1982

Malaysian French Bank Berhad was incorporated to assume the banking business of the two local branches of Banque Indosuez. The incorporation was the result of the French government's nationalisation of Banque Indosuez and also of the subsequent restructuring of the Bank's businesses in Malaysia to comply with local banking regulations.

1985

The Bank established its "first" branch in Taman Maluri, Kuala Lumpur. In the same year, eight more branches were opened throughout the country.

1986-95

During this time, 16 branches were established nationwide.

2001

The Alliance Banking Group was established on 19 January with the successful merger of seven financial institutions. The newly-merged entity's name and logo were unveiled to the public for the first time as the Alliance Banking Group comprising Alliance Bank Malaysia Berhad (Alliance Bank), Alliance Finance Berhad, Alliance Merchant Bank Berhad and Alliance Unit Trust Management Berhad.

2004

On 1 August, Alliance Finance Berhad merged with Alliance Bank. Consequently, Hire Purchase is now offered at all Alliance Bank's retail branches nationwide.

2005

On 1 January, Alliance Merchant Bank Berhad acquired 100% equity interest in Kuala Lumpur City Securities (KLCS).

2008

AIS commenced its Islamic banking business on 1 April after assuming the entire Islamic banking business portfolio of Alliance Bank.

2011

In January, Alliance Bank and AIA Berhad entered into a joint venture to form AIA AFG Takaful Berhad which offers a range of Takaful savings, protection and investment products.

Under the terms of agreement, Alliance Bank owns 30% equity stake in AIA AFG Takaful Berhad.

TODAY

The Alliance Financial Group, comprising Alliance Bank Malaysia Berhad, Alliance Investment Bank Berhad and Alliance Islamic Bank Berhad is a dynamic, integrated financial services group offering banking and financial services through its consumer banking, business banking, Islamic banking, investment banking and stockbroking businesses.

It provides easy access to its broad base of customers throughout the country via multi delivery channels which include retail branches, Privilege Banking Centres, Islamic Banking Centres, Business Centres, Investment Bank branches and direct marketing offices located nationwide as well as mobile and Internet banking.

With over five decades of proud history in contributing to the financial community in Malaysia with its innovative and entrepreneurial business spirit through its principal subsidiaries, the Group is committed to delivering the best customer experience and creating long-term shareholder value.

CORPORATE INFORMATION

DIRECTORS

Datuk Oh Chong Peng
Chairman, Independent Non-Executive Director

Dato' Thomas Mun Lung Lee
Senior Independent Non-Executive Director

Stephen Geh Sim Whye
Independent Non-Executive Director

Tan Yuen Fah
Independent Non-Executive Director

Megat Dziauddin bin Megat Mahmud
Independent Non-Executive Director

Kung Beng Hong
Non-Independent Non-Executive Director

Ou Shian Waei
Independent Non-Executive Director

Lee Ah Boon
Non-Independent Non-Executive Director

CHIEF EXECUTIVE OFFICER

Joel Kornreich

GROUP COMPANY SECRETARY

Lee Wei Yen (MAICSA 7001798)

REGISTERED OFFICE

3rd Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur, Malaysia

Tel : 03-2604 3333
Fax : 03-2694 6200
Website : www.alliancefg.com
Email : enquiry@alliancefg.com

REGISTRAR

Shareworks Sdn Bhd
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur, Malaysia

Tel : 03-6201 1120
Fax : 03-6201 3121

AUDITORS

PricewaterhouseCoopers
Chartered Accountants
Level 10, 1 Sentral
Jalan Travers
Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur, Malaysia

PRINCIPAL BANKER

Alliance Bank Malaysia Berhad

BURSA MALAYSIA STOCK NAME/CODE

AFG/2488

INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN)

MYL2488OO004

CORPORATE STRUCTURE

as at 29 May 2015

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)

100%
Alliance Trustee Berhad

100%
Alliance Bank Malaysia Berhad

51%
AllianceDBS Research Sdn Bhd

100%
AIBB Nominees (Tempatan) Sdn Bhd

100%
AIBB Nominees (Asing) Sdn Bhd

100%
Alliance Investment Bank Berhad

100%
Alliance Islamic Bank Berhad

100%
Alliance Direct Marketing Sdn Bhd

100%
AllianceGroup Nominees (Tempatan) Sdn Bhd

100%
AllianceGroup Nominees (Asing) Sdn Bhd

This chart features the main operating companies and does not include inactive companies and companies that are under members' voluntary liquidation.

PRODUCTS AND SERVICES

ALLIANCE BANK MALAYSIA BERHAD

PERSONAL BANKING

Wealth Management

Deposits

- Savings Account/Basic Savings Account
- AllianceSave Pendidikan
- Alliance Buddy

- Alliance Senior Savers
- Alliance My eSaving Account
- Current Account/Basic Current Account
- AllianceSave
- Alliance Hybrid Account
- Fixed Deposit
- Alliance FDGold
- eFD (via allianceonline)
- Alliance XChange Account (via allianceonline)
- Alliance XChange FD (via allianceonline)
- allianceonline Banking

Unit Trust

- Money Market Funds
- Bond Funds
- Balanced Funds
- Equity Funds

Retail Bond

- MYR-denominated Retail Bond
- Foreign Currency Retail Bond (available in all major currencies)

Structured Investment

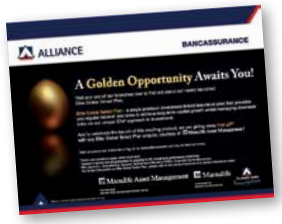
- Interest-rate Linked Structured Investment
- Equity Linked Structured Investment
- Equity Linked Convertible Structured Investment
- Dual Currency Investment

Share Trading & Investment Lending

- Alliance Share Margin Financing
  - Margin + Trading 2-in-1 Account
  - External Margin Account
  - Foreign Share Margin Financing
- Alliance Share Trading
  - Cash Trading Account
  - Collaterised Trading Account
  - T+7 Trading Account
- ESOS/IPO Placement Financing
- Portfolio Lending
- Dedicated Omni-Channels to Serve Alliance Bank Customers
  - Call N Trade through Alliance Bank's Share Trading Centre (STC) via Account Relationship Manager
  - Internet Trading via allianceonline Stockbanking
  - Mobile Trading via Alliance iStock Application

Bancassurance

- Alliance Travel Protector
- Alliance Premier Protector
- Alliance Senior Protector
- Safe Assure
- Home Assure
- Mortgage Reducing Term Assurance
- Mortgage Level Term Assurance
- Mortgage Reducing Term Takaful
- Elite Auto Care
- Elite Wealth Saver Plus
- Elite Cash Saver
- Elite Smart Life
- Elite Smart Kids
- Fire/House Owner (Conventional & Takaful)
- Smart Protector
- Motor Insurance (Conventional & Takaful)
- Care Assure
- Elite Income Builder
- Elite Critical Care (Telemarketing)
- Elite Snatch Protect (Telemarketing)



Conventional Loans

- Alliance Conventional Home Loan
- Alliance Conventional Commercial Property Loan
- Alliance SaveLink Home Loan
- Alliance SaveLink Commercial Property Loan
- Alliance SaveLink Interest Payment Option
- Alliance Home Complete Personal Loan
- Alliance Home Complete Plus – Solar Panel Financing
- Alliance Conventional Oil Palm Plantation Financing
- Alliance SaveLink Oil Palm Plantation Financing
- Alliance CashFirst Personal Loan
- Alliance Hire Purchase

Cards

Credit Cards

- Alliance Visa Infinite Credit Card
- Alliance Platinum Credit Card
- Alliance Gold and Classic Credit Cards
- Alliance You:nique Rates Credit Card
- Alliance You:nique Rewards Credit Card
- Alliance You:nique Rebates Credit Card
- Alliance Allianz Insurance Gold & Platinum Credit Cards
- Alliance Chinese Independent School (CIS) Credit Card
- Alliance CNI Gold Credit Card
- Alliance CPA Australia Gold Credit Card
- Alliance Business Platinum Card

Debit Cards

- Alliance Hybrid Standard Debit Card
- Alliance Hybrid AP Platinum Debit Card
- Alliance Hybrid PB Platinum Debit Card
- Alliance My eSaving Debit Card
- Alliance EcoWorld Debit Card

BUSINESS BANKING

SME

- Credit Facilities
  - Working Capital Financing
  - Equipment Financing
  - Business Premises Financing
  - Schemes promoted by CGC/BNM/ Government
  - Foreign Exchange
  - SME Express Cash

- Trade Facilities
  - Letter of Credits
  - Trust Receipts
  - Foreign Currency Trade Loan
  - Bankers Acceptances
  - Export Bills Purchased/Discounting
  - Export Credit Refinancing
  - Export LC Negotiation
  - Collection Bills
  - Shipping Guarantees
  - Export LC Advising/Confirmation
  - Bank Guarantees (BGs)
  - Promissory Notes
  - Supplier Credit Financing
- Bancassurance
  - Commercial Line General Insurance
  - Keyman Credit-Life Insurance
  - Alliance Business Shield/Biz Assure
- Business Credit Card
  - My Business Platinum
  - Business Platinum Card
- Cash Management
  - Account Management
    - Business Current Account
    - Business Fixed Deposit
    - Business Foreign Currency Current Account
    - Business Foreign Currency Fixed Deposit
    - Biz-Xpress Card: Deposit cum Withdrawal function via Self-Service Terminals (ATM, CDM and CES)
  - Collection Management
    - Payee Corporation Service
    - Auto Debit Service
    - iBayar Facility
    - Bulk Cheque Collection Service
    - Cash in Transit
  - Liquidity Management
    - Auto Sweeping Service
    - Bounce Cheque Protection Service
    - Business Rewards Services
  - Payment Management
    - Prepaid Reload
    - Payroll (Salary/EPF/SOCSO/Monthly Contribution/PCB-LHDN Payment)
    - Bulk Payment
    - Bulk Payment with Remittance Advice
    - Remittances (CO/DD/FTT/FDD/IBG/ RENTAS)
    - Fund Transfer (Own account transfer/Group account transfer/ Designated 3rd Party Transfer)
    - Bills Payment
  - BizSmart Online Banking

Corporate & Commercial

- Credit Facilities
  - Working Capital Financing
  - Term Loan
  - Bridging Loan
  - Syndicated Loan
  - Business Premises Financing
  - Supplier Financing
  - Business Platinum Card
  - Foreign Currency Loan
- Trade Facilities
  - Letter of Credits
  - Trust Receipts
  - Foreign Currency Trade Loan
  - Bankers Acceptances
  - Export Bills Purchased/Discounting
  - Export Credit Refinancing
  - Export LC Negotiation
  - Collection Bills
  - Shipping Guarantees
  - Export LC Advising/Confirmation
  - Bank Guarantees (BGs)
  - Promissory Notes
  - Foreign Currency Trade Loan
- Foreign Exchange
- Cash Management
  - Account Management
    - Business Current Account
    - Business Fixed Deposit
    - Business Foreign Currency Current Account
    - Business Foreign Currency Fixed Deposit
    - Business Internet Banking
  - Collection Management
    - Payee Corporation Service
    - Auto Debit Service
    - Bulk Cheque Collection Service
    - Cash in Transit
    - Cash Concentration Solution
    - Biz-Xpress Card: Deposit cum Withdrawal function via Self-Service Terminals (ATM, CDM and CES)
  - Liquidity Management
    - Auto Sweeping Service
    - Business Rewards Services
  - Payment Management
    - Prepaid Reload
    - Payroll (Salary/EPF/SOCSO/Monthly Contribution/PCB-LHDN Payment)
    - Bulk Payment
    - Bulk Payment with Remittance Advice
    - Remittances (CO/DD/FTT/FDD/IBG/ RENTAS)
    - Fund Transfer (Own account transfer/Group account transfer/ Designated 3rd Party Transfer)
    - Bills Payment
  - BizSmart Online Banking
  - Interest Rate Swap
  - Bancassurance

PRODUCTS AND SERVICES (cont'd)

ALLIANCE BANK MALAYSIA BERHAD

FINANCIAL MARKETS

- Foreign Exchange Transactions
- Hedging Solution
    - Currency Options
    - Interest Rate Swap
    - Cross-currency Swap
- Structured Investments
- Money Market Deposit
- Money Market Deposit – Islamic
- Negotiable Instrument of Deposit
- Negotiable Islamic Deposit Certificate
- Banker Acceptances
- Islamic Acceptance of Bills

ALLIANCE ISLAMIC BANK BERHAD

Deposits

- Basic Savings Account-i
- Basic Current Account-i
- Savings Account-i
- Current Account-i
- Alliance My eSaving Account-i
- Junior Smart Saver-i

- Alliance Term Deposit-i
- Junior Smart Term Deposit-i
- Mudharabah Current Account-i
- Alliance Hybrid Account-i
- eATD (via allianceonline)
- allianceonline Banking

Consumer Financing

- i-Wish Home Financing-i
- i-Wish Flexi Home Financing-i
- Home Complete-i
- Oil Palm Plantation Financing-i
- Cashline Facility-i
- CashVantage Personal Financing-i
- Pension Financing-i
- Alliance Hire Purchase-i

Business Financing

- Revolving Credit-i
- Cashline Facility-i
- i-Wish Savelink Business Premises Financing-i
- Business Premises Term Financing-i
- Industrial Hire Purchase-i
- Term Financing-i
- Bridging Financing-i
- Contract Financing-i
- Project Financing-i
- Leasing-i
- Schemes promoted by CGC/BNM/SME Corp/Government

Trade Financing

- Bank Guarantee-i
- Shipping Guarantee-i
- Letters of Credit-i
- Murabahah Trust Receipt-i
- Murabahah Working Capital Financing-i
- Accepted Bills-i
- Export Credit Refinancing (Pre-Shipment/ Post-Shipment)-i

Cards

- Alliance Hybrid Standard Debit Card-i
- Alliance Hybrid AP Platinum Debit Card-i
- Alliance Hybrid PB Platinum Debit Card-i
- Alliance My eSaving Debit Card-i
- Alliance Junior Debit Card-i

Unit Trust

- Islamic Money Market Funds
- Islamic Bond Funds
- Islamic Balanced Funds
- Islamic Equity Funds

Financial Markets

- IPRS-Murabahah-i
- Money Market Deposit-i
- Negotiable Islamic Deposits Certificate
- Islamic Acceptance of Bills

ALLIANCE INVESTMENT BANK BERHAD

Corporate Finance

- Initial Public Offerings
    - Involving public issues of new securities and/or offers for sale of existing securities in companies seeking listing and quotation on the Main Market and the ACE Market of Bursa Malaysia Securities Berhad.
- Secondary Offerings
    - Involving raising of funds subsequent to the initial public offering through rights issues, restricted issues, private placements and special issues of both equity and equity-linked instruments.
- Corporate Restructuring Advisory
- Merger, Takeover and Acquisition Advisory
- Independent Advice to Minority Shareholders for related party transactions, General Offers and General Offer Exemption

- Other General Corporate Advisory such as bonus issue, share split and employee share option scheme

Debt Capital Market

Customised solutions via Conventional and Islamic:

- Structured Financing
- Asset Securitisation
- Project Financing
- Fixed/Floating Rate Bonds
- Commercial Papers/Medium Term Note Programmes
- Loan Syndication

Equity Capital Markets

- Underwritings and Private Placements of Initial Public Offerings
- Underwritings of Rights Issues
- Primary and Secondary Private Placements of Equity and Equity-linked Instruments
- Underwriting and Private Placements of Real Estate Investment Trusts (REITs)
- Book-building/Accelerated Book-Building of Equity and Equity-Linked Instruments

Islamic Banking

- Bal'Bithaman Ajil
- Murabahah Working Capital Financing
- Islamic Accepted Bills
- Mudharabah Investment Account Deposits
- Kafalah Bank Guarantee

Stockbroking Products & Services

- Institutional Share Trading
- Retail Share Trading
  - Cash Trading Account
  - Collaterised Trading Account
  - Alliance Flexi 7
- Share Margin Financing
- Online Share Trading Services
  - eAllianceShare
  - Mobile Share Trading
- E-Services
  - Direct Credit
  - E-Dividend
- Foreign Share Trading
- Nominees and Custodian Services

ALLIANCEDBS RESEARCH SDN BHD

- Equity Research
- Economic Research
- Industry Research
- Corporate Research
- Investment Advisory Services

ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD

ALLIANCEGROUP NOMINEES (ASING) SDN BHD

- Nominee Services

ALLIANCE TRUSTEE BERHAD

- Trustee Services

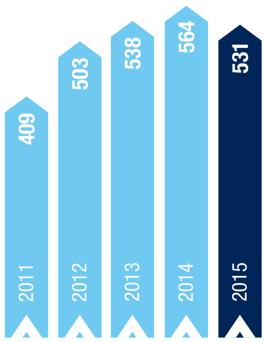
FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 MARCH	2015	2014	2013	2012	2011
OPERATING RESULTS (RM million)					
Net income	**1,383**	1,349	1,333	1,244	1,129
Profit before taxation and zakat	**703**	749	714	675	553
Net profit after taxation and zakat	**531**	564	538	503	409
KEY BALANCE SHEET DATA (RM million)					
Total assets	**53,142**	48,075	43,692	39,719	36,145
Gross loans, advances and financing	**36,923**	32,199	28,225	25,012	22,474
Total liabilities	**48,646**	43,909	39,657	35,947	32,715
Deposits from customers	**44,607**	39,237	36,004	32,187	28,385
Paid-up capital	**1,548**	1,548	1,548	1,548	1,548
Shareholders' equity	**4,495**	4,166	4,030	3,767	3,425
Commitments and contingencies	**22,746**	24,146	19,079	18,741	15,909
SHARE INFORMATION AND VALUATIONS					
Share Information					
Earnings per share (sen)	**34.8**	37.2	35.3	33.0	26.7
Diluted earnings per share (sen)	**34.8**	37.1	35.3	32.9	26.7
Dividend per share (sen)	**15.4**	29.5[1]	16.6	13.3	7.0
Net assets per share (RM)	**2.90**	2.69	2.60	2.43	2.21
Share price as at 31 March (RM)	**4.79**	4.41	4.40	3.89	3.17
Market capitalisation (RM million)	**7,415**	6,827	6,811	6,022	4,907
Share Valuations					
Dividend yield (%)	**3.22**	6.69[1]	3.77	3.42	2.21
Dividend payout ratio (%)	**45.0**	79.5[1]	46.9	42.3	26.2
Price to earnings multiple (times)	**13.8**	11.9	12.5	11.8	11.9
Price to book multiple (times)	**1.6**	1.6	1.7	1.6	1.4
FINANCIAL RATIOS (%)					
Profitability Ratios					
Net interest margin on average interest-earning assets	**2.2**	2.2	2.4	2.5	2.7
Net return on average equity	**12.3**	13.8	13.8	14.0	12.8
Net return on average assets	**1.0**	1.2	1.3	1.3	1.2
Net return on average risk-weighted assets	**1.6**	1.9	2.0	2.1	1.9
Cost to income ratio	**46.8**	46.6	47.9	47.6	48.3
Asset Quality Ratios					
Loan loss coverage	**102.7**	92.7	82.5	87.7	78.0
Gross impaired loans ratio	**1.0**	1.4	2.1	2.5	3.5
Net impaired loans ratio	**0.6**	0.7	1.1	1.4	1.9
Gross loan to deposit ratio	**82.8**	82.1	78.4	77.7	78.8
Capital Adequacy Ratios					
Core capital ratio	**-**	-	-	11.88	12.39
Risk-weighted capital ratio	**-**	-	-	15.13	16.18
Common Equity Tier I ("CET I") capital ratio	**11.11**	10.38	10.62	-	-
Tier I capital ratio	**11.11**	11.43	11.91[2]	-	-
Total capital ratio	**12.97**	13.67	14.63[2]	-	-

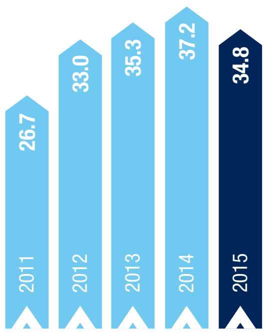
[1] Including special dividend of 10.5 sen; should special dividend be excluded, the dividend yield and dividend payout ratio are 4.31% and 51.3% respectively.

[2] The restatement is in relation to Basel 3 requirements to gradually phase out the Irredeemable Convertible Preference Shares as Tier I Capital.

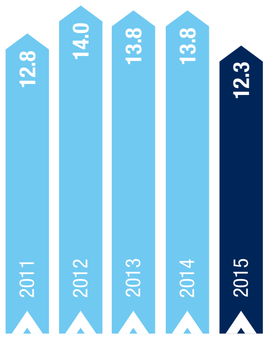
Profit After Taxation and Zakat
(RM million)



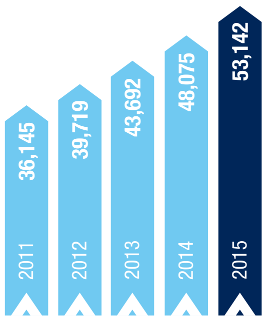
Earnings Per Share
(sen)



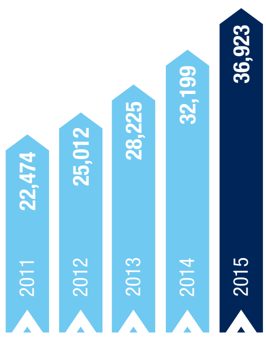
Net Return on Average Equity
(%)



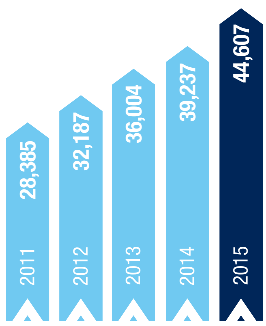
Total Assets
(RM million)



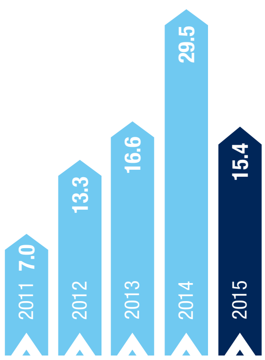
Gross Loans, Advances and Financing
(RM million)



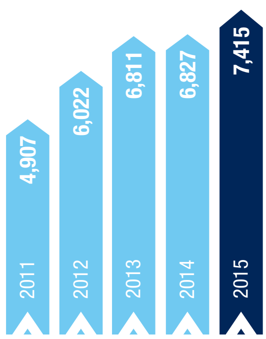
Deposits from Customers
(RM million)



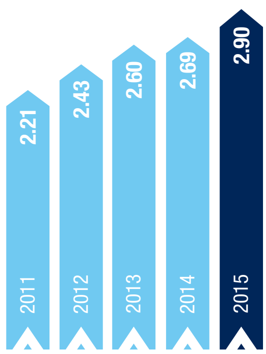
Dividend Per Share
(sen)



Market Capitalisation
(RM million)



Net Assets Per Share
(RM)



DIRECTORS

Seated (from left to right):

- Datuk Oh Chong Peng • Dato' Thomas Mun Lung Lee • Joel Kornreich *(Chief Executive Officer)*

Standing (from left to right):

- Megat Dziauddin bin Megat Mahmud • Tan Yuen Fah • Kung Beng Hong
- Lee Ah Boon • Ou Shian Waei • Stephen Geh Sim Whye

DIRECTORS (cont'd)

DIRECTORS OF ALLIANCE FINANCIAL GROUP BERHAD

Alliance Financial Group Berhad

Datuk Oh Chong Peng
*(Chairman/
Independent Non-Executive Director)*

Dato' Thomas Mun Lung Lee
(Senior Independent Non-Executive Director)

Stephen Geh Sim Whye
(Independent Non-Executive Director)

Tan Yuen Fah
(Independent Non-Executive Director)

Megat Dziauddin bin Megat Mahmud
(Independent Non-Executive Director)

Kung Beng Hong
(Non-Independent Non-Executive Director)

Ou Shian Waei
(Independent Non-Executive Director)

Lee Ah Boon
(Non-Independent Non-Executive Director)

DIRECTORS OF MAJOR SUBSIDIARIES

Alliance Bank Malaysia Berhad

Dato' Thomas Mun Lung Lee
*(Chairman/
Independent Non-Executive Director)*

Lee Ah Boon
(Non-Independent Non-Executive Director)

Kung Beng Hong
(Non-Independent Non-Executive Director)

Tan Yuen Fah
(Independent Non-Executive Director)

Ou Shian Waei
(Independent Non-Executive Director)

Kuah Hun Liang
(Independent Non-Executive Director)

Datuk Wan Azhar bin Wan Ahmad
(Independent Non-Executive Director)

Lee Boon Huat
(Independent Non-Executive Director)

Alliance Investment Bank Berhad

Dato' Thomas Mun Lung Lee
*(Chairman/
Independent Non-Executive Director)*

Kung Beng Hong
(Non-Independent Non-Executive Director)

Kuah Hun Liang
(Independent Non-Executive Director)

Dato' Majid Bin Mohamad
(Independent Non-Executive Director)

Premod Paul Thomas
(Independent Non-Executive Director)

Alliance Islamic Bank Berhad

Megat Dziauddin bin Megat Mahmud
*(Chairman/
Independent Non-Executive Director)*

Foziakhatoon binti Amanulla Khan
(Chief Executive Officer)

**Assoc. Prof. Dr Abdul Rahman
bin Awang**
(Independent Non-Executive Director)

Tuan Haji Md Ali bin Md Sarif
(Independent Non-Executive Director)

Dato' Majid bin Mohamad
(Independent Non-Executive Director)

Datuk Oh Chong Peng

(Chairman, Independent Non-Executive Director)
Chairman of Nomination Committee, Remuneration Committee and Employees' Share Participating Scheme Committee

Aged 70, a Malaysian, was appointed Chairman of the Board of AFG on 21 April 2006. He had his accountancy training in London from 1964 and qualified as a Chartered Accountant in 1969. He is a Fellow of the Institute of Chartered Accountants in England and Wales as well as a member of the Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants.

Datuk Oh joined Coopers & Lybrand (now called PricewaterhouseCoopers) in London in 1969 and in Malaysia in 1971. He was a Partner of Coopers & Lybrand Malaysia from 1974 and retired as a Senior Partner in 1997. He was with Rashid Hussain Berhad Group of Companies between 1998 and 2003.

Datuk Oh is a Government-appointed member of Labuan Financial Services Authority. He is a Council Member of Universiti Tunku Abdul Rahman (UTAR) and a trustee of the UTAR Education Foundation.

His past appointments included stints as a Government-appointed Member of the Kuala Lumpur Stock Exchange, now called Bursa Malaysia Berhad (1990-1996), member of the Malaysian Accounting Standards Board (2004-2009) as well as a Council Member (1981-2001) and President of MICPA (1994-1996).

Datuk Oh currently sits on the Boards of British American Tobacco (Malaysia) Berhad, Kumpulan Europlus Berhad, Malayan Flour Mills Berhad, Dialog Group Berhad and several other companies.

Dato' Thomas Mun Lung Lee

(Senior Independent Non-Executive Director)
Member of Nomination Committee, Remuneration Committee and Employees' Share Participating Scheme Committee

Aged 77, a Malaysian, was appointed to the Board of AFG on 26 September 2005. He has been in legal practice as an advocate and solicitor for over 50 years. He is a Barrister-at-Law (England) and holds a Master of Arts (MA) and Master of Law (LLM) degrees from Cambridge University, United Kingdom. He is a member of the Appeals Committee of Bursa Malaysia Berhad and was a member of the Steering Committee of Financial Institutions Directors' Education (FIDE) Programme. He is also an arbitrator with the Court of Arbitration for Sport based in Lausanne, Switzerland.

Dato' Lee is currently a Senior Partner of Lee Hishammuddin Allen & Gledhill. He is the Chairman of Alliance Bank Malaysia Berhad (ABMB) and Alliance Investment Bank Berhad (AIBB) and a director of Alliance Trustee Berhad. He is also the Chairman of AIA Berhad, AIA Public Takaful Berhad and AIA Pension and Asset Management Sdn Bhd and a director of AIG Malaysia Insurance Berhad.

Stephen Geh Sim Whye

(Independent Non-Executive Director)
Chairman of Audit Committee and Member of Nomination Committee

Aged 59, a Malaysian, was appointed to the Board of AFG on 5 May 2004. He is a Chartered Accountant with the Malaysian Institute of Accountants, and a member of the Malaysian Institute of Certified Public Accountants and The Chartered Tax Institute of Malaysia.

Since 1984, Mr Geh has been a practising accountant and consultant to several companies. He has wide experience in the financial management of companies involved in tin mining, oil palm and rubber plantations, manufacturing, property development and construction.

Mr Geh was involved in the financial management of a number of Malaysian manufacturing and trading companies with overseas investments, besides serving as their tax adviser.

He is currently the Managing Director of GSW Consultants Sdn Bhd.

DIRECTORS (cont'd)

Tan Yuen Fah
(Independent Non-Executive Director)
Member of Audit Committee

Aged 70, a Singaporean, was appointed to the Board of AFG on 1 July 2005. He holds a Bachelor of Accountancy degree from the former University of Singapore and a Bachelor of Law degree from University of Wolverhampton, United Kingdom. He also holds a Post-Graduate Diploma in Business Administration from Manchester Business School, United Kingdom. He is a Fellow of the Institute of Singapore Chartered Accountants, Fellow of the Certified Practising Accountants in Australia, Fellow of The Association of Chartered Certified Accountants in the United Kingdom and an Associate of the Chartered Institute of Management Accountants, United Kingdom.

Mr Tan had 11 years of experience in the commerce and industry sector prior to joining the banking and finance sector. He joined Overseas Union Bank Ltd, Singapore in 1979, holding various senior positions and retired in 2002 as Executive Vice President.

He is currently a Director of ABMB and Union (2009) Limited.

Megat Dziauddin bin Megat Mahmud
(Independent Non-Executive Director)
Member of Audit Committee, Nomination Committee, Remuneration Committee and Employees' Share Participating Scheme Committee

Aged 69, a Malaysian, was appointed to the Board of AFG on 26 September 2005. Tuan Haji Megat holds a Bachelor of Science (Econs) (Hons) degree from the Queen's University of Belfast, Northern Ireland, United Kingdom and is a Fellow of the Institute of Chartered Accountants in Ireland as well as a Chartered Accountant with the Malaysian Institute of Accountants.

He has more than 30 years of experience in senior management capacities. He had served Golden Hope Plantations Berhad as Group Director (Finance), Arab-Malaysian Merchant Bank Berhad as General Manager (Operations) and as General Manager (Investment), Bank Simpanan Nasional as Finance Manager and the Accountant-General's Department as Treasury Accountant.

He currently sits on the Boards of Alliance Islamic Bank Berhad (AIS), MNRB Holdings Berhad, MNRB Retakaful Berhad, Malaysian Reinsurance Berhad, Takaful Ikhlas Berhad, Pernec Corporation Berhad and several private limited companies.

Kung Beng Hong
(Non-Independent Non-Executive Director)
Member of Audit Committee, Nomination Committee, Remuneration Committee and Employees' Share Participating Scheme Committee

Aged 70, a Malaysian, was appointed to the Board of AFG on 21 April 2006. He holds a Bachelor of Arts (Hons) degree in Economics from University of Malaya. He is a Fellow of the Institute of Bankers Malaysia.

Mr Kung has 46 years working experience in the banking industry and has held numerous senior management positions, mainly in Malaysia, including CEO/Directorship positions in three banks. His experience includes positions held in Citibank N.A. in the United States and Singapore.

He is currently the Advisor of Fullerton Financial Holdings Pte Ltd and sits on the Boards of ABMB and AIBB. He also holds directorships in UOA Asset Management Sdn Bhd, Quill Motorcars Sdn Bhd, Asian Institute of Finance Berhad and Financial Institutions Directors' Education (FIDE) Forum.

Ou Shian Waei
(Independent Non-Executive Director)
Member of Audit Committee, Remuneration Committee and Employees' Share Participating Scheme Committee

Aged 64, a Malaysian, was appointed to the Board of AFG on 1 July 2010. He holds a Bachelor of Science degree in Chemistry from University of Malaya. Mr Ou started his career with a local bank as a management trainee from 1976 to 1980. He joined IBM Malaysia in 1981 as a trainee System Engineer and held various technical and management positions before retiring as Managing Director of IBM Malaysia in January 2010 after almost 30 years of service.

Mr Ou was the PIKOM (Association of Malaysia Computer Industry) Councillor from 1997 to 1998 and was awarded the 'Key Industry Leader Award' in 2006 by PIKOM (now called The National ICT Association of Malaysia) for his contributions to Malaysia's IT industry. He was also the Chairman of the National International Technology Council (NITC) Taskforce for IT literacy in 1997 and Adjunct Professor for the Department of Economics & Business Administration at Universiti Putra Malaysia from 1998 to 1999.

He currently sits on the Boards of ABMB, AIG Malaysia Insurance Berhad and Private Pension Administrator Malaysia.

Lee Ah Boon
(Non-Independent Non-Executive Director)
Member of Nomination Committee, Remuneration Committee and Employees' Share Participating Scheme Committee

Aged 64, a Singaporean, was appointed to the Board of AFG on 18 April 2012. He holds a Bachelor of Accounting (Hons) degree from the former University of Singapore.

Mr Lee joined Citibank in 1990 and served in a variety of roles in Consumer Banking in Singapore which included Chief Financial Officer, Senior Operations Officer, Head of Credit Card business and Business Manager. In 2005, he started up Citibank's Consumer Business in China and returned to Singapore as Regional Operations Head of Citibank before joining Barclays Bank in early 2009 as International Technology Head for its Global Retail and Commercial Bank businesses.

In September 2010, Mr Lee left Barclays Bank and joined Fullerton Financial Holdings (International) Pte Ltd, a subsidiary of Temasek Holdings (Private) Limited, as the Chief Operating Officer where he stayed for three years until his retirement in November 2013.

Mr Lee is currently the Advisor of Fullerton Financial Holdings (International) Pte Ltd and sits on the Boards of ABMB, Mekong Development Bank and Fullerton Finance (Myanmar) Company Limited.

Kuah Hun Liang

Aged 53, a Malaysian, was appointed to the Board of ABMB on 15 December 2011.

He holds a Bachelor of Science (Hons) degree in Applied Economics from University of East London, United Kingdom. He was a former Treasurer and Director of the Malaysian-German Chamber of Commerce and also a former Chairman of the Star Publications (Malaysia) Berhad.

Mr Kuah has over 30 years of experience in the financial services industry having started his career in Public Bank. He subsequently joined Deutsche Bank AG as Treasurer and was promoted as Head of Global Markets when the bank ventured into investment banking. He was appointed Executive Director of Deutsche Bank (M) Berhad in 2000 and in 2002, he assumed the role of Managing Director and Chief Executive Officer.

Mr Kuah currently sits on the Boards of AIBB, Rexit Berhad and MPHB Capital Berhad.

DIRECTORS (cont'd)

Datuk Wan Azhar bin Wan Ahmad

Aged 56, a Malaysian, was appointed to the Board of ABMB on 7 April 2015.

He holds a Master in Business Administration (International Business) from National University of San Diego, USA and a Bachelor in Business Administration degree (Finance) from the University of Pacific, Stockton, USA.

Datuk Wan Azhar was the Chief Executive Officer of Credit Guarantee Corporation Malaysia Berhad (CGC) from 1997 until his retirement on 31 December 2014. He was recruited and appointed as a Manager in CGC by Bank Negara Malaysia in 1993. In 1995, he was promoted to Assistant General Manager, Chief Executive Officer in 1997, and appointed to the Board of Directors as Managing Director in 2000. One of the key highlights of his career was the transformation of CGC from a traditional credit guarantee provider into a market-driven and financially sustainable SME-support institution.

Datuk Wan Azhar currently sits on the Boards of Bina Darulaman Berhad, Bank Pembangunan Malaysia Berhad and NAMA Foundation. He is also the Independent Non-Executive Chairman of the Small Debt Resolution Committee at Bank Negara Malaysia.

Lee Boon Huat

Aged 57, a Singaporean, was appointed to the Board of ABMB on 7 April 2015.

He holds a Bachelor of Business (Accounting) degree from Western Australia Institute of Technology, Australia.

Mr Lee has extensive experience in the financial services industry, including the Monetary Authority of Singapore, Hong Kong and Shanghai Banking Corporation, Canadian Imperial Bank of Commerce and Chemical Bank. He served as an executive of Standard Chartered Bank from 1998 to 2012, in various capacities including as Head of Markets (South East Asia), Head of Sales (Middle East) and Chief Operating Officer (South East Asia).

Mr Lee currently sits on the Boards of British and Malayan Trustees Limited, Technological and Commercial Joint-stock Bank, Vietnam and several other private companies.

Dato' Majid bin Mohamad

Aged 61, a Malaysian, was appointed to the Board of AIS on 6 September 2013.

He holds a Bachelor of Arts (Honours) degree from University of Malaya and a Master of Business Administration degree from Manchester Business School, England. He also attended senior management programmes at Harvard Business School, United States and INSEAD, France.

He has extensive experience in the setting up, regulatory planning and rehabilitation of finance and insurance institutions. He started his banking career in Bank Negara Malaysia in 1977 and held various supervisory roles across key departments, from audit to economics, and bank and insurance regulation. He was CEO of several life and general insurance companies in Malaysia including Pacific and Orient Insurance Berhad, Malaysia National Insurance Berhad, The People's Insurance Co. (Malaysia) Berhad and Talasco Insurance Berhad. In 2001, he facilitated the successful merger of Talasco Insurance Berhad and The People's Insurance Co. (Malaysia) Berhad. Dato' Majid retired as CEO and President of Labuan Reinsurance (L) Ltd at the end of 2010.

He is currently the Managing Adviser of MBM Advisers (L) Ltd, a consultancy outfit based in Labuan International Business and Financial Centre.

He is an independent board member of AIBB, AIA Public Takaful Berhad, Pasdec Resources (South Africa) Ltd as well as Technical Adviser to the Labuan International Insurance Association.

Premod Paul Thomas

Aged 58, a Singaporean, was appointed to the Board of AIBB on 26 March 2015.

He holds a Masters in Business Administration from the Indian Institute of Management, Ahmedabad and a Bachelor of Commerce degree from Loyola College, Madras, India. He is a member of the Indian Institute of Bankers.

Mr Thomas began his career with Bank of America. He subsequently joined Singapore's Temasek Group; first, as Director of Finance for its subsidiary, Singapore Technologies Pte Ltd and later, as Managing Director of Strategic Development with Temasek Holdings (Private) Limited. After his stint at Temasek, he joined Standard Chartered Bank, Singapore; his last position there was Chief Operating Officer of its Private Bank. Mr Thomas later joined the Hong Leong Group, Malaysia and served as the Group Chief Financial Officer of its Bank and the Executive Director of its Leisure arm.

Mr Thomas is currently the Chief Executive Officer and Director of Capital Insights Pte Ltd, an investment holding and management consulting company based in Singapore.

Assoc. Prof. Dr Abdul Rahman bin Awang

Aged 69, a Malaysian, was appointed to the Board of AIS on 11 February 2011.

Dr Abdul Rahman holds a PhD in Islamic Law from University of Edinburgh, United Kingdom, Master of Laws (Comparative Laws) from Temple University, Philadelphia, and a Shariah and Law degree from Al-Azhar University, Egypt.

He has more than 30 years of experience in teaching Islamic law and served in various universities in Malaysia. He has retired from International Islamic University Malaysia as at 10 July 2014.

Tuan Haji Md Ali bin Md Sarif

Aged 61, a Malaysian, was appointed to the Board of AIS on 23 March 2011.

Tuan Haji Md Ali holds a Bachelor of Economics degree from University of Malaya and an MBA (Finance) from Universiti Kebangsaan Malaysia (UKM). He also holds a Diploma in Islamic Studies and a Post-Graduate Diploma in Islamic Law from UKM.

He was with Maybank Group from 1976, holding various senior positions until his retirement in 2008 as Head of Planning, Maybank Islamic Berhad. He has extensive experience in the areas of Islamic banking, corporate planning, asset and liability management as well as banking operations.

He was a Distinguished Academic Fellow of the Institute of Islamic Banking and Finance (IIBF) at International Islamic University Malaysia from 2008 to 2014.

DIRECTORS (cont'd)

Foziakhatoon binti Amanulla Khan

Aged 47, a Malaysian, was appointed as CEO and Director of AIS on 24 September 2012.

Puan Fozia holds a Bachelor of Arts (Hons) in Accounting and Finance from the University of Humberside, Hull, United Kingdom.

Puan Fozia has over 20 years of experience in the banking industry. She was formerly the CEO and Executive Director of a local Islamic Bank. She had led the Islamic Capital Markets Division of one of the largest banks in Malaysia, where she was instrumental in structuring and advising on fixed income Islamic investment banking products. She also headed the team that concluded the first Residential Mortgage Backed Securities transaction in Malaysia as well as the first Islamic sub debt issuance; her work on these two projects have won numerous awards both locally and regionally.

Puan Fozia is a frequent speaker at local and international seminars and roadshows on matters related to Islamic banking.

Other Information of Directors of AFG

(i) Family Relationship

None of the Directors have any family relationship with each other and/or major shareholders of the Company.

(ii) Conflict of Interest

None of the Directors have any conflict of interest with the Company.

(iii) List of Convictions for Offences

None of the Directors have been convicted for any offences within the past 10 years.

(iv) Attendance of Directors at Board Meetings

There were 14 Board Meetings held during the financial year ended 31 March 2015. Details of attendance of Directors at Board Meetings are as follows:

Name of Director	Attendance
Datuk Oh Chong Peng	14/14
Dato' Thomas Mun Lung Lee	14/14
Stephen Geh Sim Whye	14/14
Tan Yuen Fah	13/14
Megat Dziauddin bin Megat Mahmud	14/14
Kung Beng Hong	14/14
Ou Shian Waei	14/14
Lee Ah Boon	14/14

CHIEF EXECUTIVE OFFICER

Joel Kornreich

Chief Executive Officer, Alliance Financial Group Berhad
Group Chief Executive Officer, Alliance Bank Malaysia Berhad

Aged 49, a Belgian, was appointed the Group Chief Executive Officer of Alliance Bank Malaysia Berhad on 1 January 2015 and Chief Executive Officer of Alliance Financial Group Berhad on 1 April 2015.

Mr Kornreich is an experienced banker with more than 23 years in the financial services industry. Before joining the Group, Mr Kornreich was with Citigroup for 20 years in various roles around the world. He possesses an excellent track record in managing some of Citi's retail banking businesses in various countries, built on superior service and innovative solutions.

Mr Kornreich's last position with Citi was as its Country Business Manager of Citibank Global Consumer Group, South Korea. Prior to his South Korean appointment, he managed Citi's Consumer Banking businesses in Indonesia and Russia, and served as CEO for Spain, Belgium and Greece. Before his tenure in Indonesia and Europe, Mr Kornreich was Citi's Marketing Director and Head of Mortgages and Liabilities for Asia Pacific, as well as Retail Banking Head for Singapore.

Mr Kornreich left Citi between 1998-2001 to join the Consumer Banking business of ABN AMRO Bank, as Head of Sales and Distribution for Asia, and Consumer Banking Business Manager for Indonesia and Hong Kong.

Mr Kornreich holds a Magna Cum Laude in Master of Science in Business Engineering from Solvay Business School in Brussels, Belgium.

Mr Kornreich does not have any family relationship with any other directors and/or major shareholders of the Company. He does not have any conflict of interest with the Company, nor does he have any interest in the securities of the Company or its subsidiaries. He has not been convicted for any offences within the past 10 years.

SENIOR MANAGEMENT

01 Joel Kornreich
Chief Executive Officer
Alliance Financial Group Berhad
Group Chief Executive Officer
Alliance Bank Malaysia Berhad

From left to right:

02 **Raymond Leung Chun-Kow**
Group Chief Operating Officer

03 **Victor Khor Eng Swee**
Head, Group Transaction & SME Banking

04 **Christopher Yap Huey Wen**
Head, SME

05 **Tan Eng Kiang**
Head, Group Financial Markets

06 **Mahesh P Rupawalla**
Chief Executive Officer
Alliance Investment Bank Berhad

07 **Fozia Amanulla**
Chief Executive Officer
Alliance Islamic Bank Berhad

08 **Gary Teo Wee Chee**
Group Chief Financial Officer

09 **Aaron Sum Wei Wern**
Head, Franchise Management

10 **Pang Choon Han**
Group Chief Risk Officer

11 **Chew Siew Suan**
Head, Group Human Resource

12 **Peter Fong Seow Loong**
Group Chief Credit Officer

13 **Mary James**
Group Chief Information Officer cum
Head, Group Infrastructure

14 **Leong Sow Yoke**
Group Chief Internal Auditor

15 **Amarjeet Kaur**
Head, Group Corporate Strategy and Development

16 **Yap Sieh Wai**
Head, Group Compliance

17 **Lee Wei Yen**
Group Company Secretary

DELIVERING SHAREHOLDER **VALUE**

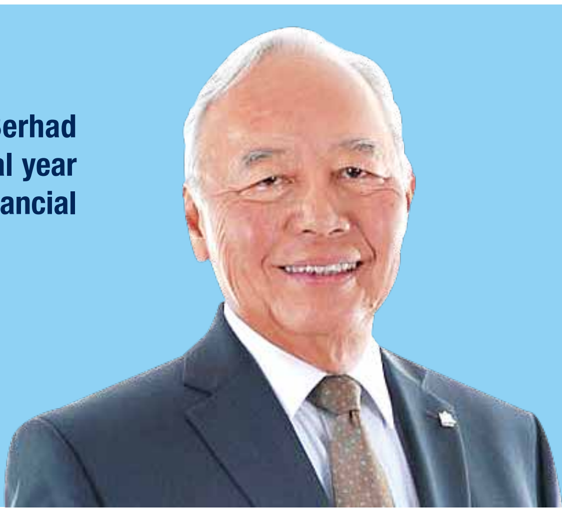
“ We are committed to having an enduring relationship with you. To do so, we execute smart financial and operational initiatives, as well as uphold good governance and risk management practices. ”

STATEMENT BY CHAIRMAN OF ALLIANCE FINANCIAL GROUP BERHAD

We are committed to continuously enhance shareholder value by providing shareholders a meaningful return on their investments.

Dear Shareholders,

I am pleased to report that Alliance Financial Group Berhad turned in a satisfactory performance for the financial year ended 31 March 2015 amidst volatility in global financial markets and challenging operating conditions.



Datuk Oh Chong Peng
Chairman, Alliance Financial Group Berhad

A Challenging Operating Environment

In 2014, while the global economy experienced moderate growth, risks to global growth began to resurface. Geopolitical developments in Eastern Europe and the Middle East, the weaker-than-expected economic activity in a number of major economies, and rising concerns over growth prospects of commodity-producing emerging economies amidst a significant decline in oil prices, all brought about higher volatility in currency and equity markets.

Satisfactory Performance

Given the challenging and highly competitive operating environment, the Group achieved a satisfactory performance, with net profit after tax of RM530.8 million and return on equity of 12.3%.

The net profit after tax, however, registered a year-on-year decline of RM32.7 million or 5.8% due mainly to margin compression despite the 14.9% robust loans growth and normalisation of credit costs. For the financial year ended 31 March 2015 (FY2015), there was a net charge for impairment provisions of RM32.9 million, in contrast to a net write back of RM28.5 million last year. As we have recovered most of the legacy impaired loans in the last three years, the ratio of gross impaired loans has also declined to a low 1.0%, with loan loss coverage at 102.7%.

The year's performance is the result of various measures undertaken to build a sound foundation for sustainable profitability and value creation for shareholders. By remaining focused on our business goals, streamlining our processes as well as tapping on our competitive strengths in Consumer and Business Banking, we have enhanced our position in the industry.

In line with our vision to become "The Best Customer Service Bank" in Malaysia, we have raised the bar on customer service, and strengthened long-term relationships with our customers. We continue to complement these initiatives through increased brand building activities.

Shareholder Value Creation

We are committed to continuously enhancing shareholder value by providing shareholders a meaningful return on their investments. Net assets per share rose by 7.8% to RM2.90 per share from RM2.69 in the previous year, and market capitalisation has risen steadily to RM7.4 billion. As at March 2015, the Group's total capital ratio stood at 13.0%, while its Common Equity Tier 1 (CET 1) stood at 11.1%.

In respect of the financial year ended 31 March 2015, a first interim dividend of 9.0 sen per share, tax exempt under the single tier tax system was paid out on 30 December 2014. I am pleased to report that the Board has proposed a second interim dividend of 6.4 sen, which brings the total dividend for the year to 15.4 sen. This represents a total payment of RM234.4 million or a 45.0% payout from the year's net profits.

The dividend policy takes into account the need to maintain a balance between providing a healthy dividend income to shareholders while ensuring the future capital requirements of the Group are adequately met to maintain our financial strength and support business growth.

Nurturing Our People

Our people are undoubtedly at the centre of all that we do and we are committed to provide them with a conducive environment that allows for continuous learning and development as well as good career progression. Employee engagement too remains a high priority and we continue to inculcate the core values of Respect, Integrity, Teamwork and Excellence (R.I.T.E.) throughout our organisation.

Going Out To The Community

We continue to support corporate responsibility programmes with high impact, most notably the award-winning SME Innovation Challenge which aims to assist high potential young small and medium enterprises to break through to the next phase of growth in their businesses. We also continued to undertake a host of innovative financial literacy initiatives to educate children on the importance of money management.

Looking Ahead

Looking ahead, the downside risks to global growth activity remain considerable even as the global economy moves along a moderate growth path. The decline in energy prices coupled with the fragile growth momentum in several major economies continues to be a cause for concern and may trigger volatility in capital inflows and financial markets. For emerging Asian economies, including Malaysia, sustained domestic demand will remain key to their economic growth.

Moving forward, as we go into a potentially more challenging environment, our priority must be to ensure that we have a robust balance sheet. In this regard, we take comfort that we are starting the year from a position of strength – better than industry gross impaired loans ratio at 1.0%, loans-to-deposit ratio of 82.8% and CASA ratio at 33.6%, coupled with adequate capital to support growth. The emphasis on productivity improvements and continuous enhancement of our IT infrastructure has continued to yield results, with cost-to-income ratio dropping to 46.8%, despite the lack in operating scale.

In addition to a strong balance sheet, over the years we have also enhanced our organisational capabilities as well as our physical and self-service touchpoints to ensure better delivery of products and services to meet customers' needs.

With the foundations already in place, our key priority for the financial year 2016 will be to navigate the challenges from the external environment and to deliver value by leveraging on our key strengths in Consumer and Business Banking as we help our customers to be successful financially.

Thus, we will continue to assume the right risk exposures in our efforts to further improve asset efficiency and ensure more productive use of our capital. With this shift in focus, we will continue to rebalance the loans portfolio mix for improved returns by focusing on the more profitable products and customer segment. Going forward, as risk adjusted returns, and not market share, becomes the key performance metrics, our loans portfolio will expand in line with the industry.

We will continue to balance the expansion of our asset base with the funding needs to maintain a healthy loans-to-deposit ratio by growing deposits in particular CASA deposits, to sustain our funding cost advantage in the industry. Furthermore, to enhance return on equity, we will accelerate the growth of fee based businesses that deliver consistent non-interest income growth particularly in foreign exchange, rates, transaction banking and wealth management business.

More importantly, we will stay focused on our core areas of strengths in Consumer and Business Banking to achieve better synergies in line with our commitment to continually deliver sustainable growth and increasing returns for our shareholders.

Acknowledgements

On behalf of the Board of Directors, I wish to express my deep appreciation to our shareholders and customers for their continuing support and confidence in the Group.

I am grateful to our management and staff for their hard work and commitment in helping us achieve another successful year of delivering excellent service to our customers.

I also extend my gratitude and to my fellow directors for their wise counsel and commitment to the Group. We also warmly welcome Mr Joel Kornreich, who assumed the role of Chief Executive Officer of Alliance Financial Group Berhad. Our appreciation goes to Mr Sng Seow Wah, our Group Chief Executive Officer for four years, who left us on 4 October 2014.

My sincere thanks also goes out to Bank Negara Malaysia, the Securities Commission Malaysia, Bursa Malaysia Securities Berhad and other regulatory authorities for their continuous guidance and support.

Thank you.

DATUK OH CHONG PENG
Chairman, Alliance Financial Group Berhad

STATEMENT BY CHAIRMAN OF ALLIANCE BANK MALAYSIA BERHAD

We have built a track record of sustainable growth, and I am confident that the Group will continue to deliver credible financial performance.

I am pleased to report that Alliance Bank Malaysia Berhad turned in credible business growth despite challenging economic conditions and a highly competitive business landscape.

Dato' Thomas Mun Lung Lee
Chairman, Alliance Bank Malaysia Berhad

A Challenging Economic Backdrop

In 2014, global financial markets were characterised by intensified volatility in currency and equity markets in the latter part of the year. This was driven by ambiguity surrounding monetary policy normalisation in the United States, a return of concerns over global growth prospects, and uncertainty over the consequences of the sharp decline in commodity prices, especially oil and crude palm oil, on commodity-producing countries such as Malaysia.

Although the Malaysian economy, recorded a stronger 6.0% growth in 2014 (2013: 4.7%), however, business momentum slowed in the banking industry. The industry had to contend with a number of key challenges - margin compression, normalisation of credit costs, volatility in treasury trading income as well as lower fund raising in both debt and equity markets.

Satisfactory Financial Performance

Despite our loans and deposits growth outpacing the industry, revenue only grew slightly by 0.8% due to margin compression and lower treasury profits. Overheads were controlled, rising by only 3.3% year-on-year. Net profit after tax at RM509.8 million, however, was RM53.4 million lower. For the financial year ended 31 March 2015 (FY2015), we had to set aside a net provision charge of RM32.9 million, in contrast to a net write back of RM27.9 million last year.

We have had three good years of net write backs of provisions from recoveries of legacy impaired loans. During this period, our overall portfolio of impaired loans dropped by 34.3% to RM380.7 million, from RM579.2 million in financial year 2013. With this, gross impaired loans ratio has improved to a record-breaking low of 1.0%, and our loan loss coverage ratios now stand at 102.7%.

Delivering on Our Strategic Priorities

We continued our key long-term strategic priorities that revolved around building consistent and sustainable financial performance, delivering a superior customer service experience, and developing engaged employees with the right values.

Other specific initiatives included expanding our core business, making continuous productivity improvements, and inculcating a high-performance culture.

We also continued to make investments to further upgrade our infrastructure and re-engineer our operations via the Alliance Process Excellence (APEX) initiative. We upgraded our IT infrastructure to strengthen the delivery of customer service and improved the granularity of management information system for better decision-making. Project APEX saw us streamlining various credit, collection, foreign exchange, remittances and account opening processes, and we completed ISO certification for the centralised cheque processing, branch counter service queue time, trade finance processing functions and treasury operations.

Our Islamic Banking subsidiary undertook a number of initiatives. These included launching new products, rolling out a Shariah competency programme, establishing new relationships with government-linked companies and statutory bodies, as well as reducing its concentration on housing loans.

The acquisition of a majority stake in HwangDBS Vickers Research has enhanced the research capabilities of our subsidiary, Alliance Investment Bank Berhad (AIBB). The new entity, AllianceDBS Research Sdn Bhd, jumped to eighth place in 2014, from 21st ranking a year earlier in the Asiamoney Polls ranking for Best Overall Research. Similarly, the ongoing efforts to build stronger institutional client relationships has shown positive results, with AIBB jumping to eighth place in the "Best Overall Sales" category, from 19th place the year before.

As our people are the most vital component of our operations, the focus on staff training and development remains a key priority. We continue to equip our people with the right skills and knowledge, promote a culture of meritocracy so that they can readily manage new challenges and deliver greater service excellence. We continued with our structured learning and development initiatives with the Management Trainee Programme and Alliance Managers Programme. We also conducted regular assessments and reviews to ensure a ready pool of talent and to provide for smooth succession planning.

Recognised for Our Commitment to Excellence

The Bank continued to be recognised for its commitment to excellence by winning a host of prestigious local and international awards. For this, I wish to thank our Group Chief Executive Officer, the senior management team and our dedicated and hardworking staff for their excellent efforts. These awards and accolades include:

For the SME Banking segment

- "Best SME Bank" in Asia Pacific, Gulf region & Africa at The Asian Banker Excellence in Retail Financial Services International Awards 2015 (for the second time);
- "Excellence in SME Banking" at the Retail Banker International (RBI) Asia Trailblazer Awards 2015 for the third consecutive year;
- "Best Business Card Programme, Asia" at the Cards & Electronic Payment International (CEPI) Asia Trailblazer Summit Awards 2014;
- "Growing Business in New Territory or New Service Offering" for Internet Banking 2nd Generation at the Global Architecture Award of Excellence 2014; and
- "Online Banking Initiative of the Year - Malaysia" at the Asian Banking & Finance Retail Banking Awards 2014.

For our work in supporting the SME segment

- "Best Community Outreach Programme" (Highly Commended) at the Retail Banker International Asia Trailblazer Awards 2015.

For our work with young Malaysian graduates

- "Best Graduate Programme" at the Retail Banker International Asia Trailblazer Awards 2015;
- "Best Graduate Recruitment Programme" in Malaysia (Bronze) at the Asia Recruitment Awards 2015; and
- "Malaysia's 100 Leading Graduate Employers 2014 (29th Place)" by gradmalaysia.com.

Creating Value and Sustainable Profitability

The international economic and financial landscape has undoubtedly become more challenging since the latter part of 2014. Beyond the sharp decline in commodity prices, the growth momentum in several major economies is also more fragile than previously forecasted. The different growth momentums could lead to divergent monetary policy stances in the major economies, and the international financial markets are likely to remain volatile in 2015. Further with the implementation of a Goods and Services Tax in April 2015, we expect reduction in household purchasing power and higher production and operational costs for businesses.

As these uncertainties continue to impact economic growth, we will remain mindful of the downside risks and the need to balance growth with preservation of asset quality. Therefore, we will focus on improving asset efficiency and assuming the right risk exposure to balance our capital needs and providing reasonable return to shareholders. With this in mind, the Group has embarked on a strategy to rebalance its loans portfolio and funding mix, which will drive more productive use of our capital over the medium to longer term.

We will continue to enhance the customer service experience through the re-engineering of processes under Project APEX as well as investments in improvements to our infrastructure platforms and distribution network. At the same time, we will work to strengthen our franchise and brand, deliver more innovative products to cater to our customers' evolving needs by leveraging on our strength in SME and Consumer banking. In executing these initiatives, we will remain disciplined in our cost management programme to drive productivity and profitability improvements.

We will also continue to invest in human capital development, enhance the employee value proposition, improve employee engagement activities, and reinforce our core values of respect, integrity, teamwork and excellence, and the behaviours required to achieve our vision and mission. In all that we do, we will ensure we maintain robust governance and risk management policies to safeguard the Group's operations and reputation.

With these efforts, I am confident of the Group's credible financial performance, strong asset quality, solid liquidity and capital position, as we go forward into financial year 2016.

Appreciation

On behalf of the Board of Directors, I wish to express my sincere appreciation to you, our valued shareholders, for your continued confidence in the Bank. My sincere thanks also go to our growing number of customers, stakeholders and business partners for their steadfast support. I wish to record my appreciation to Bank Negara Malaysia, the Securities Commission Malaysia, Bursa Malaysia Securities Berhad and other government agencies and regulatory authorities for their support.

To Datuk Oh Chong Peng and the Board of Directors of our holding company, Alliance Financial Group Berhad, a big "thank you" for your astute insights, advice and support. I would also like to convey my heartfelt gratitude to my fellow Directors of Alliance Bank for their dedication and strong support. I also wish to thank Megat Dziauddin bin Megat Mahmud who retired as a Director from the Board of Alliance Bank Malaysia Berhad effective 21 April 2015 having served for nine years. I also thank Mr Sng Seow Wah, who was the Group Chief Executive Officer for four years and left us in October 2014. In his place, I welcome Mr Joel Kornreich who replaces him as the Group Chief Executive Officer effective 1 January 2015. Mr Kornreich comes to us with a long experience in international banking.

I would like to welcome our newly appointed Directors, Datuk Wan Azhar bin Wan Ahmad and Mr Lee Boon Huat, who bring to us a range of experience and expertise, and I welcome equally Mr Premod P. Thomas and Dato' Majid bin Mohamad to our investment bank, AIBB.

My deep gratitude also goes to our management and staff for their hard work in helping us achieve a commendable performance in FY2015 in challenging circumstances. I look forward to their continued support in the year ahead.

DATO' THOMAS MUN LUNG LEE
Chairman, Alliance Bank Malaysia Berhad

BUILDING ENDURING RELATIONSHIPS

“ We believe in building customer relationships that last a lifetime. As customer dynamics evolve, we remain focused on anticipating your needs when you are at your different life stages, thus ensuring your financial success in the long-term. ”

BUSINESS AND OPERATIONS REVIEW BY CHIEF EXECUTIVE OFFICER OF ALLIANCE FINANCIAL GROUP BERHAD

The Group registered a net profit after tax of RM530.8 million and total assets have crossed the RM50.0 billion mark to reach RM53.0 billion.

This is my first message to you as the Chief Executive Officer of Alliance Financial Group Berhad. I would like to thank the Board for entrusting me with the great responsibility of leading the Group into its next phase of growth. In this report, I would like to share with you how we have performed during the year, the initiatives we have implemented, and the growth possibilities for the year ahead.

Joel Kornreich
Chief Executive Officer

I am pleased to report that the Group successfully delivered on its commitment to shareholders by performing well despite the challenging external environment. We owed our success to our focus on:

- Expanding business operations;
- Ensuring continued improvement in asset quality;
- Maintaining strong levels of liquidity;
- Increasing productivity and improving cost efficiencies; and
- Strengthening our consumer and SME banking franchise.

The Malaysian economy, driven by higher domestic consumption and investment spending, performed better in 2014 with a stronger gross domestic product (GDP) growth of 6%. However, as the country is not immune to the effects of the global economy, as well as lower oil and commodity prices, the operating environment during the financial year became more challenging.

Despite these operating conditions and the margin compression in the industry due to intense competition, I am pleased to say that Alliance Financial Group reported a satisfactory performance, delivering a net profit after tax of RM530.8 million, which translates into a return on equity (ROE) of 12.3%.

Financial Performance

For the financial year 2015 (FY2015), net interest income grew by 5.4% year-on-year (y-o-y) to RM820.6 million, driven mainly by the 14.9% increase in loans as well as proactive management of funding costs in the face of continued net interest margin compression. Non-interest income declined by RM22.1 million or 6.1% largely due to lower trading gains from the sale of securities and revaluation of financial assets. Consequently, total income was RM34.0 million lower y-o-y.

Operating costs were well contained, increasing marginally by 3.0%, as we continued with investments to improve the efficiency of distribution and processes.

The Group's total net credit cost for the year was RM32.9 million, in contrast to a net write-back in the previous year. This was due to collective provisions for loans growth during the year as well as the migration of ratings for the corporate loans portfolio.

Accordingly, we registered a net profit after tax of RM530.8 million. Total assets, meanwhile, have crossed the RM50.0 billion mark to reach RM53.0 billion.

Loans Portfolio Concentrated in Consumer and SME Lending

For the financial year 2014 (FY2014), the Group embarked on a major initiative to streamline credit processes to improve the turnaround time for both consumer and SME lending, which in aggregate accounts for 76.8% of the total loans portfolio.

The success of this initiative was evident in the faster-than-industry 14.9% loans growth to RM36.6 billion.

Loans growth in Consumer Banking was driven by residential mortgages, which grew by 13.5% y-o-y, and hire purchase financing.

In the Business Banking segment, the Group continued to capitalise on its strong relationships and branding to expand by 16.6%.

Going forward, we expect loans growth to moderate with our shift in focus on risk adjusted returns instead of market share.

Improving Asset Quality

Our asset quality remains very good, with the gross impaired loans ratio improving further to 1.0% from 1.4% a year ago, while loan loss coverage rose to 102.7%.

Strong CASA Franchise

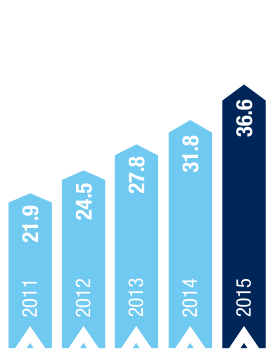
We continued to register healthy growth in FY2015, with customer deposits rising by RM5.4 billion or 13.7% despite an intense price war ahead of the introduction of the Liquidity Coverage Ratio (LCR) framework. With our consistent emphasis on growing low cost deposits, current and savings accounts (CASA), our CASA ratio stood at 33.6%, among the highest in the industry.

Healthy Capital Ratios

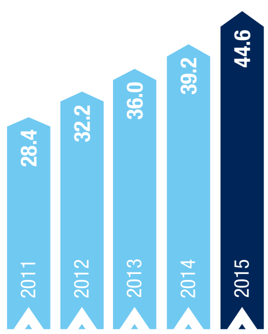
As at end-March 2015, the Group's Common Equity Tier 1 (CET1) and Total Capital Ratios stood at 11.1% and 13.0% respectively, ensuring a strong base to support our growth.

Summarised Income Statement	FY2015 RM million	FY2014 RM million	Growth RM million	Growth %
Net Interest & Islamic Banking Income	**1,045.7**	989.5	56.2	5.7
Non-Interest Income	**337.3**	359.4	(22.1)	(6.1)
Net Income	**1,383.0**	1,349.0	34.0	2.5
Operating Expenses	**(646.9)**	(628.2)	18.7	3.0
Pre-Provision Operating Profit	**736.1**	720.8	15.3	2.1
(Allowance for)/Write-back of loans and impairment provisions	**(32.9)**	28.5	(61.4)	(>100.0)
Profit Before Taxation and Zakat	**703.2**	749.4	(46.2)	(6.2)
Net Profit After Taxation	**530.8**	563.5	(32.7)	(5.8)
Summarised Balance Sheet	**RM million**	**RM million**	**RM million**	**%**
Net Loans, Advances and Financing	**36,566.0**	31,819.0	4,747.0	14.9
Treasury Assets	**11,513.6**	11,864.0	(350.4)	(3.0)
Total Assets	**53,141.5**	48,074.7	5,066.8	10.6
Deposits from Customers	**44,606.8**	39,237.1	5,369.7	13.7
CASA Deposits	**14,990.0**	13,322.2	1,667.8	12.5
Shareholders' Funds	**4,495.1**	4,166.0	329.1	7.9

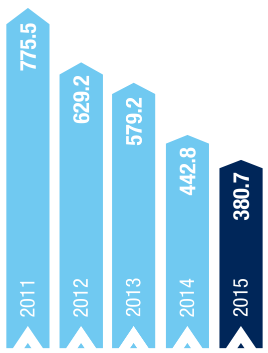
STRONG LOANS GROWTH MOMENTUM (RM billion)



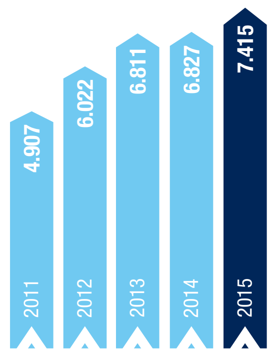
SUPERIOR Y-O-Y GROWTH OF CUSTOMER DEPOSITS (RM billion)



IMPROVING ASSET QUALITY (RM million)



STEADY GROWTH IN MARKET CAPITALISATION (RM billion)



BUSINESS AND OPERATIONS REVIEW BY CHIEF EXECUTIVE OFFICER OF ALLIANCE FINANCIAL GROUP BERHAD (cont'd)

Shareholder Value Continues To Grow

Net assets per share rose by 7.8% to RM2.90 per share as at end-March 2015, from RM2.69 in the previous year, and market capitalisation has risen steadily to RM7.4 billion. The Group's Total Shareholder Return, which takes into account the capital gains of our share price and dividends to measure enhancement of value to shareholders, stood at 4.5% in FY2015.

Strategic Priorities

During the year, we made good progress in enhancing the Group's franchise with the implementation of a number of key initiatives, which included:

- Using our distribution channels more effectively to serve all our customers better;
- Upgrading our infrastructure, optimising resources, and reengineering operations via the Alliance Process Excellence (APEX) initiative to provide innovative, fast, simple, secure and convenient service to our customers. This resulted in the halving of our underwriting turnaround time for SME loans; and
- Enhancing our Employee Value Proposition and recruitment process.

Consumer Banking

FY2015 was a challenging year for Consumer Banking. Despite the 13.3% loans growth, revenue contracted y-o-y by 7.0% due to margin compression.

While pursuing loans growth and market share during the year, we also strengthened asset

At the Alliance Expert Series 2014.

quality with our prudent risk management and stringent lending guidelines. As a result, the gross impaired loans ratio improved to 1.2% as at end-March 2015.

We remained focused on enhancing our customer value proposition and serving our customers more efficiently across the various distribution channels.

In line with our strategy to evolve from a product-focused approach to a customer-centric approach, we rewarded our customers based on their total relationship with the Bank through Alliance OneBank Rewards.

This is a comprehensive points-based loyalty programme, which enables customers to earn Timeless Bonus Points through their credit card usage, mortgages, deposits and wealth management products.

Housing Loans

We continued targeting affordable properties with good asset quality, using our offer of a complete range of housing financing, including the Home Complete package for renovations and the Home Complete Plus for the purchase of home solar panels. Our mortgage financing business expanded by RM2.1 billion or 13.7% to RM17.8 billion.

Our success in this area was mainly due to tie-ups with top developers as well as secondary market campaigns with offers that cater to the different needs of customers including first-time house buyers, upgraders and investors.

Leveraging on our close partnership with EcoWorld Development Berhad, we launched the Alliance Bank EcoWorld Debit Card, a first-of-its-kind loyalty card with a property developer in Malaysia.

Credit Cards

Our credit card receivables expanded 8.8% to RM617.0 million as we leveraged on our relationships with merchants, to provide greater benefits for our card members, and intensified new customer acquisitions via cross-selling and tactical marketing campaigns.

Personal Loans

Personal lending continued to gain momentum driven by our competitive Alliance CashVantage Personal Financing-i and Alliance CashFirst products as well as streamlined credit policies and processes. Consequently, the loans portfolio outstanding rose by 10.8% to RM838.0 million.

Hire Purchase

The Hire Purchase business registered loans growth of 26.4% to RM1,292.0 million. Our marketing initiatives included offers of value-added financing packages in collaboration with distributors. We also introduced the hire purchase variable rate loan to complement the existing fixed rate product suite.

Wealth Management

Our wealth management business comprises three main product categories, namely Bancassurance; Investment/Treasury; and Share Trading and Investment Lending. It is built on a customer value proposition of offering the "right solution aligned to the customer's risk appetite and investment needs".

Bancassurance

In Bancassurance, we built on our strategic partnership with Manulife Insurance Berhad to ensure that we offer suitable products to meet the investment and protection needs of our customers from different market segments. We expanded our specialist advisory services platform nationwide and equipped our sales personnel with the MySales mobile sales engagement tools. We also introduced the Elite Wealth Saver Plus, an enhanced regular premium endowment plan, and the Elite Smart Kid, an education plan for children.

Investment and Treasury

We adopted an open architecture product philosophy and work with multiple banks and asset management companies to secure best-of-breed products for our customers to invest in, both within Malaysia, regionally and globally. We also continued to expand the suite of unit trust funds to meet the different risk appetite and investment objectives of our customers. In FY2015, we introduced six close-ended fixed income funds and five new open-ended equity funds. We have also seen positive traction for the 16 tranches of equity-linked structured investment, which we began offering a year ago.

Share Trading & Investment Lending

Our Share Trading and Investment Lending business provides direct equities trading and facilities for share margin financing. The share margin financing portfolio remained flat at RM1,482.0 million as the volatile equity market environment affected investor confidence.

Alliance Bankers with the senior management team of KIP Group.

Business Banking

We continued to build on the previous year's success through offering specialised innovative products and undertaking concerted efforts to develop long-term relationships to help companies grow their business. With our strategy of targeting the right market segments and sharpening our industry focus, we registered double-digit loans growth of 17.2% y-o-y, to RM14.8 billion. The gross impaired loans ratio improved to 0.5%, as we enhanced our credit discipline via industry supply chain analysis, and rigorous adherence to borrower risk rating frameworks.

Loans to the Small and Medium Enterprise (SME) segment accelerated to 24.4%, from 14.7% a year earlier, and accounts for 40.0% of the Business Banking portfolio, as we continued to play an active role in supporting the growth of the SME segment.

In our efforts to expand our competitive product offerings, we launched a new product called SME Express Cash, which offers companies a credit facility of up to RM500,000 without collateral for working capital purposes. We equipped our staff at the branches with the necessary knowledge and skill sets to complement the Business Centres to better support the growth of the SMEs.

We also implemented several key improvements to process customers' requests and applications more efficiently. These end-to-end re-engineering initiatives have resulted in a significant 69% improvement in turnaround time for SME loan approvals and disbursements.

In Corporate and Commercial Banking, the loans portfolio grew by 13.3% to RM8.9 billion, as our client coverage teams worked closely with Transaction Banking, Financial Markets and Investment Banking to offer our customers a wide range of funding and trade finance solutions to expand their business.

Sharing a cup of coffee with the management team of Coffex Coffee.

BUSINESS AND OPERATIONS REVIEW BY CHIEF EXECUTIVE OFFICER OF ALLIANCE FINANCIAL GROUP BERHAD (cont'd)

Striking a pose with the founders of Larrie Corporation.

We are proud to report that our efforts to help companies, in particular, SMEs to grow have received widespread recognition in the form of prestigious awards, some of which are multi-year awards, from prominent publications. These awards clearly affirm our market leadership and robust business model, particularly in the SME segment.

Realising Young Entrepreneurial Potential

As part of efforts to develop and nurture emerging young entrepreneurs, we organised the Alliance Bank BizSmart Academy SME Innovation Challenge for the second year. We received submissions from a diverse range of sectors ranging from robotics and F&B, to medical devices and green technology. The four winning businesses received cash prizes worth RM600,000 in total.

Customer Engagement

The Group has always placed great importance on engaging our customers to understand their needs, aspirations and challenges. This forms part of our efforts to offer holistic solutions to businesses at their every life-stage. In this regard, the various social activities like the ever-popular Durian Fiesta, Alliance Bank "ilovegolf Tournament", movie screenings and customer appreciation dinners have helped strengthen our customer relationships and ties with the various trade associations.

We also shared key business insights with our customers through our structured training programme offered under BizSmart Academy, which featured a wide range of business topics. These included the Young Entrepreneur's Conference, the National Budget Seminar, Trade and Foreign Exchange Seminars as well as Goods and Services Tax (GST) Seminars.

Group Transaction and Alternate Banking

Group Transaction and Alternate Banking (GTAB) offers a range of competitive transactional and advisory services that are efficient, fast and secure for our customers. Leveraging on technology and channel investments over the last three years, we have been able to accelerate the growth of CASA deposits, achieve among the best Business Online Banking usage rates, and serve strategic corporate and government accounts.

In addition to the responsibility for mobilising the Group's customer deposits, GTAB's other services include payments and remittances, trade finance, cash management, and the digital banking channels such as self-service terminals and online banking.

Furthermore, GTAB has been spearheading the Group's push for the migration from over-the-counter transactions to e-payments in line with Bank Negara Malaysia's efforts to reduce the usage of cheques. To do this, we launched Internet kiosks at all branches to promote the use of e-Banking as well as special e-offerings for both retail and business customers.

Overall, the Group's strategy to encourage online banking, by providing customers with value-added services, has resulted in significant growth in the Internet banking user base and transaction volumes, for both the allianceonline Personal and BizSmart Online Banking. The initiatives implemented in FY2015 included:

- The Alliance Online Mobile Web, which enables web banking to be accessed via various mobile devices;
- The National Bill Payment Scheme (JomPay);
- The Royal Malaysian Customs Department GST Collection;
- Alliance XChange, an online, interest-bearing foreign currency account for Fixed Deposits and Current Accounts;
- A new online telegraphic fund transfer service; and
- Self-service Internet kiosks at all branches.

THE ALLIANCE BANK SME INNOVATION CHALLENGE

Scan the QR code to view video.

At Alliance Bank, we are here to help the nation's SMEs grow their business. With this in mind, we developed the SME Innovation Challenge under our BizSmart Academy to help SMEs realise their business goals. Launched in 2013, the Challenge provides contestants with media exposure, structured business coaching, and in-depth business insights from the CEOs of top Malaysian companies such as Tan Sri Liew Kee Sin of EcoWorld and Datuk Wira (Dr.) Haji Ameer Ali Mydin of Mydin.

The Challenge involves four stages: Entry Submission, Business Coaching & Media Exposure, Public Voting and Final Pitch. At the final stage, judges will pick the top three winners and award the grand prize amounting to RM250,000, the second prize of RM150,000, and the third prize worth RM100,000. The Challenge continues to provide SMEs the tools and financing they need to execute their respective visions.

Here is an overview of how the SME Innovation Challenge helped transform the businesses of the 2013 and 2014 grand prizewinners.

ALLIANCE BANK SME INNOVATION CHALLENGE 2013 WINNER – CHRISTY NG SHOES

Scan the QR code to view video.

In 2013, Alliance Bank crowned Christy Ng Shoes, an online shoe company, the grand prizewinner of its inaugural SME Innovation Challenge. This ground-breaking shoe company not only specialises in custom-made shoes, wedding shoes, high heels shoes and both men's and women's fashion footwear for the Malaysian market, but it also ships its shoes worldwide to America, Canada, Singapore, Australia and Europe on a daily basis. By combining new technology with innovative designs, Christy Ng Shoes provides customers with beautiful and quality shoes that cater to their footwear needs at affordable prices. Since the Challenge, the brand has branched out and today includes handbags and a new clothing line among its product offerings. Christy Ng Shoes also experienced 100% revenue and gross profit growth.

The RM250,000 grand cash prize was used to research and develop an online 3D shoe design engine that enables customers to design and view a 3D prototype of their own creations wherever they are. With the prototype, customers around the world also have access to over one million possible shoe designs. The new infrastructure, which took some 15 months to develop, has enabled the company to upscale its business exponentially. With 50% of its revenue currently derived from exports, Christy Ng Shoes expects to see a further leap in business growth now that the 3D shoe design engine is fully operational.

According to Christy Ng, founder and CEO of Christy Ng Shoes, the SME Innovation Challenge has also served to provide the online company a sense of validation and confidence regarding their ideas and business model. On a more personal level, the Challenge provided a platform for Christy to network and foster new friendships as well as to experience peer-to-peer learning.

Christy highlights that she is grateful that the Bank continues to keep in touch with her and to provide publicity for her company even though it has been some two years since she won the Challenge.

Looking ahead, the company hopes to build on its brand name as it expands into other verticals such as its apparel brand. It will also continue to focus on its custom-made shoe offering as this provides the company an edge over its competitors. Christy Ng Shoes is also set to open a new store in San Diego, USA, in the near future.

Founder and CEO of Christy Ng Shoes, Christy Ng (third from left), with her mother (on her right) and staff.

BUSINESS AND OPERATIONS REVIEW BY CHIEF EXECUTIVE OFFICER OF ALLIANCE FINANCIAL GROUP BERHAD (cont'd)

ALLIANCE BANK SME INNOVATION CHALLENGE 2014 WINNER – BIJI-BIJI INITIATIVE

Scan the QR code to view video.

The founders of Biji-Biji Initiative with Tan Sri Liew Kee Sin (fourth from left).

Biji-Biji Initiative is a social enterprise that champions innovative waste management solutions. Thanks to its creative business model, the company won the Tan Sri Liew Kee Sin Entrepreneurship Award of RM250,000 at the SME Innovation Challenge 2014.

Biji-Biji Initiative offers services such as sustainable builds comprising one-of-a-kind designs; product designs which range from bags, to seat belts to furniture; as well as events services, workshops and CSR modules. Founded in November 2012, the company continues to inspire people to be creative while employing recycling methods that are environmentally friendly and sustainable. The company's aim is to "inspire a society that is accountable for their waste, and leaves a minimal impact on the environment".

After winning the Alliance SME Innovation Challenge in 2014, Biji-Biji Initiative experienced growth in terms of sales, public exposure and media coverage. It has also been able to strengthen its size. Winning the grand prize also provided strong validation for the company's business model; the public and corporations alike acknowledged that the company has a "very plausible way of doing things".

Rashvin Pal Singh, CEO of Biji-Biji Initiative, has this to say of his experience under the SME Innovation Challenge: "The journey was both insightful and nerve-wrecking. We were competing against highly qualified people, but it was a very healthy competition. Everyone was really open and we learned from one another. The journey throughout was amazing and our group of 20 finalists have formed a strong network where we keep in touch and also learn from each other."

He went on to say that the engagement with Alliance Bank was done in a very personal and very helpful manner. "They gave us very honest, sound and practical advice. This includes evaluating our business model and providing us insights as to how bankers would evaluate our business."

Since the Challenge, universities and companies alike have approached the company and expressed keen interest in their business model. The Challenge fast-tracked the company's goals; Biji-Biji Initiative has since gone on to collaborate on more high-profile projects. Recently, Rashvin was a mentor for the re-launch and rebranding of Rakan Muda workshops involving youth from all over Malaysia. Their product, Biji-Biji Seat Belt Bags, is now available at The Upperside, Enschede, in the Netherlands.

As it ventures forth, Biji-Biji Initiative will focus on reinforcing its brand presence among corporations and will explore how best to tap into the consumer market to generate a bigger reach for its products. The company is also intent on "reverting to low-tech solutions for high-tech purposes." In line with this goal, the company has invested part of its prize money into exploring and developing a prototype that will turn recycled plastic bottle waste into resin that can be used for 3D printing. The company has also used the prize money to procure more tools and technology to support its goal of moving towards "more open-source designs and technology."

In a word of advice to young entrepreneurs and SMEs, especially to those looking to participate in the upcoming Challenges, Rashvin added, "If you believe in something strongly you need to act on it. Action is everything, even if it is something small. Getting the resources may seem intimidating at first, but just do it. People sometimes do not know what to do, but there is a lot of support out there."

"Taking part in the Challenge will benefit you as you will have access to key industry leaders, and it will also put you in the spotlight. If you are going to participate in the Challenge, take a long hard look at how you want to differentiate your business, and then put in all that you have to realise your dream."

Financial Markets

Financial Markets provides a comprehensive range of treasury products and services, including foreign exchange, money market instruments, fixed income securities, currency/interest rate derivatives and other structured solutions to various customer segments.

During the year, client-led foreign exchange and fixed income trading volumes grew steadily as we offered hedging solutions to SMEs and corporate clients, and new structured investment products for Consumer Banking customers.

The focus on a client-led business model coupled with integrated risk management will further enable Financial Markets to build a diversified revenue base that is strong enough to weather market uncertainties, in the light of potentially higher global interest rates and volatility of investment flows.

Islamic Banking

Our Islamic Banking business, conducted through our subsidiary, Alliance Islamic Bank (AIS), continued to grow steadily and contributed 14.0% to the Group's revenue, and 16.7% of total assets. AIS reported a net profit after tax for FY2015 of RM60.4 million.

Total gross financing expanded 30.1% to RM6.6 billion, driven mainly by growth in mortgages, *Al-Ijarah Thumma Al-Bai'* (AITAB), personal financing and business financing. The overall asset quality indicators remained healthy, with gross impaired financing ratio improving further to 0.7%.

Our total deposits registered a strong growth of 27.4% y-o-y, and stood at RM8.0 billion at the financial year's end.

AIS also launched a number of new products including the Junior Smart Savers-i, a children's savings account; Cashline Facility-i, an Islamic overdraft; Home Complete-i, a mortgage-linked personal financing product; Islamic Industrial Hire Purchase-i; and various deposit products based on Wadiah and Commodity Murabahah as part of the transition of Islamic deposits under the Islamic Financial Services Act 2013.

In addition to the introduction of new products, our business development initiatives focused on strengthening our presence in the strategic sectors of Government and government-linked organisations, both for deposits as well as transaction banking relationships. During the year, the Royal Malaysian Customs appointed AIS to collect GST payments on its behalf.

AIS also enhanced its product development and Shariah compliance review framework, and expanded its Shariah Department, to ensure compliance with the requirements of the Islamic Financial Services Act 2013 and the accompanying new Shariah guidelines issued by Bank Negara Malaysia.


in ALLIANCE e-Publication

Staff Comms

Alliance Islamic Bank Berhad

ALLIANCE BANK

Alliance Islamic Bank Appointed As GST Collections Bank by Royal Malaysian Customs Department

Dear Colleagues,

We are pleased to announce that Alliance Islamic Bank ("AIS") has been appointed by the Royal Malaysian Customs Department ("RMCD") as one of the seven GST collection banks, in the lead up to the implementation of GST on 1 April 2015. AIS' appointment was formalized in a signing ceremony held at RMCD Putrajaya and officiated by its Director General, Dato' Seri Khazali Ahmad, on 25 March 2015.

GST registrants can now make GST payments via the Bank's online banking channels, Automatic Teller Machines ("ATMs") and branch counter facilities nationwide.

No service charge will be imposed on GST payments made through Online Banking (allianceonline and Alliance BizSmart) and ATMs. GST payments through branch counter facilities will be subjected to a service charge fee. However, to facilitate customers' acceptance of the implementation of GST payments, the Bank will temporarily waive the GST service charge for payments made through branch counter facilities.

Should you require further information, kindly visit our GST information page on the Bank's Intranet portal.

(right)
AIS CEO Puan Fozia Amanulla (middle) with RMCD DG DS Khazali Ahmad on her right.

(below)
Signing ceremony with Victor Khor, Head of GTAB as witness.

(below right)
Media coverage of appointment

Date issued: 30 March 2015
Issued by: Alliance Islamic Bank

Investment Banking

Alliance Investment Bank Berhad (AIBB) provides a wide range of services, which include stockbroking, corporate advisory, underwriting and placement of equity securities, private debt securities, loan syndication, corporate banking and treasury services. Over the last two years, its focus has been on strengthening our research capabilities and expanding the stockbroking operations.

In May 2014, we further strengthened our research capabilities through a corporate exercise involving AIBB's acquisition of a 51% stake in HwangDBS Vickers Research Sdn Bhd. The new research unit known as AllianceDBS Research Sdn Bhd, has enabled AIBB to increase its research coverage and resources in Malaysia. It also allows AIBB to tap the expertise of DBS Vickers' pool of analysts in Singapore, Hong Kong, Indonesia, Thailand, Philippines and South Korea.

Consequently, AllianceDBS Research Sdn Bhd's ranking in the Asiamoney Polls for Best Overall Research jumped to 8th place in 2014 from 21st in 2013. Furthermore, AIBB was also ranked third in the Asiamoney Brokers Poll 2014 in the Malaysia's "Most Improved Brokerage Over The Last 12 Months" category (rising from fifth place in 2013). It also climbed to 8th position in the "Best Overall Sales" category, from 19th the year before.

Equity Market

AIBB's market share in the equity market improved in FY2015, led by growing order flows from institutional businesses. This reflects our strong emphasis on building and enhancing institutional client relationships through higher standards of client service and engagement.

Capital Markets

Overall, there was less activity in the Capital Market segment in FY2015 in Malaysia when compared to the previous year, especially in the area of initial public offerings (IPOs). The aggregate IPO market capitalisation in FY2015 was RM10.2 billion, approximately 63.8% lower when compared to the previous financial year total of RM28.2 billion. In the debt market, issuance of government debt securities declined 8.7% to RM84.5 billion, while issuance of corporate debt securities was stable at RM85.9 billion.

In FY2015, AIBB focused on rebuilding its capabilities in corporate finance advisory and debt capital markets. Among the key assignments successfully completed by AIBB during the year were the IPO of Sasbadi Holdings Berhad on the Main Market of Bursa Malaysia Securities Berhad and the RM200.0 million Sukuk Murabahah Programme for Puncak Wangi Sdn Bhd.

Following the recent expansion of the Capital Markets team with a number of new key hires, AIBB will continue to leverage on the Group's strength in the SME market segment with our focus on providing a wide range of investment banking advisory services and access to Capital Markets.

BUSINESS AND OPERATIONS REVIEW BY CHIEF EXECUTIVE OFFICER OF ALLIANCE FINANCIAL GROUP BERHAD (cont'd)

With our partner, Bursa Malaysia Securities Berhad.

Optimising and Innovating Branches and Channels

As part of the Group's efforts to make it easier for our staff to handle their tasks in enhancing customer experience, we also implemented a number of process improvement projects. These included:

- The issuance of e-statements to speed up the delivery of statements to customers;
- A review of the service standards of our Self-Service Terminals at the e-lobbies;
- Review of service standards to improve response time in resolving customer related issues;
- Obtaining ISO 9001:2008 certification for:
  - Branch counter and transaction processing for cash and cheques for current, savings and fixed deposit accounts;
  - Trade finance transactions processing of Trust Receipt and Bankers' Acceptance; and
  - Treasury services processing.

We will continue to certify other operational processes in the coming year. In achieving these certifications and in being ISO 9001:2008 compliant, we reaffirm our commitment to operational excellence. More importantly, all staff have now attended our in-house quality engagement training programme designed to equip both front-liners and support staff with the skills to provide quality customer experiences.

Group Technology

We continued to improve on our technology capabilities to promote operational efficiency and support business expansion in a cost-effective manner. In FY2015, we completed a number of key projects:

- The roll out of new hardware and operating systems for the core banking and credit card hosts for improved performance, service availability and reliability;
- Implementation of security enhancements to Automated Teller Machines (ATMs) to support chip-based payment cards in compliance with the Europay MasterCard VISA (EMV) standard;
- Implementation of an enhanced loan origination system and the Anti-Money Laundering system;
- GST-related enhancements in multiple systems in compliance with the nationwide introduction of the new service tax;
- Upgrading of systems to support the roll out of new and revised regulatory guidelines on e-payments;
- Implementation of enterprise mobility sales solutions and new Internet Protocol (IP)-based telephony system; and
- Implementation of cyber-security protection measures.

Moving forward into financial year 2016 (FY2016), enhancements to technology capabilities will include payments, channels and digital banking infrastructure.

Enhancing Risk Management and Compliance

The Group adopts a holistic approach towards risk governance, capital and liquidity management. In essence, this approach revolves around:

- Having sufficient capital to conduct business and to provide a risk buffer;
- Ensuring sufficient liquidity for daily operations and contingencies; and
- Striking a balance between business growth, profitability and risk-taking.

These considerations are reflected in the implementation of our risk appetite and policies, and have been integrated within our stress-testing framework, capital management plans and active liquidity management strategies.

During the year, we further enhanced our risk management policies and frameworks. This included our integrated stress-testing framework, analytics capabilities and portfolio management tools to address emerging threats and potential risks including the rising rate of cyber crime. We also created greater awareness amongst our staff on the importance of exercising discipline and prudence in all our business and operating activities.

To provide further assurance that the risk management systems, internal controls and governance processes are effective as we grow our business, we continue to enhance the capabilities and the use of technology within the Audit and Compliance functions.

Strengthening Employee Relationships

The Group recognises that to be a high performing organisation with the capacity to respond to changes in the financial services industry, we need to continue to promote people engagement, improve communications and institutionalise leadership development.

In this regard, we continue to invest in our human capital by fostering an environment that encourages continuous learning and development. Our differentiated Employee Value Proposition focuses on partnering with our employees through long-term development programmes to help them achieve their potential.

We have developed a competency-based approach in learning: the skills and abilities of employees must meet the articulated requirements of specific positions. The key programmes under our learning and development initiatives are our Management Trainee Programme and Alliance Managers Programme. The Structured Internship Programme provides undergraduates early exposure to their career interest and networking opportunities in the financial industry.

Similarly, our Branch Manager Development Programme is designed to groom aspiring branch/centre managers by providing targeted learning and skill sets through intensive training experience in branch management. Meanwhile, the front-line staff attend programmes to equip them with better understanding and knowledge of the products and services as well as customer-relationship skills.

In line with our priority to hire from within the organisation to fill our vacancies, we have rolled out a robust Talent Management and Development Framework to identify, groom, grow and nurture homegrown talent for positions of leadership within the Group. These staff attend exclusive leadership programmes to accelerate their leadership development and benefit from structured coaching and mentoring sessions.

We believe in staff engagement and transparency across all levels in the Group. During the year, to provide clarity of our vision as well as reinforce the right organisation culture around the R.I.T.E core values (Respect, Integrity, Teamwork and Excellence), we organised pulse sessions. These sessions provided a platform for the sharing of key strategies and exchange of ideas, as well as served to gather feedback from the staff. We also launched a refreshed inAlliance intranet portal that offers greater flexibility to share information and to facilitate knowledge sharing and learning.

Consequently, our Employee Engagement Index showed an improvement from the previous years as we continued to actively engage our people and seek their feedback through the yearly "Voice of Employee" survey. This survey helps us understand how we can improve our performance and, at the same time, deliver career satisfaction. Our efforts have also led to significant improvements across several employee satisfaction dimensions relating to leadership, learning and information sharing.

Awards and Accolades

The Group once again garnered a number of prestigious awards and accolades in FY2015, which is an apt testament to our commitment to deliver quality product and services to discerning customers. It also bears testimony

Branch Manager Development Programme (Class of 2015).

BUSINESS AND OPERATIONS REVIEW BY CHIEF EXECUTIVE OFFICER OF ALLIANCE FINANCIAL GROUP BERHAD (cont'd)

to the dedication of our people and the commitment to excellence that they display in all that they undertake.

- "Best SME Bank" in Asia Pacific, Gulf region & Africa at The Asian Banker Excellence in Retail Financial Services International Awards 2015.
- "Best Retail Banking Brand Initiative" in Asia Pacific, Gulf region & Africa at The Asian Banker Excellence in Retail Financial Services International Awards 2015.
- "Excellence in SME Banking" at the RBI Asia Trailblazer Awards 2015.
- "Best Community Outreach Programme" (Highly Commended) at the RBI Asia Trailblazer Awards 2015.
- "Excellence in Brand Strategy" (Gold) for Alliance BizSmart Academy at the Marketing Excellence Awards 2014.
- "Excellence in Marketing Innovation" (Finalist) for Alliance BizSmart Academy at the Marketing Excellence Awards 2014.
- "Best Use of Integrated Media Campaign" Award (Bronze) for Alliance BizSmart Academy at the Loyalty & Engagement Awards 2014.
- "Best Business Card Programme, Asia" at the Cards & Electronic Payment International (CEPI) Asia Trailblazer Summit Awards 2014.
- "Credit Card Product of the Year" (Highly Commended) at the CEPI Asia Trailblazer Summit Awards 2014.
- "Sahabat Negara SME" by the SMI Association of Malaysia at the SME Recognition Award 2014.
- Ranked 3rd - Malaysia's "Most Improved Brokerage Over The Last 12 Months"- Asiamoney Brokers Poll 2014.
- 8th place ranking for AllianceDBS Research Sdn Bhd - Asiamoney Polls for Best for Overall Research 2014.

Our online banking business model and technology capabilities continued to gain industry recognition from well-known regional publications, including:

- "Online Banking Initiative Of The Year-Malaysia" at the Asian Banking & Finance Retail Banking Awards 2014;

The Asian Banker Excellence in Retail Financial Services International Awards 2015.

- "Best Self Service Banking Project" Award at The Asian Banker Technology Implementation Awards 2014; and
- "Growing Business in New Territory or New Service Offering" for Internet Banking 2nd Generation at the Global Architecture Award of Excellence 2014.

Our ongoing efforts to position Alliance Bank as "A Great Place to Work" gained recognition with the Bank being listed among "Malaysia's 100 Leading Graduate Employers"; our ranking improved significantly from 78 to 29 within a short span of 12 months, underscoring the investments we are making in our people development efforts. We were also honoured with a "Best Graduate Programme" in Asia Pacific at the RBI Asia Trailblazer Awards 2015 and a bronze for "Best Graduate Recruitment Programme" in Malaysia at the Asia Recruitment Awards 2015.

Looking Ahead

In light of the expected slowdown of growth in The Malaysian economy and global uncertainties, we see challenges ahead. For us, the focus areas for FY2016 will be to further improve asset efficiency as measured by risk-adjusted returns, ensure deposits growth exceeds loans growth and continue to grow customer based non-interest income.

We will focus our efforts on:

- ***Value Creation for the Group*** – Getting more value from our products and activities: We will improve our asset efficiency by rebalancing the loans portfolio via accelerated growth in selected products and customer segments, broaden our customer deposit base, expand recurring fee income and enhance risk management capacity and capabilities.

- ***Value Creation for our Customers*** – Helping our customers to be successful financially: We will focus on simplifying and streamlining the processes for quick turnaround time, providing tailored solutions based on customers' needs as well as financial and business education.

- ***Value Creation for our Employees*** – Developing our people: We will continue to invest in our employees through talent development programs, career progression opportunities and robust performance management, with competitive rewards.

The Group will continue to capitalise on its strengths to generate sustainable revenue from existing business in Consumer Banking, Business Banking and Transactional Banking.

The Alliance Bank Golf Tournament 2014.

We will centre our Consumer Banking activities around wealth management, cards and unsecured lending, with a strong focus on fulfilling the financial needs of the owners, employees and clients of SME and Business Banking partners.

Financial Markets will focus on helping customers with their foreign exchange and treasury products needs, as well as on optimising the balance sheet for returns within a prudent risk management framework.

Investment Banking, having built its capabilities in the debt and equity markets, will support our SME and Business Banking customers with enhanced access to capital markets in addition to growing its institutional broking business.

We are confident that these actions will position the business for sustainable revenue and profit growth going forward into FY2016.

Acknowledgements

As we move into a new financial year, please allow me to take this opportunity to extend our sincere appreciation to our customers, business partners and regulators, especially Bank Negara Malaysia, the Securities Commission Malaysia and Bursa Malaysia Securities Berhad for their support in FY2015.

We have built a track record of sustainable growth and financial performance, due largely to the support, trust, feedback and advice of many of our customers, staff and regulators. I am thankful to our team of Alliance Bankers for their hard work, dedication and commitment that have been key to our success.

Once again, I would like to express my appreciation to the members of the Board of Directors for their continued and invaluable guidance, their warm welcome and open working style. I look forward to their support in the coming year.

Thank you.

JOEL KORNREICH
Chief Executive Officer

AWARDS & RECOGNITION

The Alliance Financial Group continues to improve on its product offerings and service innovations to help its customers succeed in life. In strengthening its franchise offerings, the Group continues to make great strides to be the "Best Customer Service Bank" in Malaysia.

1. **Best SME Bank in Asia Pacific, Gulf region & Africa**
   The Asian Banker Excellence in Retail Financial Services International Awards 2015
2. **Best Retail Banking Brand Initiative in Asia Pacific, Gulf region & Africa**
   The Asian Banker Excellence in Retail Financial Services International Awards 2015
3. **Excellence in SME Banking**
   Retail Banker International Asia Trailblazer Awards 2015
4. **Best Graduate Programme**
   Retail Banker International Asia Trailblazer Awards 2015
5. **Online Banking Initiative of the Year-Malaysia**
   Asian Banking & Finance Retail Banking Awards 2014
6. **Best Community Outreach Programme (Highly Commended)**
   Retail Banker International Asia Trailblazer Awards 2015
7. **Growing Business in New Territory or New Service Offering**
   Global Architecture Award of Excellence 2014
8. **Best Business Card Programme, Asia**
   Cards & Electronic Payment International (CEPI) Asia Trailblazer Summit Awards 2014
9. **Credit Card Product of the Year (Highly Commended)**
   Cards & Electronic Payment International (CEPI) Asia Trailblazer Summit Awards 2014
10. **Excellence in Brand Strategy (Gold)**
    Marketing Excellence Awards 2014
11. **Excellence in Marketing Innovation (Finalist)**
    Marketing Excellence Awards 2014
12. **Best Use of Integrated Media Campaign (Bronze)**
    The Loyalty & Engagement Awards 2014
13. **Malaysia's 100 Leading Graduate Employers 2014**
14. **Best Graduate Recruitment Programme (Bronze)**
    Asia Recruitment Awards 2015
15. **Sahabat Negara SME**
    SME Recognition Award 2014

CALENDAR OF SIGNIFICANT EVENTS

Financial Calendar
for financial year ended 31 March 2015

Activities	Date
ANNOUNCEMENT OF RESULTS	
First Financial Quarter ended 30 June 2014	**11 August 2014**
Second Financial Quarter ended 30 September 2014	**26 November 2014**
Third Financial Quarter ended 31 December 2014	**16 February 2015**
Fourth Financial Quarter ended 31 March 2015	**27 May 2015**
DIVIDEND	
First Interim Dividend of 9.0 sen per share, tax exempt under the single tier tax system	
• Payment	**30 December 2014**
Second Interim Dividend of 6.4 sen per share, tax exempt under the single tier tax system	
• Payment	**30 June 2015**
ISSUE OF 2015 ANNUAL REPORT	**25 June 2015**
49TH ANNUAL GENERAL MEETING	**21 July 2015**

Corporate Calendar
for financial year ended 31 March 2015

14 APR 2014

Alliance Bank Launches Careers in Banking

28 young graduates launched their banking careers with Alliance Bank after completing the Bank's 12-month Management Trainee Programme. At the same graduation ceremony, the Bank also celebrated the graduation of seven new branch managers who underwent the Bank's nine-month Branch Managers Development Programme.

23 APR 2014

Alliance Bank and Manulife Launch Global Investment for Investors with the New Elite Global Select Plan

Alliance Bank and Manulife Insurance Berhad jointly launched an investment-linked plan that enables Malaysian investors to access multiple asset classes across Asia, Europe and the United States. The Elite Global Select Plan will be distributed exclusively through Alliance Bank, while the fund into which the plan invests, will be managed by Manulife Asset Management Services Berhad.

4 MAY 2014

Alliance Bank Launches Alliance EcoWorld Debit Card with EcoWorld Development

Alliance Bank collaborated with EcoWorld Development (EcoWorld) to launch the Alliance EcoWorld Debit Card, the first card of its kind that is being jointly offered by a property developer and a bank. The Alliance EcoWorld Debit Card represents a novel approach by a property developer to reward customers for their smart investments in its properties.

21 MAY 2014

Alliance Bank Wins The Asian Banker's "Best Self Service Banking Project" at the Technology Implementation Awards 2015

Alliance Bank was announced the winner of The Asian Banker's "Best Self Service Banking Project" for its BizSmart Online Banking solution at the 8th Asian Banker Technology Implementation Awards Programme held in Kuala Lumpur. The BizSmart Online Banking is a unique online banking solution for the niche market segment of small businesses and sole proprietors.

22 MAY 2014

Alliance Bank Launches Alliance XChange

Alliance Bank launched the Alliance XChange, a foreign currency account that enables customers to transact on the allianceonline platform anytime, anywhere. Using the Alliance XChange, customers now have the convenience of performing account openings, foreign currency deposit/fixed deposit placements, and fund transfers online. Alliance XChange is available in eight major currencies i.e. the Australian Dollar, Euro, Sterling Pound, Hong Kong Dollar, Japanese Yen, New Zealand Dollar, Singapore Dollar and US Dollar. It is an interest-bearing account for both current and fixed deposit, with the exception of the Japanese Yen and the Hong Kong Dollar.

28 JUN 2014

Alliance Bank Bintulu Branch Celebrates First Year Anniversary

Alliance Bank Bintulu branch celebrated its first year anniversary by hosting a branch open house for its customers. The event featured an exhilarating line-up of activities for customers and their families, as well as promotions by the Bank.

28 JUN - 6 SEP 2014

Alliance Bank Branch Open House

Alliance Bank organised open houses at its branches nationwide almost every other Saturday to engage with and educate local communities on the Bank's financial products such as deposits, credit cards, share trading, share margin financing and bancassurance. The activities included an interactive Kid's Financial Literacy Workshop twice daily for children aged between 7 and 12 to instil saving and budgeting habits among them.

1 JUL 2014

Alliance Bank Structured Internship Programme

The Bank welcomed its third intake of interns into its Structured Internship Programme 2014. The 10-week programme offers interns on-the-job training, hands-on working experience and exposure to real working environment.

CORPORATE CALENDAR (cont'd)

5 JUL 2014

Alliance Bank Launches SME Innovation Challenge 2014

In conjunction with the Young Entrepreneurs' Conference 2014 (YEC2014) held in Kuala Lumpur, Alliance Bank launched the SME Innovation Challenge 2014 (the Challenge). Now in its second year, the Challenge featured an enhanced structured learning programme, the CEO Chatroom series with top business leaders and cash prizes totalling RM600,000. Under this initiative, the Bank identified 20 high-potential fledgling small and medium enterprises (SMEs) to undergo structured business coaching and training to take their businesses up to the next level. The 20 finalists of 2014's challenge received guidance from top business leaders, widespread media exposure, branding opportunities and technological support from Microsoft to help them revolutionise their business.

The YEC2014 was a TED Talk-styled conference that focused primarily on the issues faced by young Malaysian SMEs. Over 1,300 people registered to attend the YEC2014 event in Kuala Lumpur.

7 JUL 2014

Young Entrepreneurs' Conference 2014 in Penang

More than 300 participants attended the YEC2014 event at the PenangPAC, Straits Quay which was similar in format to the Kuala Lumpur YEC2014 event.

10 JUL 2014

Alliance Bank Named "Online Banking Initiative of the Year – Malaysia" by Asian Banking & Finance

The Alliance Bank BizSmart Online Banking initiative clinched the "Online Banking Initiative of the Year – Malaysia" award at the Asian Banking & Finance Retail Banking Awards 2014 held in Singapore.

22 JUL 2014

Durian Fest for Business Banking Customers

Alliance Bank held a "King of Fruits" fiesta for over 400 of its Business Banking customers at the Kuala Lumpur Golf & Country Club in appreciation of their continued support.

7 AUG 2014

Alliance Bank Hosts KL Networking Event

Over 900 guests comprising business partners, customers and the media attended Alliance Bank's KL Networking Event. The evening began with a *zakat* presentation to 11 organisations and orphanages, as well as featured talks on the Malaysian and Asian market outlooks. It included presentations by well-known speakers, Teng Chee Wai, Chief Executive Officer and Executive Director of Hwang Investment Management, as well as Bernard Ching, Head of Research for AllianceDBS Research Sdn Bhd (AllianceDBS Research).

7 AUG - 17 SEP 2014

Alliance Bank Expert Series 2014

Alliance Bank launched its "Alliance Expert Series 2014", an evening of financial wellness education designed to help its customers make informed investment decisions. The nationwide roadshow series brought together thought-leaders from leading organisations including regulators, analysts from research houses and asset management organisations to share their perspectives on the global economy and its impact on consumers. The Expert Series kicked off in Kuala Lumpur and was also held in Johor Bahru, Kuching, the Klang Valley, Penang and Sandakan.

14 AUG 2014

Alliance Bank Hosts Networking Evening in Kota Kinabalu

Over 300 people comprising the Bank's customers and business partners attended the Alliance Bank Networking Evening at The Magellan Sutera Resort, Kota Kinabalu, Sabah.

14 AUG 2014

Alliance Bank Wins Bronze for "Best Use of Integrated Media Campaign" at Loyalty & Engagement Awards 2014

Alliance Bank took home the Bronze for "Best Use of Integrated Media Campaign" for its work on Alliance BizSmart Academy at the Loyalty & Engagement Awards 2014 held in Singapore.

5 SEP 2014

Alliance Bank Names Top 20 Finalists of SME Innovation Challenge 2014

Alliance Banks revealed its top 20 finalists of the SME Innovation Challenge 2014. The finalists were contending for the Tan Sri Liew Entrepreneurship Award amounting to RM250,000; the first runner-up prize amounting to RM150,000; the second runner-up prize amounting to RM100,000; and the Technology Award amounting to RM100,000.

15 SEP 2014

Alliance Bank Named "Best Business Card Programme Asia" at CEPI Asia Traiblazer Summit Awards 2014

The Alliance Bank MyBusiness Platinum Card took home the award for "Best Business Card Programme, Asia" at the Cards & Electronic Payment International (CEPI) Asia Trailblazer Summit Awards 2014 in Singapore. The MyBusiness Platinum Card also received the "Highly Commended" accolade for "Credit Card Product of the Year – Malaysia" at the same awards ceremony.

27 SEP 2014

AFG Treasure Hunt 2014

The annual AFG Treasure Hunt 2014 attracted more than 450 staff from the Klang Valley, Northern and Southern regions of Malaysia. The hunt began at the Bank's headquarters in Kuala Lumpur with the final destination being the Pulai Springs Resort in Johor. En route to their destination, participants dropped by at Rumah Seri Kenangan Cheng, a home for the elderly, in Melaka to donate "treasures" (in the form of foodstuff) which were collected during the event.

8 - 31 OCT 2014

AIBB Retail Investment Talks

Alliance Investment Bank Berhad (AIBB) organised a series of retail investment seminars in October 2014 for its retail investors. The seminars, in collaboration with Bursa Malaysia, aimed to provide investors better insights into investments in the stock market while encouraging greater retail participation. The series of investment talks was held in Kuala Lumpur, Kuala Terengganu, Kluang, Kuantan, Alor Setar and Penang.

10 OCT 2014

Golf Tournament for Business Banking Customers

Alliance Bank organised an exclusive golf tournament for over 100 of Business Banking's Corporate and Commercial customers at the prestigious Palm Garden Golf Club, Putrajaya in appreciation of their continuous support.

CORPORATE CALENDAR (cont'd)

17 OCT 2014

Alliance Bank Wins Gold for "Excellence in Brand Strategy" at Marketing Excellence Awards 2014

Alliance Bank took home the Gold for "Excellence in Brand Strategy" for its Alliance BizSmart Academy, a community outreach learning programme for SMEs, at the Malaysia Marketing Excellence Awards 2014. At the same awards ceremony, BizSmart Academy was also named one of the finalists of the "Excellence in Marketing Innovation" Award.

18 OCT 2014

Alliance Investment Bank Berhad Hosts Golf Tournament 2014

AIBB hosted a golf tournament at the Sungai Long Golf & Country Club for its clients to thank them for their continuous support of the Bank.

18 NOV 2014

Alliance BizSmart Online Banking Wins "Growing Business in New Territory or New Service Offering" at Global Architecture Award of Excellence 2014

Alliance Bank's BizSmart Online Banking initiative was named the winner of "Growing Business in New Territory or New Service Offering" at the Global Architecture Award of Excellence 2014 event held in Bangalore, India.

22 NOV 2014

Alliance Bank KL Fun Run 2014

More than 2,000 Alliance Bank staff and their families participated in the Alliance Bank KL Fun Run 2014 to raise money for two charity foundations, namely, the MyKasih Foundation and the Tan Sri Alex Lee Athletes' Education Fund. Through the Run, which was held at Padang Merbok in Kuala Lumpur, the Bank raised RM80,000 from runner participation fees, voluntary donation pledges from staff and coupon sales from the carnival. Each charity foundation was presented with a donation of RM40,000.

28 NOV 2014

Grand Finale of Alliance Bank SME Innovation Challenge 2014

The Grand Finale of the SME Innovation Challenge 2014 took place at Zebra Square, Kuala Lumpur. Biji-Biji Initiative was named the winner of the Grand Prize and received the Tan Sri Liew Kee Sin Entrepreneurship Award in the form of the RM250,000 cash prize. Close on Biji-Biji Initiative's heels was first runner-up Chaiwalla & Co. container café initiative from Johor, which took home the cash prize of RM150,000. Second runner-up, online and retail Muslimah fashion, EightDesigns (EDZ), walked away with RM100,000, while Catch That Bus was named the recipient of the RM100,000 Technology Award sponsored by Microsoft.

5 DEC 2014

Alliance Bank Honoured as "Sahabat SME" at SME Recognition Award Ceremony 2014

For the fifth consecutive year, Alliance Bank's work with the SME segment was recognised with a "Sahabat SME" award by the SMI Association of Malaysia.

13 JAN 2015

Alliance Corporate Day 2015

AIBB hosted its annual Corporate Day conference at the Double Tree by Hilton, Kuala Lumpur for over 90 of its institutional clients. 10 corporations were invited to share their insights and discuss the prospects of their respective companies with institutional investors. In addition, AllianceDBS Research also shared their views on the Malaysia equity market outlook and investment strategy for 2015, while a keynote speaker from IBM Malaysia shared how big data and "the Internet of things" is set to change the technology landscape.

18 JAN 2015

Alliance Bank Sabah Coastal Run 2015

More than 2,500 people showed up at the Alliance Bank Sabah Coastal Run 2015 held at the Likas Sports Complex Car Park, Jalan Komplex Sukan. The event, the first-ever public run organised by the Bank, was also the first run of the year for the communities of Kota Kinabalu and the surrounding areas. The community event, which was graced by Datuk Abidin Madingkir, the Mayor of Kota Kinabalu City, raised RM50,000 from runner participation fees, voluntary donation pledges and coupon sales from the carnival to support the MyKasih Foundation's work for low-income families in Sabah.

24 JAN 2015

Alliance Bank's Investment & Market Outlook 2015

Alliance Bank's Consumer Banking and Investment Banking units co-organised a half-day event, the Alliance Bank Investment & Market Outlook Forum 2015, at Sasana Kijang, Bank Negara Malaysia. The event sought to provide over 500 participants better insights into how the market might perform in 2015. The event featured three well-known speakers from The Edge Media Group, Eastspring Berhad and AllianceDBS Research.

6 FEB 2015

Alliance Bank Opens in Kluang

Alliance Bank launched its commercial bank, co-located on the premises of its AIBB branch in Kluang, Johor. The branch offers a full range of Consumer, Business and Islamic Banking products, in addition to the Investment Banking services on the second floor. Complete with a 24-hour e-banking lobby equipped with Automated Teller Machines, Cash Deposit Machines, and a Cheque eXpress Service, the branch serves as a fully integrated one-stop centre for customers' banking needs.

16 MAR 2015

Chinese New Year Open House 2015

Alliance Bank hosted a Chinese New Year Open House evening for over 750 of its customers and business partners to thank them for their continuous support over the years. Themed "Shanghai Night", the event featured a jazz singer and band, as well as foyer activities such as Chinese calligraphy writing and a paper cutting booth.

19 MAR 2015

Alliance Bank Named "Best SME Bank" in Asia Pacific, Gulf region & Africa by The Asian Banker

Alliance Bank was named the "Best SME Bank" in Asia Pacific, Gulf region and Africa. The Bank's innovative programme, the BizSmart Academy, also clinched the title "Best Retail Banking Brand Initiative" in Asia Pacific, Gulf region and Africa at the same awards ceremony. This is the second time Alliance Bank has won the title "Best SME Bank" since 2013.

26 MAR 2015

Alliance Bank Wins "Excellence in SME Banking" and "Best Graduate Programme" at Asia Trailblazer Awards 2015

Alliance Bank was awarded the "Excellence in SME Banking" for the third consecutive year by the Retail Banker International at the Asia Trailblazer Awards 2015. The Bank's Human Resource initiative for graduates clinched the title "Best Graduate Programme" while its BizSmart Academy's initiative was highly commended for being the "Best Community Outreach Programme".

MEDIA HIGHLIGHTS

Plenty of opportunities for SMEs in Sarawak, says Alliance Bank

By Sharon Kong
sharonkong@theborneopost.com

One of the major things we did last year was to invest in a new branch – so we opened a new branch in Bintulu.
Steve Miller, Alliance Bank executive vice president and business banking head

KUCHING: Sarawak remains a strong and vibrant state with plenty of opportunities especially with the small and medium enterprises (SMEs) and commercial sector that has seen much activity recently.

Alliance Bank Malaysia Bhd (Alliance Bank) executive vice president and head of group business banking Steve Miller shared that they made a big move this year as a bank to start investing a lot more in Sarawak.

"One of the major things we did last year was to invest in a new branch – so we opened a new branch in Bintulu.

"We currently have representation in Sibu, Miri, Bintulu and a few branches in Kuching," he said in an exclusive interview

Good turnout at Alliance conference

KUALA LUMPUR — Alliance Bank's Young Entrepreneurs' Conference 2014 (YEC2014), a Ted Talk-style conference that focuses

Alliance launches foreign currency savings account

> Bank targets RM100m-RM200m in deposits from Alliance XChange by end of the year

Bank holds 'Kids Financial Literacy Workshop'

Alliance Bank anjur Pesta Durian hargai pelanggan setia

JAMU SELERA. Sempena musim buah-buahan, Alliance Bank telah meraikan lebih daripada 400 orang pelanggannya dalam program tahunannya, Pesta Durian di Kelab Golf dan Country Kuala Lumpur baru-baru ini.

Durian berkualiti dari jenis musang king dari Raub, Pahang menjadi pilihan

Alliance Bank run raises RM50,000

Bringing young entrepreneurs to the fore

Alliance Bank SME senior vice-president and head (group business banking) Christopher Yap, Ng, Ong, and Sum at Christy Ng Shoes outlet in Petaling Jaya.

安聯「海濱慈善義跑」籌5萬助弱勢群體

Alliance Bank buka cawangan baru di Kluang

Alliance Bank ups the ante

It aims to increase number of finalists for SME Innovation Challenge this year to 20

THE ASIAN BANKER EXCELLENCE IN RETAIL FINANCIAL SERVICES INTERNATIONAL AWARDS 2015 SINGAPORE

Young entrepreneurs must grow up and expand out

Alliance Bank Bintulu celebrates first year anniversary

Alliance Bank ilovegolf Tournament is Back with a Bang

SME Innovation Challenge 2014 winners announced

Alliance chalks improved performance

KUALA LUMPUR — Alliance Financial Group Bhd, comprising Alliance Bank Malaysia Bhd and its subsidiaries, announced that it had performed well for the financial year ended March 31 (FY2014). In commenting on the group's financial performance, chairman Datuk Oh Chong Peng said the group has again achieved good and sustainable progress across its major businesses such as consumer banking, business banking and transaction banking despite the intense domestic competition and unsettling global economic recovery. Its key financial highlights were

YEC2014 AFFIRMS SPIRIT OF MALAYSIAN ENTREPRENEURSHIP

The Alliance Bank's Young Entrepreneurs' Conference 2014 (YEC2014), a Ted Talk-styled conference that focusses primarily on the issues faced by young Malaysian SMEs, was well attended by over 1,600 young Malaysian entrepreneurs when it was held in Kuala Lumpur and Penang recently. "With close to 650,000 SME establishments nationwide, SMEs contribute 32% of the country's gross domestic product (GDP). Yet, more than fifty percent of small businesses fail in the first five years of operations due to a variety of reasons," said Steve Miller, Senior Executive Vice President, Head of Group Business Banking at Alliance Bank Malaysia Berhad. "The YEC2014 was borne out of the need to assist in the development of young Malaysian SMEs through a platform that is relevant, engaging and nurturing."

KOONG LIN LOONG memberi penerangan mengenai pelaksanaan cukai barang dan perkhidmatan kepada pengusaha sederhana di Kuala Lumpur, baru-baru ini.

Alliance Bank bantu pelanggan fahami GST

Bigger, stronger community of entrepreneurs is key

VICTOR KHOR (centre) receiving the award for Alliance Bank at the ABF Retail Banking Awards 2014.

Alliance Bank eases SME's readiness for GST implementation

BizSmart Online Banking named 'Online Banking Initiative of the Year'

Business

Giving local SMEs a boost

Alliance Bank customer drives home with joy

KUALA LUMPUR: They say there's always a first time in anyone's life, and winning the first prize for the first time had Sharmini Ganeshan driving home with joy.

Ganeshan won a brand new Volkswagen Polo Sedan 1.6L worth RM90,000 during the recent Alliance Bank's "Driving Joy" Campaign.

"I couldn't believe it when Alliance Bank informed me that I had won! This is the first time I've won a prize in my life. Thank you to Alliance Bank for making my dream come true," shared an excited Ganeshan.

The Alliance Bank "Driving Joy" Campaign, which ran for three months in 2013, garnered good response from card members.

To qualify for the contest, members were given an entry for every RM80 spent on any retail transaction in a single receipt, and five entries for every RM80 spent on petrol, dining or groceries in a single receipt. 10 entries were given to members for every RM80 spent on any overseas retail transaction in a single receipt.

"The Campaign aimed to encourage card members to use the card for their daily needs, and be rewarded for it.

'DRIVING JOY' Campaign grand prize winner Sharmini Ganeshan (right) with her Polo Sedan.

Alliance Bank launches AEIOU challenge

Alliance Bank sasar deposit RM200 juta

VICTOR (kiri) bersama Naib Presiden Eksekutif dan Ketua Pasaran Kewangan Kumpulan Alliance, Yeo Chi Tiong di Kuala Lumpur semalam.

Alliance Bank announces Innovation Challenge finalists

YEC2014 affirms spirit of M'sian entrepreneurship

Alliance Bank named Asia Pacific's 'Best SME Bank'

Alliance Bank's SME Innovation Challenge 2013 finalists serve up "Like A Boss" lunch

安聯銀行1月18日盛辦

海濱慈善徒步行暨義賣

FUNDING IT RIGHT

BNM galak kaedah e-pembayaran

Victor Khor

Pasti peranti sedia

Kurangkan urusan cek

PERFECT PRIZE: Alliance Bank credit card members Robert Wong Ing Hong (left) and his partner with the grand prize of RM30,000 in the bank's 'Home to Perfection' Walk-A-Hunt Contest held at the IKEA store in Mutiara Damansara, Selangor, recently.

ESTABLISHING A CULTURE OF EXCELLENCE

“ We aim to establish Alliance Financial Group as “A Great Place to Work” by inculcating and practicing our core values of Respect, Integrity, Teamwork and Excellence in all our engagements. ”

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of Alliance Financial Group Berhad is committed to adopting high standards of corporate governance in all areas of its activities with the objective of achieving business prosperity and corporate accountability. The ultimate objective is to safeguard the interests of all stakeholders and to enhance shareholders' value. The Board is committed to ensuring that the Company is in compliance with the principles and recommendations of the Malaysian Code on Corporate Governance 2012 (MCCG 2012) and Bank Negara Malaysia (BNM) Guidelines on Corporate Governance for Licensed Institutions.

In accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, this statement describes the way in which the Company has applied the principles and recommendations set out in the MCCG 2012.

1. THE BOARD OF DIRECTORS

1.1 Duties and Responsibilities

The Board is led by the Chairman, Datuk Oh Chong Peng, who is an Independent Non-Executive Director.

The Chairman receives strong and positive support from the Group Company Secretary in discharging his duties and responsibilities to ensure the effective functioning of the Board.

There are matters specifically reserved for the Board's decision to ensure that the direction and control of the Group are firmly in hand. The day-to-day conduct of the Group's business is delegated to the Management subject to the authority limits given. The Board is ultimately responsible for the overall performance of the Company and of the Group.

The principal duties and responsibilities of the Board are:

- reviewing and approving strategies, business plans and significant policies;
- reviewing, adopting and approving the Group's annual budgets, key operational initiatives, major investments and funding decisions;
- overseeing the business conduct of the Group;
- reviewing the risk management processes within the Group;
- assuming responsibility in succession planning within the Group; and
- reviewing the adequacy and integrity of internal control systems and management information systems to ensure compliance with relevant laws, rules, regulations, directives and guidelines.

The Board also assumes various functions and responsibilities that are required of them by regulatory authorities, as specified in guidelines and directives issued from time to time.

1.2 Board Charter

The Board has adopted a charter which was designed to provide Directors and Officers with greater clarity regarding the role of the Board, the requirements of Directors in carrying out their role and discharging their duties to the Company, and the Board's operating practices. The charter will be reviewed from time to time and updated in accordance with the needs of the Company, and any changes in regulations to ensure its relevance to the Board.

1.3 Directors' Code of Conduct and Ethics

The Group has a Code of Conduct that sets out the standards required to be observed by the Directors and the employees in order to promote and maintain the highest ethical standards at all times. The Directors in the Group adhere to the Code of Ethics as set out in the Bank Negara Malaysia's BNM/GP7 - Part 1 Code of Ethics: Guidelines on the Code of Conduct for Directors, Officers and Employees in the Banking Industry and the Code of Ethics for Company Directors established by the Companies Commission of Malaysia.

1.4 Board Composition and Independence of Directors

The Board comprises eight members, who are all Non-Executive Directors, six of whom are Independent Directors. The Board is constituted of individuals of high calibre and diverse experience and collectively has the necessary skills and qualifications to effectively manage the Company and to discharge the responsibilities of the Board. The current Board members are all very experienced in the management of businesses and in terms of their academic backgrounds have skills in the areas of law, banking, finance, accounting, economic, information technology and human capital. The diversity in the composition of the Board ensures good use of their different and wide ranging skills, regional and industry experience, background and other attributes of the Directors.

The Board has also taken note of the recommendation of the MCCG 2012 to establish a policy formalising its approach to gender diversity (including diversity in ethnicity and age). The Nomination Committee, in evaluating the appointment of directors, looks for diversity of skills and experience in its directors.

The presence of a majority of Independent Non-Executive Directors also provides the necessary checks and balances to ensure that the interests of all shareholders and the general public are given due consideration in the decision-making process.

The Board through the Nomination Committee assesses Directors' independence annually against the independence criteria under Paragraph 1.01 of the Main Market Listing Requirements and Part 2.26 of BNM's Guidelines on Corporate Governance for Licensed Institutions ("BNM CG Guidelines"). In the annual assessment of the Independent Directors of the Company in respect of the financial year ended 31 March 2015 (FY2015), the Board was satisfied that each of the Independent Directors of the Company continue to be independent and free from any business or other relationship, which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company.

1.5 Annual Assessment of Performance of the Board, Board Committees and Individual Directors

The Nomination Committee annually assesses the effectiveness of the Board as a whole, Board Committees and the contribution of each individual Director by way of a set of customised self-assessment questionnaires. In addition to the self-assessment by Directors, each individual Director's performance is assessed by the Board Chairman. The results of the annual assessment are tabled to the Nomination Committee and Board for deliberation.

In the annual assessment of the Board for FY2015, the Board was satisfied with its current size and composition as well as its mix of skills which is made up of individuals of high calibre, credibility and with the necessary skills and qualifications to enable the Board to discharge its responsibility effectively.

The Board, through the Nomination Committee has also assessed the fitness and propriety of the Directors in accordance with the Group's Policy on Fit and Proper and was satisfied with the fitness and propriety of the Directors.

A brief profile of each Director is presented on pages 15 to 20 of this Annual Report.

1.6 Appointment and Re-election of Directors

Pursuant to the guidelines issued by BNM, the appointment of new Directors and re-appointment of existing Directors upon the expiry of their respective term of office as approved by BNM, are subject to prior approval by BNM.

Any proposed appointment of new Board members or proposed re-appointment of Directors will be assessed by the Nomination Committee. In evaluating the appointment of new Directors, the Nomination Committee looks for diversity of skills and experience of the candidates. To ensure the candidate has the character, experience, integrity, competency and time to effectively discharge his role as a Director, the Nomination Committee will assess the fitness and propriety of the candidates in accordance with the Group's Policy on Fit and Proper. The following criteria are considered by the Nomination Committee:

- Probity, personal integrity and reputation
- Competence and capability
- Financial integrity

The Nomination Committee will, upon its assessment, submit its recommendation to the Board for approval. The final decision on the appointment of a candidate recommended by the Nomination Committee rests with the whole Board before application is submitted to BNM for approval.

Upon appointment, new Directors are advised of their legal and statutory responsibilities. All Directors are also regularly updated on new requirements affecting their responsibility and are constantly reminded of their obligations.

In accordance with the Articles of Association of the Company, newly appointed Directors shall hold office only until the next Annual General Meeting (AGM), and shall then be eligible for re-election. Additionally, one-third (1/3) of the remaining existing Directors shall retire from office at each AGM and be eligible to offer themselves for re-election provided always, that all Directors shall retire from office at least once every three years.

A Director of the Company who is over the age of 70 years will retire at the AGM and may be re-appointed pursuant to Section 129 of the Companies Act, 1965.

As the capacity, energy and enthusiasm of a Director is not necessarily linked to age, the Board deem it not appropriate to prescribe age limits for the retirement of Directors. The Board believes in having a healthy mix of age and experience and therefore does not prescribe a minimum or maximum age limit for its Board members apart from what is laid down under Section 129 of the Companies Act, 1965.

In line with Recommendation 3.2 of the MCCG 2012, the Company has newly adopted a policy that limits its Independent Directors' tenure to a maximum of 9 years. However, as a transitional process, the Board has proposed that existing Independent Directors who have served the Company for more than 9 years, be retained as Independent Directors for a gradual transition to ensure continued effective functioning of the Board.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

1.7 Board Meetings

The Board meets on a regular basis to review business performance, strategies, business plans and significant policies as well as to consider business and other proposals which require the Board's approval. Ad-hoc Board meetings, where necessary, are held to deliberate on corporate proposals or urgent issues which require the Board's consideration between scheduled meetings.

The Board met fourteen times during FY2015. Details of each Director's attendance during the financial year are as follows:

	Name of Director	Attendance
1.	Datuk Oh Chong Peng *(Chairman)*	14/14
2.	Dato' Thomas Mun Lung Lee	14/14
3.	Stephen Geh Sim Whye	14/14
4.	Tan Yuen Fah	13/14
5.	Megat Dziauddin bin Megat Mahmud	14/14
6.	Kung Beng Hong	14/14
7.	Ou Shian Waei	14/14
8.	Lee Ah Boon	14/14

1.8 Access to Information

Board members are provided with relevant proposal papers and supporting documents at least three clear days before the relevant Board and Board Committee meetings to provide sufficient time for the Directors to review, consider and obtain further information, where required, for deliberation at the meetings. Urgent proposals can be presented less than three clear days subject to approval of the Chairman. Senior management and advisers are invited to attend Board meetings, where necessary, to provide additional information and insights on the relevant agenda items tabled at Board meetings.

The Group has implemented paperless meetings where board materials are uploaded to a secured board portal for the Directors to download to their tablets. This initiative has made the process of creating, distributing and reviewing confidential board materials more efficient and secure. It speeds up the process of board pack dissemination and removes the need for hard copy papers. The initiative also enhances the Group's corporate responsibility in line with environmental initiatives by reducing its paper consumption.

Every Director has the right to resources, whenever necessary and reasonable, for the performance of his duties at the cost of the Company. Directors may seek external independent professional advice at the expense of the Company, to assist them in making well-informed decisions whether as a full Board or in their individual capacity.

1.9 Time Commitment

The Board is satisfied with the level of time commitment given by the Non-Executive Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by their attendances at the Board and various Board Committees meetings held during the financial year.

To ensure that the Directors have the time to focus and fulfil their roles and responsibilities effectively, they must not hold directorships in more than five public listed companies.

Non-Executive Directors are required to notify the Chairman before accepting any additional external appointments. The notification shall include an indication of time that will be spent on the new appointment. The Chairman shall notify the Board if he has any additional external appointments or significant commitments outside the Company.

1.10 Directors' Training

The Board places the responsibility for training of directors on the Nomination Committee which on a continuous basis, evaluates and determines the training needs of Directors.

The Company has put in place a Directors' Orientation Programme for newly appointed Directors to familiarise themselves with the Group's business operations. The Directors are provided with the opportunity to participate for relevant training programmes on an ongoing basis in areas relating to the banking and financial industry to keep themselves abreast with the latest developments in the marketplace. This includes the eight-day Financial Institutions Directors' Education (FIDE) Programme which promotes high-impact Boards by strengthening Board competencies in dealing with corporate governance, risk management and strategic issues faced by the financial services industry.

All the Directors have completed the Mandatory Accreditation Programme and pursuant to the requirement of Bursa Securities, they have attended various training programmes during the financial year under review. All Directors have also attended the eight-day FIDE Programme.

During the financial year under review, all the Directors have attended seminars, conferences and courses on various topics covering accounting, tax, corporate governance, finance, management and risk management. The seminars, conferences and courses attended by Directors included:

- FIDE: The Role of the Board in Behavioural Issues & Tools and Techniques for Nominating and Remuneration Committees
- FIDE: Recovery and Resolution Plan in FI: Board Leading the Way

- FIDE: “Risk: From Whereof”
- FIDE: “Financial Services in Turbulent Times”: A Dialogue with Tan Sri Lin See-Yan
- FIDE : Board of Director Breakfast Series - Great Companies Deserve Great Boards
- BNM FIDE Forum: Dialogue with the Governor
- Share Capital at No Par Value, Share Buyback and Redeemable Preference Shares
- BNM Dialogue Session with Nomination Committee Members
- Goods And Services Tax
- Risk Management and Internal Control: “An Integrated Assurance on Risk Management and Internal Control - Is Our Line of Defence Adequate and Effective?”
- 2015 Budget Seminar
- Leadership Energy Summit Asia 2014
- Briefing Session on Bank Negara Malaysia Annual Report 2014 /Financial Stability and Payment Systems Report 2014
- Anti-Money Laundering & Anti-Terrorism Financing for Directors and Senior Management
- Global Competitiveness and the Malaysian Experience
- Reinsurance Overview
- Great Companies Deserve Great Boards & Great Boards Leading the Way for Highly Innovative Companies
- Islamic Corporate Banking: Products & Instruments
- Business & Politics - a Holy Alliance or a Devil’s Pact
- 11th Kuala Lumpur Islamic Finance Forum 2014
- An Evening with Jane Goodall
- Dialogue with YAB PM “Sustainability & Diversity”
- LSE Asia Forum: Building Asian Future: Integration, Welfare and Growth?
- The Singapore Summit 2014: Global-Asia Confluence
- In-house training on Living Will - Recovery and Resolution Planning; Cyber Criminal in the Financial Services Industry; IFRS 9; and FATCA
- In-house training on Integrated Reporting

The Nomination Committee has undertaken an assessment of the training attended by the Directors during the financial year and was satisfied that each of the Directors had attended continuous training to keep abreast with the latest developments in the industry and to further enhance their skills and knowledge to better discharge their responsibilities as Directors of the Company.

1.11 Board Committees

The Board has established various Board Committees to assist and complement the Board in the execution of its responsibilities. Each Board Committee operates within its terms of reference, which clearly define its functions and authority. The Board Committees of the Company are as follows:

a) Audit Committee

The Terms of Reference and the composition of the Audit Committee as well as the summary of activities of the Audit Committee during the financial year are set out in the Audit Committee Report on pages 69 to 72 of this Annual Report.

b) Nomination Committee

The salient Terms of Reference of the Nomination Committee are as follows:

- to establish minimum requirements for the Board i.e. required mix of skills, experience, qualification and other core competencies required of a director. The Committee is also responsible for establishing minimum requirements for the Chief Executive Officer (CEO). The requirements and criteria should be approved by the full Board;
- to recommend and assess the nominees for directorship, Board committee members as well as nominees for the CEO. This includes assessing Directors for reappointment, before an application for approval is submitted to BNM. The actual decision as to who shall be nominated should be the responsibility of the full Board;
- to oversee the overall composition of the Board, in terms of the appropriate size and skills, and the balance between Executive Directors, Non-Executive Directors and Independent Directors through annual review;
- to recommend to the Board the removal of a Director/CEO from the Board/management if the Director/CEO is ineffective, errant and negligent in discharging his responsibilities;
- to establish a mechanism for the formal assessment on the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board, the contribution of the Board’s various committees and the performance of the CEO and other key senior management officers. Annual assessment is conducted based on an objective performance criterion. Such performance criteria are approved by the full Board;

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

- to ensure that all Directors continue to receive appropriate training in order to keep abreast with the latest development in the industry;
- to oversee the appointment, management succession planning and performance evaluation of key senior management officers;
- to recommend to the Board the removal of key senior management officers if they are ineffective, errant and negligent in discharging their responsibilities; and
- to assess, on an annual basis, to ensure that the Directors and key senior management officers are not disqualified under Section 59 of the Financial Services Act 2013.

Summary of the main activities of the Nomination Committee during the financial year under review are as follows:-

- assessed the performance of individual Directors and the Board as a whole as part of the Annual Assessment, which covered performance of the Board, Board Committees and Individual Directors;
- assessed the fitness and propriety of Directors and the Company Secretary and the independence of Independent Directors;
- determined those directors who would retire at the forthcoming AGM and had made the necessary recommendations to the Board for their re-election and re-appointment;
- assessed and determined the fitness and propriety of Directors with regard to their re-appointment on the Board;
- evaluated and recommended suitable candidates as Group CEO of Alliance Bank Malaysia Berhad and CEO of the Company;
- recommended the appointment of the Company's representative to the Alliance Bank Malaysia Berhad Board; and
- assessed the training needs of the Directors.

The Nomination Committee comprises entirely of Non-Executive Directors with the majority being Independent Directors. In FY2015, a total of six Nomination Committee meetings were held. The members of the Nomination Committee and the details of their attendance are as follows:

Committee Members	Attendance
• Datuk Oh Chong Peng *(Chairman)*	6/6
• Dato' Thomas Mun Lung Lee	5/6
• Stephen Geh Sim Whye	6/6
• Megat Dziauddin bin Megat Mahmud	6/6
• Kung Beng Hong	6/6
• Lee Ah Boon	6/6

c) **Remuneration Committee**

The salient Terms of Reference of the Remuneration Committee are as follows:

- to recommend a framework of remuneration for Directors, CEO and key senior management officers of the Company for the full Board's approval. The remuneration framework should support the Company's culture, objectives and strategy and should reflect the responsibility and commitment, which goes with the Board membership and responsibilities of the CEO and senior management officers. There should be a balance in determining the remuneration package, which should be sufficient to attract and retain the employees and/or directors of calibre, and yet not excessive to the extent of the Company's funds are used to subsidise the excessive remuneration. This framework should cover all aspects of remuneration including director's fees, salaries, allowances, bonuses, options and benefits-in-kind;
- to provide oversight on remuneration matters of operating subsidiaries and to recommend specific remuneration packages for Executive Director(s) and CEO. The remuneration package should be structured such that it is competitive and consistent with the Company's culture, objectives and strategy. Salary scales drawn up should be within the scope of the general business policy and not be dependant on short-term performance to avoid incentives for excessive risk-taking. As for Non-Executive Directors and Independent Directors, the level of remuneration should be linked to their level of responsibilities undertaken and contribution to the effective functioning of the board. In addition, the remuneration of each Board member may differ based on their level of expertise, knowledge and experience;
- to review annually the Group Policy on remuneration of Non-Executive Directors of the Group and to recommend the remuneration of the Non-Executive Directors for the Board's approval;

- to approve new key senior management appointments and remuneration package, transfers and promotions of senior management officers and assessing the performance of key senior management officers of the Company; and
- to review and approve annual salary increment and performance bonus for employees of the Company.

The Remuneration Committee comprises entirely of Non-Executive Directors with the majority being independent. In FY2015, one meeting was held by the Remuneration Committee. The members of the Remuneration Committee and the details of their attendance are as follows:

Committee Members	Attendance
• Datuk Oh Chong Peng *(Chairman)*	1/1
• Dato' Thomas Mun Lung Lee	1/1
• Megat Dziauddin bin Megat Mahmud	1/1
• Kung Beng Hong	1/1
• Ou Shian Waei	1/1
• Lee Ah Boon	1/1

d) **Employees' Share Participating Scheme Committee**
The Employees' Share Participating Scheme Committee (ESPS Committee) is a sub-committee of the Remuneration Committee established to implement and administer the AFG Employees' Share Scheme (ESS) in accordance with the Bye-Laws approved by the shareholders of the Company on 28 August 2007.

The members of the ESPS Committee and the details of their attendance during the financial year are as follows:

Committee Members	Attendance
• Datuk Oh Chong Peng *(Chairman)*	3/3
• Dato' Thomas Mun Lung Lee	3/3
• Megat Dziauddin bin Megat Mahmud	3/3
• Kung Beng Hong	3/3
• Ou Shian Waei	3/3
• Lee Ah Boon	3/3

The minutes of all Board Committees are circulated to the Board for notation.

1.12 Directors' Remuneration

The objective of the Company's policy on Directors' remuneration is to attract and retain Directors needed to steer the Company towards achieving its goals effectively. The determination of the Non-Executive Directors' remuneration is a matter for the Board as a whole.

The level of remuneration of Non-Executive Directors is linked to their level of responsibilities.

Non-Executive Directors are paid annual Directors' fees and sitting allowances for attending Board/Board Committee meetings. The members of Board Committees are also paid allowances for additional responsibilities undertaken. Directors of the Company who are employees within the Group are remunerated separately in accordance with their employment contracts.

Details of the Company's Directors' Remuneration (including benefits-in-kind) for each Director in the Company and the Group for FY2015 are set out below:

	COMPANY			SUBSIDIARIES		
	Fees RM'000	Salary, Allowances, Benefits-in-kind and others RM'000	Company Total RM'000	Fees RM'000	Salary, Allowances, Benefits-in-kind and others RM'000	Group Total RM'000
Executive Directors						
Non-Executive Directors						
Datuk Oh Chong Peng *(Chairman)*	176	105	281	-	-	281
Dato' Thomas Mun Lung Lee	66	54	120	297	115	532
Stephen Geh Sim Whye	88	74	162	-	-	162
Tan Yuen Fah	66	35	101	80	63	244
Megat Dziauddin bin Megat Mahmud	66	61	127	278	130	535
Kung Beng Hong	66	66	132	146	229	507
Lee Ah Boon	66	49	115	80	95	290
Ou Shian Waei	66	49	115	80	159	354
Total	660	493	1,153	961	791	2,905

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

2. ACCOUNTABILITY AND AUDIT

2.1 Financial Reporting

The annual financial statements and quarterly results are reviewed by the Audit Committee and approved by the Board of Directors for BNM's clearance prior to public release. A statement by the Directors explaining the Board's responsibility for preparing the annual financial statements is set out on page 82 of this Annual Report.

2.2 Risk Management Framework

A Risk Management report, which provides an overview of the risk management framework within the Group, is disclosed on pages 74 to 79 of this Annual Report.

2.3 Internal Control

A Statement on Risk Management and Internal Control, which provides an overview of the state of internal control within the Group, is disclosed on pages 73 of this Annual Report.

2.4 Policy against Fraud

All employees are entrusted with the responsibility to stay alert to risk of fraud and to assist in combating fraud. The Group has put in place reporting procedures with regard to fraud and robbery/burglary including a breach of the Code of Ethics.

The Group also has put in place a Whistleblower Policy which is designed to provide an avenue for staff to report any possible financial improprieties such as manipulation of financial results, misappropriation of assets, intentional circumvention of internal controls, inappropriate influence on related party transactions by related parties, or other improprieties. The Whistleblower Policy is also an avenue for employees to raise concerns in relation to the specific issues which are in the interest of integrity and justice, and which fall outside the scope of other Group policies and procedures.

2.5 Anti-Money Laundering and Counter-Financing of Terrorism

The Anti-Money Laundering and Anti-Terrorism Financing Act 2001 provides the legal framework to counter money laundering and terrorism financing in reporting institutions. In order to reduce the likelihood of any of the entities within the Group becoming vehicles for money laundering and terrorism financing activities, the Group has a policy on anti-money laundering and counter-financing of terrorism setting out the minimum standards that are to be adopted and implemented by the entities within the Group.

The key features of the policy are as follows:

- clear enunciation of the roles and responsibilities of various persons within the Group, including the Board of Directors and Senior Management;
- a customer acceptance policy which requires, amongst others, establishment of a business relationship only after satisfactory verification and due diligence of a new customer or persons acting on their behalf;
- ongoing monitoring of transactions to detect unusual and suspicious patterns of activity and intensified monitoring for higher risk customers;
- mandatory reporting of suspicious transactions and prohibition against disclosure any reporting activities to the relevant regulatory and law enforcement authorities;
- co-operation with the Financial Intelligence & Enforcement Department, BNM and other regulatory authorities; and
- proper retention of records for the prescribed retention period.

The standards expected by the Group are upheld and reinforced by periodic training programmes on anti-money laundering and counter-financing of terrorism.

2.6 Relationship with the Auditors

Through the Audit Committee, the Company has established a formal and transparent relationship with the auditors, both internal and external. The External Auditors are invited to discuss the annual financial statements, their audit plan, audit findings and other special matters that require the Board's attention. The Audit Committee meets with the External Auditors and Internal Auditors twice a year, without the presence of the Management.

The Company has established a policy to assess and monitor the suitability and independence of External Auditors and governs the circumstances under which engagement for the provision of non audit-related services can be entered into.

The Audit Committee undertakes assessment of the performance, suitability and independence of the external auditors and recommends to the Board for their re-appointment on an annual basis.

3. COMPANY SECRETARY

The Directors have full access to the services of the Company Secretary, whose role includes ensuring that Board procedures, applicable rules and regulations, and relevant laws are complied with. The Company Secretary provides effective support to the Chairman of the Board/Board Committee(s) and facilitates the communication of decisions and policies made by the Board/Board Committees to the Management.

The Board assesses the fitness and propriety of the Company Secretary annually in accordance with the Group's Policy on Fit and Proper and it is satisfied with the performance and support rendered by the Company Secretary.

4. CORPORATE RESPONSIBILITY

In terms of Corporate Responsibility, the Board has adopted best practices in accordance with corporate governance in all its activities to ensure that the Company achieves business prosperity for the benefit of all stakeholders. Whilst the Company is committed to achieving its business and financial goals in an ethical, responsible and sustainable manner, it is also mindful of the need to fulfil its responsibilities to the marketplace, workplace, community and the environment in which it operates.

5. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

The Company acknowledges the importance of regular communication with shareholders and investors. The Company endeavours to maintain constant and effective communication with shareholders through timely and comprehensive announcements. The Board regards the AGM as an opportunity to communicate directly with shareholders and encourages attendance and participation. The notice of AGM is despatched to shareholders, together with explanatory notes or circulars on items of special business, at least 21 days prior to the meeting date. At the forthcoming 49th AGM to be held on 21 July 2015, no substantive resolutions or resolutions on related party transactions will be put forth for shareholders' approval.

The Investor Relations team engages the financial community, stakeholders and other key constituencies of the Group to provide consistent, accurate, transparent and timely information. Briefings for analysts are conducted every quarter in conjunction with the release of the quarterly financial results to facilitate consistent dialogue between the Group's Senior Management and the investment community. In FY2015, the Group participated in roadshows and dialogues to share the latest updates and pertinent information on the Group's progress with the investment community.

These platforms enabled the investment community to express their views on the Group's performance and in turn, the Group had the opportunity to manage investors' expectations and strengthen their understanding of the Group.

Shareholders, potential investors and members of the public can access the Company's website at www.alliancefg.com for information of the Group. There is a dedicated section for corporate governance on the Company's website where information such as the Code of Conduct, Board Charter and Annual Reports are made available to the public. Under the Investor Relations section, all announcements made by the Company to Bursa Securities including quarterly results, dividend information and presentation slides for analyst briefings are also available on the website for the benefit of the investing public. They can also convey their concerns and queries to the Senior Independent Non-Executive Director of the Company, Dato' Thomas Mun Lung Lee. The Senior Independent Non-Executive Director serves as the point of contact between the Independent Directors and the Chairman on sensitive issues as well as acts as the designated contact for any shareholders' concerns or queries that may be raised, as an alternative to the formal channel of communication with shareholders.

All correspondence to the Senior Independent Non-Executive Director can be faxed to 03-2694 6200 or sent via email to leetmll@yahoo.com, or by mail to the registered office of the Company at 3rd Floor, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia.

6. CORPORATE DISCLOSURE

The Company has put in place Corporate Disclosure Policies and Procedures for the Group (CDPP) which provides timely, consistent and fair disclosure of corporate information to enable informed decision making by investors.

The objectives of the CDPP are:

a) raising awareness of Directors, management and employees on disclosure requirements and practices;

b) providing guidance in disseminating corporate information to, and in dealing with investors, analysts, media representatives and the public; and

c) ensuring compliance with the disclosure obligations under the Main Market Listing Requirements of Bursa Securities and other applicable laws.

The Group Company Secretary being the Corporate Disclosure Manager (CDM), serves as the primary contact person for matters referenced in the CDPP. He oversees and co-ordinates the disclosure of material information to Bursa Securities. The CDM also ensures compliance with the CDPP and undertakes reviews of any violations, including assessment and implementation of appropriate consequences and remedial action.

Certain designated senior management staff of the Group are authorised to communicate Group information to the investing public. The authorised spokespersons are regularly reminded of their responsibility to exercise due diligence in making sure that the information to be disseminated to the investing public is accurate, clear, timely and complete, and that due care is observed when responding to analysts, the media and the investing public.

7. DEALINGS IN SECURITIES

The Group has put in place an internal procedure governing dealings in securities by the Directors and employees to prevent contravention of applicable rules and requirements, including the provisions of the Main Market Listing Requirements of Bursa Securities and insider trading laws.

The "Watch List" and "Restricted List" are circulated regularly to Directors of Alliance Investment Bank Berhad and relevant employees reminding them to refrain from dealing with relevant securities. Directors and principal officers of the Group are also reminded on a quarterly basis in relation to restriction in dealings in securities of the Company during Closed Periods.

This Statement on Corporate Governance is made in accordance with a resolution of the Board of Directors dated 26 May 2015.

CORPORATE RESPONSIBILITY

As we make good headway in strengthening the Alliance Financial Group's franchise, we are mindful of the need to balance our economic ambitions with equally important societal and environmental considerations. To ensure a sustainable future for the Group, we continue to focus our efforts on corporate responsibility initiatives that effectively address the needs of stakeholders in the areas of the Community, Marketplace, Workplace and Environment.

Corporate responsibility is an integral component of the Group's business, and we remain committed to building sustainable and meaningful relationships with our diverse stakeholders by according them effective and creative solutions in the same professional manner that we approach our commercial activities. Our corporate responsibility efforts align with Bursa Malaysia's Corporate Social Responsibility Framework and we regularly take measures to ensure that our activities are guided by principles of accountability, honesty, transparency and sustainability.

In FY2015, we continued to roll out a host of effective corporate responsibility programmes that impacted positively on stakeholders. At the same time, we took the opportunity to develop and introduce innovative new ones.

EMPOWERING COMMUNITIES

We believe in empowering communities as strong communities help build a strong nation. To this end, we have sought to create sustainable change for communities by leveraging on our products, employee strengths and the Group's network. Our efforts to-date encompass the areas of education, community well-being and entrepreneurship, which we believe are important for the nation's sustainable progress.

In line with our education-based efforts, the Group continues to spearhead its Financial Literacy Programme for school-going children in an effort to educate children on the importance of money management. Over the past one year, we have continued with our nationwide Kids Financial Literacy Workshops at various locations around the nation. Since the workshops were introduced in 2013, we have positively impacted over 3,000 children between the ages of 7 and 12 nationwide.

Expounding on our focus on financial literacy, we adopted 330 primary and secondary schools under the Bank Negara Malaysia (BNM) School Adoption Programme. Each year, the Group produces and distributes a *Buku Wang Saku* activity booklet to inculcate saving and budgeting habits among the students at our adopted schools.

We also launched the AEIOU Challenge, a drawing competition that uses comic strips as a fun and engaging way to educate students on financial literacy. By way of promoting financial literacy and the AEIOU Challenge, we hosted a roadshow at 50 of the Bank's adopted schools throughout the country. At the roadshow, we asked students to draw a four-panel comic strip based on what they have learned during the roadshow and encourage them to read through the series of eight comic strips which was saved onto a CD. The comic strips help students understand the smart financial habits and foster ideas for their comic strips.

The year saw Alliance Islamic Bank Berhad (AIS) fulfilling its zakat obligations. At the Kuala Lumpur Alliance Bank Networking event, AIS presented a total of RM50,000 to 11 organisations and orphanages. The beneficiaries included the International Islamic University Malaysia's (IIUM) Institute of Islamic Banking & Finance, and Malaysian Armed Forces Veterans Associations in selected states.

We combined our workplace and community corporate responsibility effort once again when we organised the annual Alliance Bank Treasure Hunt. En route to the finish line, over 450 participants dropped off "treasures" in the form of food items at the Rumah Seri Kenangan Cheng, a home for the elderly in Malacca.

Alliance Bank also held its annual half-day, part-Fun Run, part-Carnival charity event, the Alliance Bank KL Fun Run. The event raised RM80,000 from runners' participation fees, voluntary donation pledges from staff and coupon sales from the Carnival for two charity foundations, the MyKasih Foundation and Tan Sri Alex Lee Athletes' Education Fund. MyKasih Foundation used the funds to run a coaching, empowerment and entrepreneurship programme called *Mengecapi Aspirasi Diri*. The four-month programme for women in low income households helped instil confidence

and teach them basic abilities to manage money better. The programme, which ended in mid-December 2014, saw all 36 participants graduating from the programme.

Similarly, the Alliance Bank Sabah Coastal Run 2015 raised RM50,000 in support of the MyKasih Foundation's work in Sabah. The funds raised went a long way in helping the foundation continue its work to empower women from low-income families to be start-up entrepreneurs. Over 3,000 Sabahans from all walks of life attended the event, which also served as a platform to unite the community and promote a healthy lifestyle.

The Group also raised over RM33,000 to support Mercy Malaysia in their disaster relief work during the East Coast flooding at the end of last year.

STRENGTHENING OUR MARKETPLACE

We remain committed to delivering only the best products and services to our customers in our journey towards becoming the "Best Customer Service Bank" in Malaysia. In line with this aim, we developed and implemented several initiatives in 2014 that enabled our customers to make informed and calculated decisions regarding their financial well-being.

In a move to ensure that our customers are always kept abreast of market developments, we organised an Investment & Market Outlook Forum 2015 at Sasana Kijang at BNM. Opened to the public, the forum provided insights into how the equity market might perform in 2015. Over 500 people attended the forum which featured guest speakers from The Edge Media Group, Eastspring Berhad and AllianceDBS Research.

We also continued with the "Alliance Bank Expert Series", a programme that we launched in 2012 with the aim of providing our clients with the latest insights and market views affecting their investment portfolios. The series featured speakers from AllianceDBS Research and respected fund houses as well as Bursa Malaysia, who shared their views on economic opportunities on both macro and micro economic scale.

We believe that learning is not merely confined to classroom, but can be developed through proactive networking. In support of Malaysian businesses, Alliance Bank hosted over 900 guests comprising business partners, customers and the media at its annual Networking Event. The event featured guest speakers sharing their views on the market outlook and trends for Malaysia as well as Asia. A similar event was also held in Kota Kinabalu, Sabah, for the Bank's customers.

CORPORATE RESPONSIBILITY (cont'd)

In our continuing effort to champion the cause of the business community under the umbrella of the BizSmart Academy, we held our second Young Entrepreneurs' Conference in Kuala Lumpur (YEC KL) at the Kuala Lumpur Convention Centre for over 1,300 participants. The Ted Talk-styled conference featured notable entrepreneurial speakers such as Tan Sri Dato' Seri Liew Kee Sin of EcoWorld, Timothy Tiah of Nuffnang.com, Cheryl Yeoh of Malaysian Global Innovation & Creativity Centre, Adelene Foo of MyTeksi.com and Paul Allen, a Gallup Strength Evangelist. As an indication of its popularity, the #bizsmartacademy hashtag was one of the Top 10 trending topics on Twitter during the YEC KL due to the active online chatter by participants.

The Group later replicated the YEC KL format in Penang and had over 300 budding entrepreneurs attending it. The Penang's YEC featured well-known young Penangite entrepreneurs the likes of Leong Shir Mein from Delivereat.my; Venus Khor from Rising One Media and Penang Camera Museum; as well as Koh Yung Shen of LANSI – theswaggersalon.com, among others.

At the YEC KL, the Group launched its annual SME Innovation Challenge for 2014. Following its successful inaugural campaign, the programme returned bigger, bolder and better in 2014 with more prizes and practical activities that included mentorship sessions with top business leaders via the CEO Chatroom series. The year also saw us partnering with Groupon to host a Groupon Challenge as part of the SME Innovation Challenge programme. The mini-contest was designed to garner awareness and public engagement for each of the Top 20 finalists by leveraging on Groupon's high traffic website. The Challenge also put each business' marketing skills to the test with the winner of the Groupon Challenge securing a Media Spot Package comprising RM10,000 worth of YouTube pre-roll advertisements.

Due to the intense publicity, the number of submissions for the SME Innovation Challenge rose from 225 in 2013 to 480 in 2014. With more young businesses allowed to qualify for the Challenge, the number of finalists rose from 13 to 20 finalists.

On 28 November 2014, Biji-Biji Initiative was named the recipient of the Tan Sri Liew Kee Sin Entrepreneurship Award 2014 and awarded RM250,000 in cash. Chaiwalla & Co., container cafe from Johor, secured second place and walked away with RM150,000, while retail Muslimah fashion, EightDesigns (EDZ), took third place and was awarded RM100,000. Both the second and third cash prizes were sponsored by Alliance Bank. Additionally, Catch That Bus was named the recipient of the RM100,000 Technology Award sponsored by Microsoft Malaysia. The Challenge served to affirm our belief that when we invest in our customers' futures and help them to succeed, we too will benefit by learning from them.

NURTURING OUR PEOPLE

We pride ourselves on being an equal opportunity employer that appoints, promotes, develops and rewards our employees through the principles of meritocracy and fairness. We view the Group's over 3,800 strong employees as members of the Alliance Bank family and are continually exploring ways and means to ensure greater engagement. Our efforts extend to strengthening diversity in our workforce practices including gender, ethnicity and age diversity. As of 31 March 2015, female employees made up 61% of our workforce while 33% of the Group's Senior Management personnel were women.

The Group does not tolerate sexual harassment nor discrimination pertaining to race, colour, sex, sexual orientation, age, language, religion, political opinion, and national or social origin in the workplace. We look to hire and promote people based on specific criteria and in line with local legislation. All these measures are helping ensure that the Alliance family remains a well-balanced, safe and harmonious one.

Today, Alliance Financial Group Berhad is a part of the FTSE4Good Bursa Malaysia Index, an equity index series created by the FTSE Group that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. As a constituent of the index, the Group has been certified to have met stringent environmental, social and governance criteria, and we are now positioned to capitalise on the benefits of operating a responsible business practice.

As a high-performing organisation, we understand that the level of excellence that a business achieves depends entirely on the level of excellence that its employees exhibit. Consequently, we encourage a culture that fosters leadership development through continuous learning and a desire to serve our customers better. As part of our practice to cultivate employees that reach for excellence, we have a robust succession planning and talent retention programme within the Group.

To this end, we rolled out several initiatives under our employee-development programme. Our efforts include the execution of several training modules such as e-learning, on-the-job-training and our knowledge exchange programme, to name a few.

In order to increase the selling and servicing skills of all client-facing staff, the Group launched the Greet/Relate/Explore/Assist/Thank (G.R.E.A.T.) @ Alliance Bank Programme. The programme saw all staff at the frontline, from team leaders to clerical staff, receiving essential training in customer service. It is our aim to raise the standards of excellence in our customer service department with the skills that our staff pick up from the G.R.E.A.T. programme.

We strongly encourage employee interaction between the numerous levels in our workforce. This will not only help develop junior employees, but will also provide all our employees with a well-rounded perspective of our operations. During the year in review, we organised several inter-departmental and intra-departmental exchange programmes to encourage growth in depth and breadth of experience within our workforce. This initiative saw senior leaders actively volunteering to be trainers, mentors and coaches to their junior colleagues in order to help build a learning culture within the Group.

In line with our commitment to help our employees reach greater heights, we give priority to hiring from within the organisation to fill our vacancies, before seeking external talent. During the year, we launched a talent management and development programme with the purpose of identifying, grooming, cultivating and nurturing home grown talent for future positions of leadership within the organisation. Identified staff were given the opportunity to attend exclusive leadership programmes to accelerate their leadership development. Through this initiative, we are also ensuring that the Bank has an adequate talent pool for succession and business continuity purposes.

CORPORATE RESPONSIBILITY (cont'd)

The Group is also committed to continuously improving the quality of the jobs offered through job enrichment exercises, as well as career development opportunities. We have since implemented transition training programmes to prepare and equip identified staff to perform adequately in their enhanced roles.

To ensure that our employees remain highly motivated, we actively seek feedback through our annual employee survey, the Voice of Employee, and employee engagement activities to better understand how we can help our people improve their job performance and have greater career satisfaction.

In addition to the programmes above, we also run ongoing initiatives under the Alliance Bank Leadership Excellence Academy such as the Management Trainee (MT) Programme, Alliance Managers Programme, Alliance Leaders Programme and Senior Leaders Programme. We also have the Alliance Customer Excellence initiative, an all-rounded programme that focuses on delivering superior customer experience, for our frontliners.

The results of our employee development programmes are clearly evident when the Group jumped from 78th to 29th position on Malaysia's 100 Leading Graduate Employers ranking within just one year. Our MT Programme was also named the "Best Graduate Programme" in Asia Pacific at the Asia Trailblazer Awards 2015 and was honoured with a Bronze for "Best Graduate Recruitment Programme" at the Asia Recruitment Awards 2015.

Our success is also attributable to the streamlining of the recruitment process which focuses more on personality and places more emphasis on skills. Additionally, the Bank's reach and visibility has increased through our participation in career fairs and talks at universities throughout the country.

Internally, our employee engagement index has been improving steadily over the past three years. Our efforts have also led to significant improvements across several employee satisfaction dimensions over a two-year period in the areas of communications, organisational image, competitive position, career development, training and leadership.

PRESERVING OUR ENVIRONMENT

As a conscientious corporate citizen, we are mindful of how the management of our resources impacts our operations. During the year we invested in improving our technology infrastructure in order to increase the productivity and efficiency of our staff while decreasing the amount of resources consumed.

We continued to seek to reduce our carbon footprint by encouraging staff to adopt sustainable practices such as optimising our printing needs in a secure manner and by saving documents on hard disks to reduce daily print and space. We also made efforts to conserve energy by installing energy efficient light fittings in all our new offices and branches, and switching off all air conditioners at 5.45 pm on weekdays.

The Group will continue to create a holistic environment where staff can enjoy a sense of diversity and a wealth of information on a daily basis while operating in a sustainable and environmentally friendly workspace.

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE

The Audit Committee comprises the following Directors:

Stephen Geh Sim Whye
Chairman, Independent Non-Executive Director

Tan Yuen Fah
Independent Non-Executive Director

Megat Dziauddin bin Megat Mahmud
Independent Non-Executive Director

Kung Beng Hong
Non-Independent Non-Executive Director

Ou Shian Waei
Independent Non-Executive Director

TERMS OF REFERENCE

1. Policy

It is the policy of the Company to establish an Audit Committee to ensure that the internal and external audit functions are properly conducted and that audit recommendations are being carried out effectively.

2. Objectives

The objectives of this policy are:

a) to comply with the relevant regulatory and statutory requirements on Audit Committee; and

b) to provide independent oversight of the Company and subsidiaries' financial reporting and internal control system and ensuring checks and balances within the Company and subsidiaries.

3. Composition of the Audit Committee

The Audit Committee shall be appointed by the Directors which shall fulfil the following requirements:

a) the Audit Committee must be composed of no fewer than three members;

b) all the Audit Committee members must be Non-Executive Directors, with a majority of them being Independent Directors;

c) the members of the Audit Committee shall elect a Chairman from among themselves who shall be an Independent Director; and

d) at least one member of the Audit Committee:
   i) must be a member of the Malaysian Institute of Accountants; or
   ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three years' working experience; and
      aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
      bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
   iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

No alternate Director shall be appointed as a member of the Audit Committee.

4. Secretary to the Audit Committee

The Company Secretary shall be the Secretary to the Audit Committee.

5. Quorum

Two members of the Audit Committee shall constitute a quorum at any meeting and majority of members present must be Independent Directors to form a quorum.

6. Attendance at Meetings

- The Group Chief Internal Auditor is invited to attend all meetings of the Audit Committee.
- The Group Chief Financial Officer and the External Auditors are normally invited to attend meetings as and when necessary.
- Other Board members and employees may attend meetings upon the invitation of the Audit Committee.
- The Secretary of the Audit Committee shall provide the necessary administrative and secretarial services for the effective functioning of the Audit Committee. The minutes of meetings are circulated to the Audit Committee Members and to all other members of the Board.

7. Frequency of Meetings

The Audit Committee shall meet at least four times a year. However, the frequency of meetings would increase depending on the scope of the audit activities and the number of audit reports produced.

8. Functions of the Audit Committee

The functions of the Audit Committee are as follows:

a) To consider the appointment of the External Auditors, the audit fee and any questions of resignation or dismissal and whether there is reason (supported by grounds) to believe that the External Auditors are not suitable for re-appointment;

b) To discuss with the External Auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;

AUDIT COMMITTEE REPORT (cont'd)

c) To recommend the nomination of a person or persons as the External Auditors;

d) To approve the provision of non-audit service by the External Auditors;

e) To ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgement of the External Auditors;

f) To assess the objectivity, performance and independence of the External Auditors (for example by reviewing and assessing the various relationships between the External Auditors and the Company or any other entity);

g) To review:
- with the External Auditors, the audit plan;
- with the External Auditors, their evaluation of the system of internal controls;
- with the External Auditors, their audit report;
- the assistance given by the Company's officers to the External Auditors;
- the consolidated financial statements of the Company; and
- any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedures or course of conduct that raises questions of management integrity;

h) To review the quarterly and year-end financial statements of the Company, prior to the approval of the Board of Directors, focusing particularly on:
- any changes in accounting policies and practices;
- significant adjustments arising from the audit;
- any other significant and unusual events;
- the going concern assumption; and
- compliance with accounting standards and other legal requirements;

i) To discuss problems and reservations arising from the interim and final audits, and any matter the External Auditors may wish to discuss (in the absence of Management where necessary);

j) To review the External Auditors' Management letter and Management's response;

k) To meet with the External Auditors without the presence of Management at least twice a year;

l) To propose best practices on disclosure in financial results and annual reports of the Company in line with the principles set out in the Malaysian Code on Corporate Governance, other applicable laws, rules, directives and guidelines;

m) To review the effectiveness of internal controls and risk management processes;

n) To do the following:
- review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and ensure that appropriate actions are taken on the recommendations of the internal audit function in a timely manner;
- review any appraisal or assessment of the performance of members of the internal audit function;
- approve any appointment or termination of senior staff members of the internal audit function;
- take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
- consider the major findings of internal investigations and Management's responses;
- establish an appropriate mechanism to address and manage situations where there is a threat to the objectivity of the internal audit; and
- establish a mechanism to assess performance and effectiveness of the internal audit function;

o) Where the internal audit function lacks the expertise needed to perform the audit of specialised areas, external experts may be engaged. However, the Audit Committee remains responsible for ensuring that audit of specialised areas is adequate;

p) In situations that external experts are engaged to carry out reviews of specialised areas where internal audit is not or not sufficiently proficient, the Audit Committee should ensure that:
- terms and scope of the engagement, the working arrangement with the internal auditors and reporting requirements are clearly established; and
- if the External Auditors are engaged, the Audit Committee is responsible for ensuring that such engagement does not compromise the independence of the External Auditors in their roles as statutory auditors of the Company;

q) To verify the allocation of share options/share grants/share save (where applicable) pursuant to the Company's Employees' Share Scheme at the end of each financial year as being in compliance with the criteria of allocation pursuant to the Employees' Share Scheme and to issue a statement verifying such allocation to be included in the annual report; and

r) To consider and examine any other matters as defined by the Board.

9. Authority of the Audit Committee

The Audit Committee is authorised by the Board to:

a) investigate any matter within the scope of the Audit Committee's duties;

b) have full and unrestricted access to any information in the Company;

c) obtain independent professional advice or other advice, whenever deemed necessary;

d) make recommendations for improvements of operating performance and management control arising from internal and external audit recommendations;

e) have the resources which are required to perform its duties;

f) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity, if any; and

g) be able to convene meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

The Chairman and/or members of the Audit Committee are authorised by the Board to engage on a continuous basis with senior management, the Chairman, the Group Chief Executive Officer, the Group Chief Financial Officer, the Group Chief Internal Auditor and the External Auditors in order to be kept informed of matters affecting the Company.

10. Reporting of Breaches to the Bursa Malaysia Securities Berhad

Where the Audit Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of Bursa Malaysia Securities Berhad's Listing Requirements, the Audit Committee must promptly report such matter to the Bursa Malaysia Securities Berhad.

AUDIT COMMITTEE MEETINGS HELD IN THE FINANCIAL YEAR ENDED 31 MARCH 2015 (FY2015)

During the FY2015, a total of five Audit Committee meetings were held. The details of attendance of the Committee members are as follows:

Name of Committee Member	Attendance
Stephen Geh Sim Whye	5/5
Tan Yuen Fah	5/5
Megat Dziauddin bin Megat Mahmud	5/5
Kung Beng Hong	5/5
Ou Shian Waei	5/5

SUMMARY OF ACTIVITIES

The Audit Committee has during the FY2015 carried out the following duties:

a) Reviewed the quarterly results and made recommendations to the Board for approval;

b) Reviewed with the External Auditors, the draft Audited Financial Statements of the Company and the Group for the financial year ended 31 March 2014 (FY2014);

c) Reviewed with the External Auditors, their report on the Limited Review of Half Year Financial Statements for the six months period ended 30 September 2014;

d) Reviewed with the External Auditors, their management letter together with Management's responses to the audit findings for the FY2014;

e) Reviewed with the External Auditors, their audit plan for the FY2015;

f) Reviewed the non-audit services rendered by the External Auditors;

g) Considered the re-appointment of the External Auditors and their audit fees for the FY2015;

h) Reviewed the Audit Committee Report, Statement on Risk Management and Internal Control and Risk Management Report for inclusion in the 2014 Annual Report;

i) Reviewed the allocation of share options and share grants pursuant to the Employees' Share Scheme of the Company during the FY2014;

j) Reviewed the internal audit reports with Internal Auditors;

k) Reviewed with the Internal Auditors, the internal audit plan for the FY2015;

l) Reviewed recurrent related party transactions entered into by the Company and its subsidiaries;

m) Reviewed the External Auditors Suitability & Independence Assessment Policy;

n) Performed Annual Re-assessment of the Group Chief Internal Auditor as a Key Responsible Person;

o) Met with the External Auditors without the presence of Management twice during the year; and

p) Met with the Internal Auditors without the presence of Management twice during the year.

Subsequent to FY2015, the Audit Committee carried out the following duties:

a) Reviewed with the External Auditors, the draft Audited Financial Statements of the Company and the Group for the FY2015;

b) Reviewed with the External Auditors, their management letter together with Management's responses to the audit findings for the FY2015;

c) Reviewed the non-audit services rendered by the External Auditors;

d) Considered the re-appointment of the External Auditors and their audit fees for the financial year ending 31 March 2016 (FY2016);

e) Reviewed recurrent related party transactions entered into by the Company and its subsidiaries;

f) Reviewed with the Internal Auditors, the internal audit plan for the FY2016;

g) Reviewed the internal audit reports with Internal Auditors;

h) Reviewed the Audit Committee Report, Statement on Risk Management and Internal Control and Risk Management Report for inclusion in the 2015 Annual Report;

i) Met with the External Auditors without the presence of Management; and

j) Met with the Internal Auditors without the presence of Management.

AUDIT COMMITTEE REPORT (cont'd)

GROUP INTERNAL AUDIT FUNCTION

The Group has a well established group internal audit function. Its primary role is to assist the Audit Committee to discharge its duties and responsibilities by independently reviewing and reporting on the adequacy and effectiveness of the system of internal controls that mitigate critical risks.

The authority of Group Internal Audit is provided in the Internal Audit Charter, which formally documents the roles, duties and responsibilities of the Internal Auditors. The Group Chief Internal Auditor reports directly to the Group Audit Committee of the Alliance Bank Group and the Audit Committee of the Company as well as reports administratively to the Bank's Group Chief Executive Officer.

To assist the Group in adopting high standards of corporate governance, the internal audits carried out provide reasonable assurance that the system of internal controls continue to operate satisfactorily and effectively. These audits cover the review of the adequacy of risk management, operational controls, compliance with established procedures, guidelines and statutory requirements, quality of assets, application systems and management efficiency, amongst others.

Group Internal Audit has adopted a risk-based approach that deploys audit resources to focus on significant risk areas and which prioritises the audits of areas that have been assessed as having potentially higher risks.

Group Internal Audit continued with its initiatives to optimise the use of technology and increase the usage of data analytics tools to achieve audit effectiveness and efficiency. The upskilling of internal auditors through continuous learning and development remained a key focus. This was achieved through structured and formalised training programmes on themed subject matters as well as on-the-job exposure via intra-department resource pooling programmes, aimed at expanding the breadth of knowledge and experiences of internal auditors as they build depth. In addition, a senior audit resource, who is qualified and well versed with Islamic Banking and Shariah concepts, was appointed to oversee Shariah related audits.

Group Internal Audit worked collaboratively with Group Risk Management to monitor the risk governance framework and the risk management processes that were applied to ensure an acceptable level of risk exposure which was consistent with the risk management policy of the Group. The Internal Auditors also worked closely with the External Auditors to resolve any control issues raised by them to ensure that significant issues were duly acted upon by Management.

Group Internal Audit continued to host the Guest Auditor Programme, where selected line managers and candidates under the Branch Manager Development and Management Trainee Programmes, were invited to join as guest auditors for audit assignments. During these short attachments to Group Internal Audit, guest auditors gained useful insights into the internal audit process and a deeper appreciation of the risks and controls while Group Internal Audit benefited from their functional or business unit knowledge. This pooling of talents and experiences allowed the sharing of best practices across the Group.

During the FY2015, the Group's internal audit function incurred costs amounting to RM6.4 million.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's system of risk management and internal controls, and for reviewing its adequacy and integrity. The system is designed to manage the Group's risks within an acceptable risk profile, rather than to totally avoid or eliminate the risks that are inherent to the Group's activities. It can therefore only provide a reasonable but not absolute assurance of effectiveness against material misstatement of financial/management information; or against financial losses and fraud. The preparation of this statement has been guided by the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" issued by the Task Force on Internal Controls.

The Board regularly receives and reviews reports on internal control, and is of the view that the system of internal controls that has been instituted throughout the Group is sound and adequate to safeguard shareholders' investments and the Group's assets.

The Group has instituted an on-going process for identifying, evaluating and managing the significant risks faced by the Group. This process includes updating the system when there are changes to the business environment or regulatory guidelines. The process has been in place during the year under review and up to the date of approval of this statement, and is regularly reviewed by the Board. The role of Management is to implement the Board's policies, procedures and guidelines on risks and controls, to identify and evaluate the risks faced, and to design, operate and monitor a suitable system of internal controls to manage these risks.

The Board has extended the responsibilities of the Audit Committee (AC) to include the role of oversight on internal controls on behalf of the Board, including identifying risk areas and communicating critical risk issues to the Board. The AC is supported by an independent Internal Audit function which reports directly to it. The Internal Auditors have performed their duties with impartiality, competency and due professional care.

RISK MANAGEMENT FRAMEWORK

The Board, through its Group Risk Management Committee (GRMC) provides oversight on the risk management strategies, methodologies, policies and guidelines, risk tolerance and other risk related matters of the Group. Approval of risk policies by the Board is obtained where necessitated by regulatory requirements. In addition, the GRMC also oversees the functions of management committees such as the Group Assets and Liabilities Management Committee as well as the Group Operational Risk Management Committee, which assume the responsibility of monitoring specific areas of risks pertaining to the Group's business activities and implements various risk management policies and procedures. For further information on the Group's risk management framework, please refer to the Risk Management report on pages 74 to 79 of this Annual Report.

Major risks arising from the Group's day-to-day activities in the financial services industry comprise credit risk, liquidity risk, market risk and operational risk. For more information on the risks and relevant guidelines and policies, please refer to Note 40 under the Financial Statements.

SYSTEM OF INTERNAL CONTROL

To ensure that a sound system of controls is in place, the Board has established primary processes in reviewing the adequacy and integrity of the system of internal controls. The primary processes include:

- Regular and comprehensive management reports made available to the Board on a monthly basis, covering financial performance and key business indicators, which allow for effective monitoring of significant variances between actual performance against budgets and plans;
- Clearly defined delegation of responsibilities to committees of the Board and to Management including organisation structures and the appropriate authority levels;
- An operational risk management framework, business continuity management framework, code of conduct, human resource policies and performance reward system to support business objectives, risk management and the system of internal control;
- Properly defined policies and procedures to control applications and the environment of computer information systems;
- Regular updates of internal policies and procedures, to adapt to changing risk profiles and address operational deficiencies;
- Regular reviews of the business processes by Group Internal Audit, to assess the effectiveness of the control environment and to highlight significant control gaps impacting the Group;
- Documentation and periodic assessment of controls and processes by all business and support units for managing key risks; and
- Regular senior management meetings to review, identify, discuss and resolve strategic, operational, financial and key management issues.

ASSESSMENT OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board, through the GRMC and AC, has assessed the adequacy and effectiveness of the risk management and internal control system. Based on the results of these reviews as well as the assurance it has received from the Group Chief Executive Officer and Group Chief Financial Officer, the Board is of the view that the Group's risk management and internal control system is operating adequately and effectively.

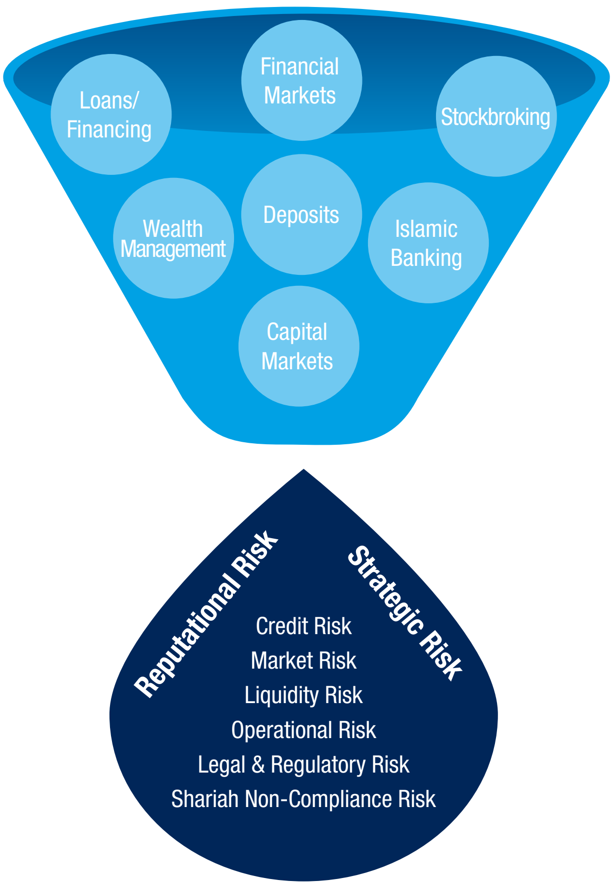
REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control for the financial year ended 31 March 2015 and have reported the results of the review thereof to the Board.

RISK MANAGEMENT

In the course of our daily operations, the Group takes on a wide variety of risks. Some of these risks are the results of internal factors such as the products and business/customer segments that we are involved in. Other types of risks are derived from external factors, driven by changes in the global/domestic economy. The main types of risks faced by the Group are summarised below:

Group Activities



Reputational Risk
The public's perception of a bank's reputation is crucial. Reputational Risk is the risk arising from negative perception to customers, counter-parties, shareholders, investors, debt-holders, market analyst, other relevant key stakeholders or regulators that can adversely affect a bank's ability to maintain existing, or establish new, business relationships and continued access to sources of funding.

Strategic Risk
If a bank adopts the wrong business strategy, fails to properly execute its business strategy, or respond to industry, economy or technological changes, the bank's earnings and capital may be impacted.

Credit Risk
A bank may suffer losses due to failure by its customers/counterparties to fulfil their contractual financial obligations to repay their loans or to settle their financial commitments. The Group's credit risk exposures arise primarily from lending, investment and trading activities.

Market Risk
A bank may suffer losses arising from changes in interest/profit rates, foreign exchange rates, equity prices, commodity prices and/or due to volatile market conditions.

Liquidity Risk
Liquidity Risk takes two forms:

- A bank must be able to fund its financial commitments when due; or
- A bank may incur losses when attempting to liquidate assets due to market disruptions and/or illiquid market situations.

Operational Risk
Operational Risk covers a wide array of risks, such as direct or indirect losses resulting from failures of internal processes, people and systems or from external events.

Legal and Regulatory Risk
A bank may suffer financial losses and incur penalties arising from breaches of applicable laws/regulations. A bank may also incur losses due to lawsuits.

Shariah Non-Compliance Risk
A bank may suffer financial losses and incur penalties arising from failure to comply with Shariah rules and principles.

How are these risks managed?

The Group strives to continuously balance between risks and returns, amidst changing economic conditions and implementation of new/revised regulations. We achieve this by practicing good corporate and risk governance as part of the Group's Integrated Risk Management Framework. The key themes include:

- Board oversight of the Group's activities;
- Proper supervision by the Management;
- Upholding our Corporate Values;
- Adequate segregation of duties, along the three Lines of Defence;
- Adhering to a balanced Risk Appetite;
- Close monitoring of our risk profiles;
- Fine-tuning our policies, processes and controls; and
- Conducting stress tests and contingency planning.

These areas are briefly described below.

What is the Group's risk appetite?

The Group seeks to achieve sustainable business growth by:

- Balancing between business growth and risk-taking;
- Balancing between the expectations of our various stakeholders; and
- Managing our Business Risks and Strategic Risks.

Our Risk Appetite Statement was approved by the Board, and it includes several key metrics:

- Maintaining sufficient capital buffer under business-as-usual operations and projected stress scenarios;
- Maintaining sufficient liquidity buffer to fund daily operations and contingencies;
- Generating equitable level of returns while controlling/managing business activities; and
- Maintaining good quality assets in our loan books through active management of loans, investments and trading activities.

These are monitored regularly to ensure that the Group stays within the appropriate risk boundaries.

How does the Board provide good oversight on risks?

The Board meets regularly with the Senior Management team to review the Group's business activities/performance, financial and risk profile. The Board also approves the Group's Annual Budget and Business Plan. The Board is assisted by several Board-Level Committees and Senior Management Committees. The risk-related committees include:

Board Committees:
Group Risk Management Committee, Executive Committee, Group Audit Committee, and Shariah Committee.

Management Committees:
Group Assets & Liabilities Management Committee, Group Management Credit Committee, Credit Portfolio Review Committees, Group Operational Risk Management Committee, and Product Review Group.

Board of Directors
- Provides oversight on business strategies and significant policies.
- Sets the Bank's Risk Appetite.

Group Risk Management Committee
- Reviews risk management strategies, policies and risk tolerance/limits.
- Reviews Compliance reports/issues.
- Ensures infrastructure and resources are in place to manage risk.

Executive Committee
- Provides oversight on business issues.
- Reviews large credit exposures.

Group Audit Committee
- Oversees the adequacy and effectiveness of the Group's internal controls.

Shariah Committee
- Oversees Shariah governance/ compliance matters.

Group Assets & Liabilities Management

Governs:
- Balance sheet and capital management
- Liquidity risk management
- Interest/profit rate risk management

Group Management Credit Committee
- Approve credit proposals and limits.

Portfolio Review Committees
- **Consumer Banking**
- **SME Banking**
- **Wholesale Banking**

Monitors the credit quality of the loans/financing portfolios for the respective lines of business.

Group Operational Risk Management Committee

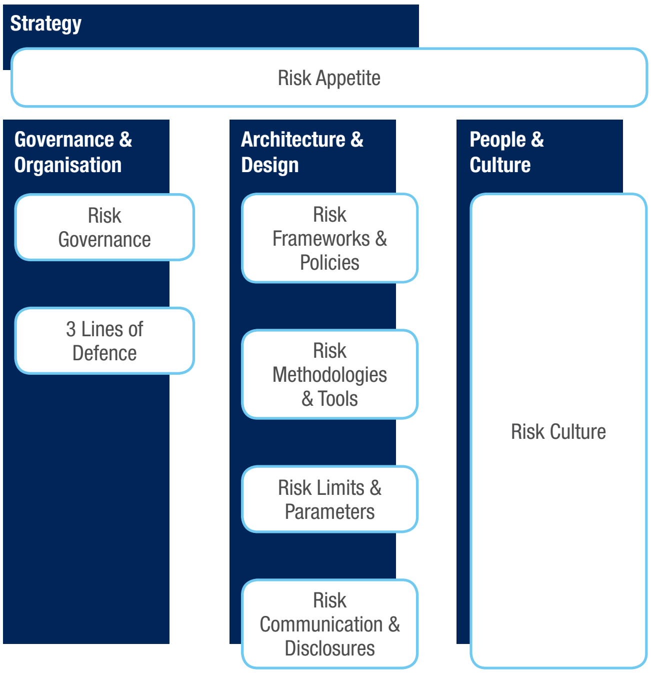
Reviews the Group's operational risk issues/profile.

Product Review Group

Governs the introduction of new products, covering in-house developed products and 3rd Party (bancassurance and wealth management) products.

RISK MANAGEMENT (cont'd)

The Board also provides oversight on the Group's Integrated Risk Management Framework (IRMF), a structured approach to align risk strategies, risk culture, policies, processes, people and technology towards managing the various risks faced, on group-wide basis. The key components of the IRMF are presented in the diagram.



What is the Group's Risk Culture?

Risk culture is a critical dimension of the IRMF as it guides our employees on the right behaviour during the course of their daily activities. All employees have an important role to play in helping the Group to manage our risk profile.

The Group undertakes ongoing risk awareness programmes to instil in our employees the discipline of exercising prudence and to live up to our core values in their day-to-day functions. Induction Programmes are conducted for new employees to integrate them within our corporate/ risk culture. Similar themes/reminders are also inserted in our leadership development programmes.

Key themes of our risk culture include:

- Our corporate ethics and values: Respect, Integrity, Teamwork and Excellence
- Leadership
- Accountability
- Meritocracy
- Communication

How does the Three Lines of Defence concept work?

The Bank's risk management framework operates on the 3 Lines of Defence model. Each line of defence has distinct functional roles, designed to balance business ownership and accountability for risks with independent risk management control and monitoring. Internal audit functions as the last line of defence in this check and balance system.

What are the processes involved in risk management?

We practice a life-cycle approach towards managing risks.

Phase	
1	Identify the various risks inherent to each product or activity.
2	Adopt quantitative and qualitative approaches to measure and assess these risks, in terms of quantum, severity of impact and likelihood of occurrence.
3	Examine various measures to mitigate/control these risks. Proceed to select and implement an appropriate set of risk mitigants and control measures.
4	The risks and controls are monitored. Areas of significant risks are monitored more closely/frequently. Identify adverse trends. Take corrective measures. Revise business/risk strategies where necessary.
5	Periodic risk reports/dashboards are provided to the Senior Management and the Board. Key issues and exceptions are escalated to their attention.
6	Analyse feedback gathered above. Fine-tune and apply revised approach.

What are the components, techniques and tools used to manage risks?

We use a combination of the following risk components, techniques and tools:

Risk Frameworks, Policies and Limits

- We establish risk frameworks to cover each key risk area.
- We set supplementary policies to govern individual products, business segments and entities.
- We factor-in regulatory requirements as well as best practices.
- We set risk parameters and limits, guided by the Group's risk appetite, and add on operational controls.
- We use a wide array of limits and controls, to suit different products/ businesses.
- We use a combination of quantitative measures and qualitative/ judgmental assessments to govern our risk-taking activities.
- We engage the relevant Business and Control functions, to seek input on the proposed policies, limits and controls.
- We review/revise these risk frameworks and policies periodically, to adjust to changing market conditions and new regulations.

Risk Methodologies & Tools

- We strive to use statistical tools to quantify and aggregate risks across products, business segments and business entities.
- These quantitative techniques/tools include credit scorecards, risk-rating templates, expected loss models, stress testing and scenario analyses.
- Measurement of risks enables us to gauge the risk levels against risk limits. These are reported to the Senior Management/Board Committees.
- To ensure that these tools continue to function as intended, we employ other techniques to back test and independently validate their reliability.
- Where warranted, our risk models are recalibrated and fine-tuned.
- We avoid over-reliance on statistical models by combining the use of these tools alongside sound judgmental controls.

Risk Communication and Disclosures

- We promote active communication of risks by:
  - Documenting our policies, limits and procedures; and disseminating this information to relevant staff;
  - Training our employees;
  - Tracking and reporting on our progress, performance and activities;
  - Highlighting exceptions and key developments to Management and the Board; and
  - Communicating to customers, regulators and other stakeholders.

RISK MANAGEMENT (cont'd)

How are different types of risk managed?

We use different approaches to manage the different types of risks, as shown below:

	Frameworks & Policies	Methodologies, Tools Limits & Parameters
Credit Risk	• Credit Risk Management Framework • Credit Product Programmes	• Credit assessments, quantitative and qualitative. • Risk acceptance criteria. • Credit rating templates and scorecards. • Credit concentration limits on single customer, sector, industry, etc. • Early warning triggers.
Market Risk	• Market Risk Management Framework • Trading Policy Statement • Valuation Policy • Hedging Policy • Value-at-Risk & Back testing • Treasury Product Programmes	• Market risk limits such as position limits, sensitivity limits, value-at-risk limits and loss tolerance limits. • Revaluation, marking-to-market and marking-to-model. • Stress testing and back testing. • Hedging.
Liquidity Risk	• Liquidity Risk Management Framework • Contingency Funding Plan	• Liquidity gap analysis. • Liquidity stress testing. • Diversification of funding by source, type of depositor, instrument, etc. • Deposit concentration. • Liquidity ratios, triggers and thresholds.

	Frameworks & Policies	Methodologies, Tools Limits & Parameters
Operational Risk Legal & Regulatory Risk	• Operational Risk Management Framework • Fraud Management Framework • Business Continuity Plan • Compliance Framework • Legal Manual • Anti-Money Laundering & Counter Financing of Terrorism Policy	• Risk and Control Self-Assessment. • Control Self-Assessment. • Key Risk Indicators. • Loss Event Data Collection. • Heat maps. • Operational risk & compliance reviews. • New product assessment. • Compliance and risk awareness programmes.
Shariah Non-Compliance Risk	• Shariah Governance Framework	• Shariah reviews and rating. • Shariah non-compliance monitoring and reporting.
Strategic Risk	• Strategic Risk Management Framework	• Integrated business strategy, risk appetite and capital planning process. • Tracking of strategic initiatives and deliverables. • Regular reviews by Management and Board.
Reputational Risk	• Reputational Risk Management Framework • Code of Conduct	• Stakeholder and media analysis. • Monitoring of corporate risk rating. • Regular industry and market benchmarking. • Investors relations. • Transparent disclosures and communications.

Does the Group conduct Stress Testing and Contingency Planning?

The Group performs stress testing to estimate the potential impact of extreme events on the Group's earnings, balance sheet and capital. These stress tests also aim to gauge our sensitivity/vulnerability to a business sector, product segment or customer segment.

We examine an alternative future scenario that could cause problems to the Group. For example, we conduct stress tests to gauge the potential impact of an economic downturn. These 'what-if' simulations enable the Group to assess the potential worst case scenarios. We then proceed to make contingency plans to face critical situations.

These stress test parameters are formulated in consultation with various stakeholders, taking into account the current economic climate and plausible scenarios. The results are analysed and reported to the Stress Test Working Group, the Group Risk Management Committee and the respective Bank Boards. Proactive actions are taken to address areas of potential vulnerability, where warranted.

In addition to credit-related stress tests, the Group also conducts scenario analyses to:

- Ensure that we have sufficient cash and liquid assets to face a liquidity crunch;
- Ensure that we have sufficient capital to fund business growth for the current financial year as well as the next few years; and
- Assess the impact of worsening market conditions, affecting the stock exchange, bonds and forex markets.

The Group has also established various early warning Risk Triggers to monitor leading indicators of risk.

Our contingency plans are not merely limited to desktop exercises. We carry out periodic exercises including physical simulations of systems failures and business resumption plans, fire-drill evacuation procedures, and activation of 'buddy branches' and alternate work-sites.

What are the key regulatory developments and its risk impact to the Banking Sector?

During the year, Bank Negara Malaysia (BNM) had maintained interest rates at an accommodative and supportive level for the economy. Other key developments include the following:

Capital and Liquidity Requirements

BNM had issued guidelines to adopt the Basel Committee's recommendations on minimum capital requirements. Malaysia is adopting a phased implementation approach that will require banks to maintain progressively higher capital levels each year, up to 2019.

BNM has also adopted the Basel Committee's recommendations on liquidity risk management. The Liquidity Coverage Ratio (LCR) is scheduled to be implemented in June 2015. The impact of this liquidity requirement is two-fold: banks will need to mobilise more deposits from retail customers, as well as hold more high quality liquid assets to meet funding contingencies.

The measures taken by the Group to address the capital and liquidity requirements include:

- Diversification of our deposit base in terms of deposit type and source;
- Continuous monitoring of our internal liquidity triggers and ratios;
- Ongoing capital assessment and planning via our Internal Capital Adequacy Assessment Process (ICAAP); and
- Stress testing/simulations on capital and liquidity.

Other Banking Regulations

The regulatory landscape, both internationally and locally is constantly evolving and revised banking regulations/guidelines are issued on a wide spectrum of areas such as risk pricing and transparency, liquidity requirements, capital adequacy, Shariah compliance, tax and accounting. The Group recognises that these revised standards are intended to ensure good market conduct and to maintain a sound banking system.

The Group is required to make amendments to its products, services and operations, to keep pace with regulatory changes. These changes are communicated to our affected customers/counterparties.

Cyber Security

In recent years, the banking industry faces emerging risk related to information and cyber security. To address these risks, we are putting in place several control measures:

- Security enhancements at point-of-sale terminals (POS) and self-service banking facilities (Automated Teller Machines);
- Multi-factor authentication for Internet banking transactions;
- Chip and PIN verification for credit card transactions;
- Customer risk profiling on online banking to identify anomalies; and
- Regular vulnerability assessment and penetration testing on our information security.

ADDITIONAL COMPLIANCE INFORMATION

The following additional compliance information is provided in accordance with Paragraph 9.25 of the Main Market Listing Requirements of Bursa Securities:

1. Utilisation of Proceeds

There were no proceeds raised from any corporate proposal during the financial year ended 31 March 2015.

2. Non-Audit Fees

Non-audit fees paid/payable to the external auditors, Messrs PricewaterhouseCoopers by the Group for the financial year ended 31 March 2015 amounted to RM1,267,000.

3. Variations in Results

There were no variances of 10% or more between the audited results for the financial year ended 31 March 2015 and the unaudited results previously announced.

4. Material Contracts

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Group involving Directors' and major shareholders' interests, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

5. Profit Guarantee

There was no profit guarantee given by the Company in respect of the financial year ended 31 March 2015.

6. Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities issued by the Company which were exercised during the financial year ended 31 March 2015.

7. Share Buy-Back

The Company did not buy back any of its shares during the financial year ended 31 March 2015.

8. American Depository Receipt (ADR) or Global Depository Receipt (GDR)

The Company did not sponsor any ADR or GDR programmes during the financial year ended 31 March 2015.

9. Sanctions and/or Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 31 March 2015.

FINANCIAL STATEMENTS

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)

STATEMENT OF BOARD OF DIRECTORS' RESPONSIBILITIES

for preparing the Annual Audited Financial Statements

The Companies Act, 1965 requires Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and the Company for the financial year.

In preparing the financial statements, the Directors are responsible for the adoption of suitable accounting policies that comply with the provisions of the Companies Act, 1965, the Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible to ensure their consistent use in the financial statements, supported where necessary by reasonable and prudent judgements.

The Directors hereby confirm that suitable accounting policies have been consistently applied in the preparation of the financial statements. The Directors also confirm that the Group and the Company maintains adequate accounting records and an effective system of internal control to safeguard the assets of the Group and the Company and prevent and detect fraud or any other irregularities.

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to the subsidiaries.

The principal activities of the subsidiaries are commercial banking and financing, Islamic banking, investment banking including provision of stockbroking services, and the provision of related financial services.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit before taxation and zakat	703,207	329,235
Taxation and zakat	(172,427)	(1,250)
Net profit for the financial year	530,780	327,985

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

DIVIDENDS

The amount of dividends declared and paid by the Company since 31 March 2014 were as follows:

		RM'000
(i)	Special dividend of 10.5 sen per share, tax exempt under the single tier tax system, on 1,548,105,929 ordinary shares of RM1.00 each, in respect of the financial year ended 31 March 2014, was paid on 26 June 2014.	159,233
(ii)	First interim dividend of 9.0 sen per share, tax exempt under the single tier tax system, on 1,548,105,929 ordinary shares of RM1.00 each, in respect of the financial year ended 31 March 2015, was paid on 30 December 2014.	136,933
		296,166

Dividends paid on the shares held in Trust pursuant to the Company's ESS which are classified as shares held for ESS are not accounted for in the total equity. An amount of RM3,318,000 and RM2,397,000 being dividends paid for those shares were added back to the appropriation of retained profits in respect of the special and first interim dividends respectively.

Subsequent to the financial year end, on 27 May 2015, the Directors declared a second interim dividend of 6.4 sen per share, tax exempt under the single tier tax system, on 1,548,105,929 ordinary shares amounting to approximately RM99,079,000 in respect of current financial year. The accompanying financial statements do not reflect these dividend. The dividend will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2016.

The Directors do not propose any final dividend in respect of the financial year ended 31 March 2015.

DIRECTORS' REPORT

EMPLOYEES' SHARE SCHEME

The Alliance Financial Group Berhad Employees' Share Scheme ("ESS") is governed by the Bye-Laws approved by the shareholders at an Extraordinary General Meeting held on 28 August 2007. The ESS which comprises the Share Option Plan, the Share Grant Plan and the Share Save Plan took effect on 3 December 2007 and is in force for a period of 10 years.

The Company awarded the following 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) On 23 June 2014, 2,143,600 share grants awarded under the 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 the third year from the date on which an award is made.

(ii) On 26 January 2015, 34,500 share grants awarded under the 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 the third year from the date on which an award is made.

There were no share options offered under the Share Option Plan and Share Save Plan during the financial year.

The salient features of the ESS are disclosed in Note 28 to the financial statements.

SHARES HELD FOR EMPLOYEES' SHARE SCHEME

During the financial year ended 31 March 2015, the Trustee of the ESS had not purchased any shares in the Company from the open market.

During the financial year ended 31 March 2015, 6,994,750 shares have been vested and transferred from the Trustee to the eligible employees of the Company and its subsidiaries in accordance with the terms under the Share Grant Plan and Share Option Plan of the ESS. As at 31 March 2015, the Trustee of the ESS held 24,877,900 ordinary shares representing 1.61% of the issued and paid-up capital of the Company. Such shares are held at a carrying amount of RM86,721,000 and further relevant details are disclosed in Note 27 to the financial statements.

BUSINESS REVIEW FOR FINANCIAL YEAR ENDED ("FYE") 31 MARCH 2015

For the financial year ended 31 March 2015, the Group's net profit after taxation and zakat was RM530.8 million, a decrease of RM32.8 million or 5.8% compared to FYE2014, primarily due to higher allowance for losses, in line with balance sheet size and loans growth.

Revenue growth was not commensurate, owing to continued margin pressures: net interest income, including Islamic Banking income, grew by RM56.1 million or 5.7%, lagging the 14.7% expansion of total gross loans to RM36.9 billion.

Other operating income declined by RM22.1 million or 6.1% due to lower gain from sale/redemption of financial investments.

While the size and growth of the balance sheet drove higher provisioning for losses, the reduction in the impaired loans continued, albeit more moderately.

This resulted in a better impaired loans ratio from 1.4% to 1.0%.

The loan loss coverage improved from 92.7% to 102.7%, reflecting a healthy book and strong performance from new origination.

Operating expenses increased by RM18.8 million or 3.0% on higher marketing spend and personnel costs.

Customer deposits registered a very healthy growth rate of 13.7% to RM44.6 billion. In particular, CASA deposits grew by RM1.7 billion or 12.5%.

As a result, the CASA ratio stood at 33.6%, while the loans-to-deposits ratio rose only slightly to 82.8% as at 31 March 2015, from 82.1% last year.

The Group's total capital ratio remained sound at 13.0%, with a Common Equity Tier 1 Capital ratio of 11.1% as at 31 March 2015.

DIRECTORS' REPORT

BUSINESS REVIEW FOR FINANCIAL YEAR ENDED ("FYE") 31 MARCH 2015 (cont'd)

The Group declared a second interim dividend of RM99.1 million, bringing the total dividend declared for the financial year ended 31 March 2015 to RM238.4 million (FYE2014: RM456.7 million which included a special dividend of RM162.6 million).

Performance by business segment

The Group's businesses are presented along the following business segments: Consumer Banking, Business Banking, Financial Markets and Investment Banking. Please refer to Note 48 on Segment Information for the composition of each business segment.

Consumer Banking's profit before taxation of RM161.9 million for the financial year ended 31 March 2015, was RM62.5 million or 27.9% lower compared to last financial year. This was mainly due to lower operating income, lower net interest income and higher allowance for impairment of loans, advances and financing. Segment assets increased by RM2.6 billion or 13.7% year-on-year to RM21.8 billion as at 31 March 2015.

Business Banking's profit before taxation of RM342.9 million for the for the financial year ended 31 March 2015, was RM8.6 million or 2.5% lower compared to last financial year, mainly due to lower write-back of impairment on loans, advances and financing by RM30.4 million. Operating profit before allowance improved by RM29.0 million or 9.4% to RM336.4 million on higher net interest income, other operating income and net income from Islamic banking business. Segment assets increased by RM2.2 billion or 18.0% year-on-year to RM14.6 billion as at 31 March 2015.

Financial Markets' profit before taxation of RM197.7 million for the financial year ended 31 March 2015, was RM2.1 million or 1.1% lower compared to last financial year due to lower other operating income.

Investment Banking covers stockbroking, capital market activities and corporate advisory services. It incurred a loss of RM13.9 million for the financial year ended 31 March 2015, mainly attributed to higher operating expenses while net income only grew marginally.

ECONOMIC OUTLOOK AND PROSPECTS FOR FYE 31 MARCH 2016

Bank Negara Malaysia reported that the domestic economy is to remain on a steady growth path in 2015, expanding in the range of 4.5% to 5.5% despite some uncertainties in the external and domestic environment.

Domestic demand will continue to be the key driver of growth although there are some headwinds to private consumption following the expected cost-push price pressures from the implementation of the Goods and Services Tax.

However, inflation is expected to be manageable, ranging between 2% and 3%.

Meanwhile, gross exports are forecasted to expand by 1.5%, slower than the 6.4% growth achieved in 2014 as trade activities are expected to be subdued on the back of slow global growth recovery and soft commodity prices.

BUSINESS OUTLOOK FOR FYE 31 MARCH 2016

The Group will continue to capitalize on its strength in the SME segment as well as Transactional and Business Banking to generate sustainable revenue growth.

It will also centre its Consumer Banking activities around Wealth Management, cards and unsecured lending, with a strong focus on fulfilling the financial needs of the owners, employees and clients of our SME and Business Banking partners.

The focus areas for Financial Year 2016 will be to improve asset efficiency as measured by risk adjusted returns, ensure that deposits growth exceeds loans growth and continue to grow customer based non-interest income.

Financial markets will focus on helping our customers with their foreign exchange and treasury products needs, as well as on optimizing the balance sheet for returns within a prudent risk management framework.

Investment Banking, having built its capabilities in the debt and equity markets, will support our SME and Business Banking customers with enhanced access to capital markets in addition to growing its institutional broking business.

The Group expects that these actions will position its businesses for sustainable revenue and profit growth in financial year 2016.

DIRECTORS' REPORT

RATING BY EXTERNAL RATING AGENCY

The banking subsidiary, Alliance Bank Malaysia Berhad ("ABMB") is rated by Rating Agency Malaysia Berhad ("RAM"). Based on RAM's rating in November 2014, ABMB's short-term and long-term ratings are reaffirmed at P1 and A1 respectively. RAM has classified these rating categories as follows:

P1 - Financial institutions in this category have superior capacities for timely payments of obligations.

A1 - Financial institutions rated in this category are adjudged to offer adequate safety for timely payments of financial obligations. This level of rating indicates financial institutions with adequate credit profiles, but which possess one or more problem areas, giving rise to the possibility of future riskiness. Financial institutions rated in this category have generally performed at industry average and are considered to be more vulnerable to changes in economic conditions than those rated in the higher categories.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Datuk Oh Chong Peng
Dato' Thomas Mun Lung Lee
Stephen Geh Sim Whye
Tan Yuen Fah
Megat Dziauddin Bin Megat Mahmud
Kung Beng Hong
Ou Shian Waei
Lee Ah Boon
Sng Seow Wah (ceased on 4 October 2014)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from the share options and share grants under the ESS.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company or related corporations as shown in Note 33(b) and Note 45(c) to the financial statements of the Company or financial statements of related corporations) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of Directors in office at the end of the financial year in shares, share options and share grants in the Company were as follows:

	Number of Ordinary Shares of RM1.00 Each			
	1.4.2014	**Acquired**	**Sold**	**31.3.2015**
The Company				
Megat Dziauddin Bin Megat Mahmud				
- Direct	3,000	-	-	3,000
Dato' Thomas Mun Lung Lee				
- Indirect (held through spouse, Datin Teh Yew Kheng)	35,000	-	-	35,000

DIRECTORS' REPORT

DIRECTORS' INTERESTS (cont'd)

By virtue of their shareholdings in the Company, the above Directors are deemed to have beneficial interests in the shares of the subsidiary companies of the Company. None of the other Directors in office at the end of the financial year had any interest in shares, share options and share grants in the Company or its related corporations during the financial year.

SHARE CAPITAL

There was no change in the issued and paid-up capital of the Company during the financial year.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHOD

At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year other than in the ordinary course of business.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or financial statements of the Group and of the Company, which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors:

(i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 49 to the financial statements.

SUBSEQUENT EVENTS

The significant events subsequent to the reporting date are disclosed in Note 50 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 May 2015.

Datuk Oh Chong Peng **Dato' Thomas Mun Lung Lee**

Kuala Lumpur, Malaysia

STATEMENT BY DIRECTORS

pursuant to Section 169(15) of the Companies Act, 1965

We, Datuk Oh Chong Peng and Dato' Thomas Mun Lung Lee, being two of the Directors of **Alliance Financial Group Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 92 to 210 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provision of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2015 and of their financial performance and the cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 52 to the financial statements has been complied in accordance with the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 May 2015.

Datuk Oh Chong Peng

Dato' Thomas Mun Lung Lee

Kuala Lumpur, Malaysia

STATUTORY DECLARATION

pursuant to Section 169(16) of the Companies Act, 1965

I, Teo Wee Chee, being the officer primarily responsible for the financial management of **Alliance Financial Group Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 92 to 210 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Teo Wee Chee
at Kuala Lumpur in the Federal
Territory on 27 May 2015

Teo Wee Chee

Before me,

Sivanason a/l Marimuthu
Commissioner for Oaths

Kuala Lumpur, Malaysia
27 May 2015

INDEPENDENT AUDITORS' REPORT

to the Members of Alliance Financial Group Berhad
(Incorporated in Malaysia)
(Company No. 6627-X)

Report On The Financial Statements

We have audited the financial statements of **Alliance Financial Group Berhad** on pages 92 to 209 which comprise the statements of financial position as at 31 March 2015 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Note 1 to Note 51.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act,1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is 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 about 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 judgment, 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 entity'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 entity'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 give a true and fair view of the financial position of the Group and of the Company as of 31 March 2015 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 Company 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 Company'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) The 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.

INDEPENDENT AUDITORS' REPORT

to the Members of Alliance Financial Group Berhad
(Incorporated in Malaysia)
(Company No. 6627-X)

Other reporting responsibilities

The supplementary information set out in Note 52 on page 210 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

This report is made solely to the members of the Company, 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.

PricewaterhouseCoopers
(No. AF: 1146)
Chartered Accountants

Soo Hoo Khoon Yean
(No. 2682/10/15 (J))
Chartered Accountant

Kuala Lumpur, Malaysia
27 May 2015

STATEMENTS OF FINANCIAL POSITION
as at 31 March 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
ASSETS					
Cash and short-term funds	3	2,696,183	2,129,782	75,357	17,800
Deposits and placements with banks and other financial institutions	4	298,167	655,305	-	-
Balances due from clients and brokers	5	102,743	76,265	-	-
Financial assets held-for-trading	6	10,037	110,172	-	-
Financial investments available-for-sale	7	9,753,856	9,738,760	-	-
Financial investments held-to-maturity	8	1,319,035	1,320,122	-	-
Derivative financial assets	9	132,460	39,677	-	-
Loans, advances and financing	10	36,566,032	31,818,991	-	-
Other assets	11	90,053	94,969	1,184	894
Tax recoverable		27,017	99	-	45
Statutory deposits	12	1,675,426	1,584,244	-	-
Investments in subsidiaries	13	-	-	1,780,679	1,783,362
Investment in joint venture	14	509	-	99	-
Property, plant and equipment	15	97,711	92,633	368	419
Intangible assets	16	359,935	353,256	-	-
Deferred tax assets	17	12,357	32,671	334	325
		53,141,521	48,046,946	1,858,021	1,802,845
Non-current assets held for sale	51	-	27,748	-	-
TOTAL ASSETS		53,141,521	48,074,694	1,858,021	1,802,845
LIABILITIES AND EQUITY					
Deposits from customers	18	44,606,815	39,237,077	-	-
Deposits and placements of banks and other financial institutions	19	1,489,775	3,059,357	-	-
Balances due to clients and brokers	20	62,833	44,834	-	-
Bills and acceptances payable	21	801,578	-	-	-
Derivative financial liabilities	9	115,224	64,874	-	-
Amount due to Cagamas Berhad	22	7,003	14,014	-	-
Other liabilities	23	934,595	859,623	1,999	1,847
Subordinated obligations	24	613,267	612,718	-	-
Provision for taxation		2,285	10,814	254	-
Deferred tax liabilities	17	13,041	5,367	-	-
TOTAL LIABILITIES		48,646,416	43,908,678	2,253	1,847
Share capital	25	1,548,106	1,548,106	1,548,106	1,548,106
Reserves	26	3,033,720	2,730,173	394,383	365,155
Shares held for Employees' Shares Scheme	27	(86,721)	(112,263)	(86,721)	(112,263)
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT		4,495,105	4,166,016	1,855,768	1,800,998
TOTAL LIABILITIES AND EQUITY		53,141,521	48,074,694	1,858,021	1,802,845
COMMITMENTS AND CONTINGENCIES	42	22,745,783	24,146,075	-	-

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 March 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest income	29	1,772,407	1,601,346	2,075	2,140
Interest expense	30	(951,818)	(822,711)	-	-
Net interest income		820,589	778,635	2,075	2,140
Net income from Islamic banking business	31	225,057	210,917	-	-
		1,045,646	989,552	2,075	2,140
Fee and commission income		309,296	314,012	-	-
Fee and commission expense		(113,649)	(103,878)	-	-
Investment income		86,830	103,958	326,013	411,315
Other income		54,866	45,320	2,937	2,576
Other operating income	32	337,343	359,412	328,950	413,891
Net income		1,382,989	1,348,964	331,025	416,031
Other operating expenses	33	(646,922)	(628,161)	(3,117)	(4,483)
Operating profit before allowance		736,067	720,803	327,908	411,548
(Allowance made for)/write-back of losses on loans, advances and financing and other assets	34	(39,604)	13,621	-	-
Write-back of impairment on securities and amount due from subsidiaries	35	6,728	14,927	1,327	1,413
Operating profit after allowance		703,191	749,351	329,235	412,961
Share of profit of equity-accounted joint venture, net of tax	14	16	-	-	-
Profit before taxation and zakat		703,207	749,351	329,235	412,961
Taxation and zakat	36	(172,427)	(185,803)	(1,250)	(98,126)
Net profit for the financial year		530,780	563,548	327,985	314,835
Other comprehensive income/(expense):					
Items that may be reclassified subsequently to profit and loss:					
Revaluation reserve on financial investments available-for-sale					
- Net gain/(loss) from change in fair value		113,466	(110,428)	-	-
- Realised gain transferred to statement of income on disposal and impairment		(14,977)	(38,986)	-	-
- Transfer (to)/from deferred tax		(27,328)	41,088	-	-
Other comprehensive income/(expense), net of tax		71,161	(108,326)	-	-
Total comprehensive income for the financial year		601,941	455,222	327,985	314,835
Net profit for the financial year attributable to:					
Owners of the parent		530,780	563,548	327,985	314,835
Total comprehensive income for the financial year attributable to:					
Owners of the parent		601,941	455,222	327,985	314,835
Earnings per share attributable to owners of the parent:					
Basic (sen)	37(a)	34.8	37.2		
Diluted (sen)	37(b)	34.8	37.1		

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2015

Group	Note	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Employees' Share Scheme ("ESS") Reserve RM'000	Profit Equalisation Reserve ("PER") RM'000	Shares held for ESS RM'000	Retained Profits RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
		← Attributable to Owners of the Parent									→		
At 1 April 2013		1,548,106	304,289	643,706	7,013	115,397	14,739	1,033	(76,232)	1,472,371	4,030,422	4,747	4,035,169
Net profit for the financial year		-	-	-	-	-	-	-	-	563,548	563,548	-	563,548
Other comprehensive expense		-	-	-	-	(108,326)	-	-	-	-	(108,326)	-	(108,326)
Total comprehensive (expense)/ income for the financial year		-	-	-	-	(108,326)	-	-	-	563,548	455,222	-	455,222
Transfer to statutory reserve		-	-	43,311	-	-	-	-	-	(43,311)	-	-	-
Transfer PER to retained profit		-	-	-	-	-	-	(1,033)	-	1,033	-	-	-
Purchase of shares pursuant to ESS	27	-	-	-	-	-	-	-	(47,500)	-	(47,500)	-	(47,500)
Share-based payment under ESS		-	-	-	-	-	10,589	-	-	-	10,589	-	10,589
Dividends paid to shareholders	38	-	-	-	-	-	-	-	-	(289,033)	(289,033)	-	(289,033)
ESS shares vested to:													
- employees of subsidiaries		-	-	-	-	-	(4,167)	-	4,167	-	-	-	-
- own employees		-	-	-	-	-	(84)	-	84	-	-	-	-
ESS shares option exercised by:													
- employees of subsidiaries		-	-	-	-	-	(822)	-	822	-	-	-	-
- own employees		-	-	-	-	-	(80)	-	80	-	-	-	-
Proceeds from share option exercised		-	-	-	-	-	-	-	6,316	-	6,316	-	6,316
Transfer of ESS shares purchase price difference on shares vested		-	-	-	-	-	(1,263)	-	-	1,263	-	-	-
Disposal of subsidiary		-	-	-	-	-	-	-	-	-	-	(4,747)	(4,747)
At 31 March 2014		1,548,106	304,289	687,017	7,013	7,071	18,912	-	(112,263)	1,705,871	4,166,016	-	4,166,016

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2015

		Attributable to Owners of the Parent								
Group	**Note**	**Share Capital RM'000**	**Share Premium RM'000**	**Statutory Reserve RM'000**	**Capital Reserve RM'000**	**Revaluation Reserve RM'000**	**Employees' Share Scheme ("ESS") Reserve RM'000**	**Shares held for ESS RM'000**	**Retained Profits RM'000**	**Total Equity RM'000**
At 1 April 2014		1,548,106	304,289	687,017	7,013	7,071	18,912	(112,263)	1,705,871	4,166,016
Net profit for the financial year		-	-	-	-	-	-	-	530,780	530,780
Other comprehensive income		-	-	-	-	71,161	-	-	-	71,161
Total comprehensive income for the financial year		-	-	-	-	71,161	-	-	530,780	601,941
Transfer to statutory reserve		-	-	140,610	-	-	-	-	(140,610)	-
Share-based payment under ESS		-	-	-	-	-	6,116	-	-	6,116
Transfer to retained profits on shares lapsed:										
- employees of subsidiaries		-	-	-	-	-	(363)	-	363	-
- own employees		-	-	-	-	-	(13)	-	13	-
Dividends paid to shareholders	38	-	-	-	-	-	-	-	(296,166)	(296,166)
ESS shares grant vested to:										
- employees of subsidiaries		-	-	-	-	-	(7,493)	7,493	-	-
- own employees		-	-	-	-	-	(156)	156	-	-
ESS shares option exercised by:										
- employees of subsidiaries		-	-	-	-	-	(695)	695	-	-
Proceeds from share option exercised		-	-	-	-	-	-	17,198	-	17,198
Transfer of ESS shares purchase price difference on shares vested		-	-	-	-	-	(4,364)	-	4,364	-
At 31 March 2015		1,548,106	304,289	827,627	7,013	78,232	11,944	(86,721)	1,804,615	4,495,105

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2015

Company	Note	← Non-Distributable Share Capital RM'000	Share Premium RM'000	Employees' Share Scheme ("ESS") Reserve RM'000	Shares held for ESS RM'000 →	<Distributable> Retained Profits RM'000	Total Equity RM'000
At 1 April 2013		1,548,106	304,289	14,739	(76,232)	14,927	1,805,829
Net profit for the financial year		-	-	-	-	314,835	314,835
Purchase of shares pursuant to ESS	27	-	-	-	(47,500)	-	(47,500)
Share-based payment under ESS		-	-	10,589	-	-	10,589
Dividends paid to shareholders	38	-	-	-	-	(289,033)	(289,033)
ESS recharge amount received from subsidiaries		-	-	-	4,167	-	4,167
ESS shares vested to:							
- employees of subsidiaries		-	-	(4,167)	-	-	(4,167)
- own employees		-	-	(84)	84	-	-
ESS shares option exercised by:							
- employees of subsidiaries		-	-	(822)	822	-	-
- own employees		-	-	(80)	80	-	-
Proceeds from share option exercised		-	-	-	6,316	-	6,316
Disposal of subsidiary		-	-	-	-	(38)	(38)
Transfer of ESS shares purchase price difference on shares vested		-	-	(1,263)	-	1,263	-
At 31 March 2014		1,548,106	304,289	18,912	(112,263)	41,954	1,800,998
At 1 April 2014		1,548,106	304,289	18,912	(112,263)	41,954	1,800,998
Net profit for the financial year		-	-	-	-	327,985	327,985
Share-based payment under ESS		-	-	6,116	-	-	6,116
Transfer to retained profits on shares lapsed:							
- employees of subsidiaries		-	-	(363)	-	-	(363)
- own employees		-	-	(13)	-	13	-
Dividends paid to shareholders	38	-	-	-	-	(296,166)	(296,166)
ESS recharge amount received from subsidiaries		-	-	-	7,493	-	7,493
ESS shares grant vested to:							
- employees of subsidiaries		-	-	(7,493)	-	-	(7,493)
- own employees		-	-	(156)	156	-	-
ESS shares option exercised by:							
- employees of subsidiaries		-	-	(695)	695	-	-
Proceeds from share option exercised		-	-	-	17,198	-	17,198
Transfer of ESS shares purchase price difference on shares vested		-	-	(4,364)	-	4,364	-
At 31 March 2015		1,548,106	304,289	11,944	(86,721)	78,150	1,855,768

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the year ended 31 March 2015

	2015 RM'000	2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	703,207	749,351
Adjustments for:		
Accretion of discount less amortisation of premium	(62,935)	(76,491)
Depreciation of property, plant and equipment	21,471	21,262
Dividends from financial investments available-for-sale	(2,179)	(5,430)
(Gain)/loss on disposal of property, plant and equipment	(2)	58
Gain on disposal of non-current assets held for sale	(21,605)	-
Gain on disposal of a subsidiary	-	(1,169)
Net gain from redemption of financial investments held-to-maturity	-	(3,742)
Net (gain)/loss from sale of financial assets held-for-trading	(873)	450
Net gain from sale of financial investments available-for-sale	(14,977)	(38,986)
Unrealised (gain)/loss on revaluation of financial assets held-for-trading	(33)	142
Unrealised (gain)/loss on revaluation of derivative financial instruments	(36,249)	15,007
Unrealised gain arising from financial liabilities designated at fair value	(3,737)	-
Interest expense on subordinated obligations	29,470	29,444
Interest income from financial investments held-to-maturity	(26,908)	(19,791)
Interest income from financial investments available-for-sale	(315,183)	(302,038)
Interest income from financial assets held-for-trading	(428)	(1,539)
Allowance for loans, advances and financing	81,668	17,359
Allowance for other assets	2,041	3,622
Net write-back of financial investments available-for-sale	(1,759)	(12,236)
Net write-back of financial investments held-to-maturity	(4,969)	(2,691)
Amortisation of computer software	18,325	19,621
Share options/grants under ESS	6,017	10,589
Property, plant and equipment written off	957	622
Computer software written off	658	11
Share of result of joint venture	(16)	-
Operating profit before working capital changes carried forward	371,961	403,425

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the year ended 31 March 2015

	2015 RM'000	2014 RM'000
Operating profit before working capital changes brought forward	371,961	403,425
Changes in working capital:		
Deposits from customers	5,366,991	3,232,762
Deposits and placements of banks and other financial institutions	(1,212,444)	547,292
Bills and acceptances payable	801,578	(73,713)
Balances due from clients and brokers	(8,479)	(12,160)
Other liabilities	74,687	35,987
Financial assets held-for-trading	101,034	1,415,953
Loans, advances and financing	(4,828,710)	(4,064,609)
Other assets	3,462	(7,930)
Statutory deposits with Bank Negara Malaysia	(91,182)	(253,272)
Amount due to Cagamas Berhad	(7,011)	(2,276)
Cash generated from operations	571,887	1,221,459
Taxes and zakat paid	(207,214)	(200,075)
Net cash generated from operating activities	364,673	1,021,384
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from financial investments available-for-sale	2,179	5,339
Interest received from financial investments held-to-maturity	26,908	19,791
Interest received from financial investments available-for-sale	315,183	302,038
Interest received from financial assets held-for-trading	428	1,539
Acquisition of joint venture company	(394)	-
Purchase of property, plant and equipment	(27,506)	(35,535)
Purchase of computer software	(25,662)	(17,130)
Proceeds from disposal of property, plant and equipment	2	4,176
Net cash outflow from disposal of a subsidiary held for sale	-	(236)
Purchase of financial investments held-to-maturity, net of proceeds for redemption and maturity	75,704	(658,217)
Proceeds from disposal of financial investments available-for-sale (net of purchase)	93,421	536,603
Proceeds from disposal of non-current asset held for sale	49,353	-
Net cash generated from investing activities	509,616	158,368

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the year ended 31 March 2015

	2015 RM'000	2014 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of shares held for ESS	-	(47,500)
Proceeds from share option exercised by employees	17,198	6,316
Interest paid on subordinated obligations	(28,920)	(28,920)
Dividends paid to shareholders of the Company	(296,166)	(289,033)
Net cash used in financing activities	(307,888)	(359,137)
NET CHANGE IN CASH AND CASH EQUIVALENTS	566,401	820,615
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,129,782	1,309,167
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,696,183	2,129,782
Cash and cash equivalents comprise the following:		
Cash and short-term funds	2,696,183	2,129,782

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

for the year ended 31 March 2015

	2015 RM'000	2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	329,235	412,961
Adjustments for:		
Depreciation of property, plant and equipment	51	51
Interest income from money at call and deposit placements with financial institutions	(2,075)	(2,140)
Write-back of impairment losses on amount due from subsidiaries	(1,327)	(1,413)
Share options/grants under ESS	150	298
Gross dividend income from a subsidiary	(326,013)	(411,315)
Operating profit before working capital changes	21	(1,558)
Changes in working capital:		
Receivables	103	(8)
Payables	102	(46)
Deposits	-	10,101
Cash generated from operations	226	8,489
Taxes (paid)/refund	(960)	109
Net cash (used in)/generated from operating activities	(734)	8,598
CASH FLOWS FROM INVESTING ACTIVITIES		
Amount due from subsidiaries	934	1,222
ESS recharge amount received from subsidiaries for share grants	7,493	4,167
ESS recharge amount received from subsidiaries for share options	695	822
Interest received from deposits and placements with banks and other financial institutions	2,075	2,140
Purchase of property, plant and equipment	-	(2)
Dividends received	326,013	313,484
Net cash generated from investing activities	337,210	321,833
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(296,166)	(289,033)
Purchase of shares held for ESS	-	(47,500)
Proceeds from share option exercised	17,198	6,316
Amount due to subsidiaries	49	(84)
Net cash used in financing activities	(278,919)	(330,301)
NET CHANGE IN CASH AND CASH EQUIVALENTS	57,557	130
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	17,800	17,670
CASH AND CASH EQUIVALENTS AT END OF YEAR	75,357	17,800
Cash and cash equivalents comprise the following:		
Cash and short-term funds	75,357	17,800

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 3rd Floor, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia.

The principal activities of the Company are investment holding and provision of management services to the subsidiaries.

The principal activities of the subsidiaries are commercial banking and financing, Islamic banking, investment banking including provision of stockbroking services, unit trusts and fund management, and the provision of related financial services.

There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 May 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

Malaysian Financial Reporting Standards ("MFRS") Framework

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia.

The financial statements of the Group and the Company 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 financial statements incorporate all activities relating to the Islamic banking business which have been undertaken by the Group. Islamic banking business refers generally to the acceptance of deposits and granting of financing under the Shariah principles.

The financial statements are presented in Ringgit Malaysia ("RM") and all numbers are rounded to the nearest thousand (RM'000), unless otherwise stated.

The preparation of the financial statements in conformity with MFRS 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 financial statements and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are described in the following notes:

(i) Annual testing for impairment of goodwill (Note 16) - the measurement of the recoverable amount of cash-generating units are determined based on the value-in-use method, which requires the use of estimates for cash flow projections approved by management covering a 5-year period, estimated growth rates for cash flows beyond the fifth year are extrapolated in perpetuity and discount rates are applied to the cash flow projections.

(ii) Allowance for losses on loans, advances and financing and other losses (Note 34) - the Group make allowance for losses on loans, advances and financing based on assessment of recoverability. Whilst management is guided by the relevant BNM guidelines and accounting standards, management makes judgment on the future and other key factors in respect of the estimation of the amount and timing of the cash flows in assessing allowance for impairment of loans, advances and financing. Among the factors considered are the Group's aggregate exposure to the borrowers, the net realisable value of the underlying collateral value, the viability of the customer's business model, the capacity to generate sufficient cash flows to service debt obligations and the aggregate amount and ranking of all other creditor claims.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Preparation (cont'd)

Standards, amendments to published standards and interpretations that are effective

The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Group's financial year beginning on or after 1 April 2014 are as follows:

- Amendments to MFRS 10, MFRS 12 and MFRS 127 "Investment Entities" (effective 1 January 2014)
- Amendments to MFRS 132 "Offsetting Financial Assets and Financial Liabilities" (effective 1 January 2014)
- Amendments to MFRS 136 "Recoverable Amount Disclosures for Non-Financial Assets (effective 1 January 2014)
- Amendments to MFRS 139 "Novation of Derivatives and Continuation of Hedge Accounting" (effective 1 January 2014)
- IC Interpretation 21 "Levies" (effective 1 January 2014)

The adoption of the new accounting standards, amendments and intrepretations did not have a material impact on the financial statements of the Group and the Company.

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective

The Group will apply the new standards, amendments to standards and interpretations in the following period:

Financial year beginning on/after 1 April 2015

(i) Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2010 - 2012 Cycle" (effective 1 January 2015) - The Annual Improvements to MFRSs 2010 - 2012 Cycle consist of the following amendments:

(a) MFRS 2 Share-based Payment clarifies the definition of "vesting conditions" by separately defining "performance condition" and "service condition" to ensure consistent classification of conditions attached to a share-based payment.

(b) MFRS 3 Business Combinations clarifies that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132 Financial Instruments: Presentation. In addition, contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in the statement of comprehensive income.

(c) MFRS 8 Operating Segments requires the disclosure of judgments made in applying the aggregation criteria to operating segments. This includes a brief description of the operating segment and the economic indicators that have been assessed in determining the aggregated operating segments share similar economic characteristics. In addition, a reconciliation of the total reportable segments' assets to the entity's assets is required if that amount is regularly provided to the chief operating decision maker.

(d) MFRS 13 Fair Value Measurement clarifies that when International Accounting Standards ("IASB") issued IFRS 13, it did not remove the practical ability to measure short term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

(e) MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets clarifies that the accounting for the accumulated depreciation or amortisation when as asset is revalued.

(f) MFRS 124 Related Party Disclosure extends the definition of "related party" to include an entity, or any member of a group of which it is a party, that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The adoption of the Annual Improvements to MFRSs 2010 - 2012 Cycle is not expected to have any significant financial impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

2. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(a) **Basis of Preparation** (cont'd)

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective (cont'd)

Financial year beginning on/after 1 April 2015 (cont'd)

(ii) Amendment to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2011 - 2013 Cycle" (effective 1 January 2015) - The Annual Improvements to MFRSs 2011 - 2013 Cycle consist of the following amendments:

(a) MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards relates to the IASB's Basis for Conclusions which clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

(b) MFRS 3 Business Combinations clarifies that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11 Joint Arrangements) in the financial statements of the joint arrangement itself, but not to the parties to the joint arrangements for their interests in the joint arrangements.

(c) MFRS 13 Fair Value Measurement clarifies that the scopes of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 Financial Instruments: Recognition and Measurement or MFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132 Financial Instruments: Presentation.

(d) MFRS 140 Investment Property clarifies that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in MFRS 3 and investment property as defined in MFRS 140 requires the separate application of both Standards independently of each other.

The adoption of the Annual Improvements to MFRSs 2011 - 2013 Cycle is not expected to have any significant financial impact on the Group.

Financial year beginning on/after 1 April 2016

(i) Amendment to MFRS 11 "Joint Arrangement" (effective from 1 January 2016) requires an investor to apply the principles of MFRS 3 "Business Combination" when it acquires an interest in a joint operation that constitutes a business. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

(ii) Amendments to MFRS 116 "Property, Plant and Equipment" and MFRS 138 "Intangible Assets" (effective from 1 January 2016) clarify that the use of revenue-based methods to calculate depreciation and amortisation an item of property, plant and equipment and intangible are not appropriate. This is because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

(iii) The amendments to MFRS 138 also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption can be overcome only in the limited circumstances where the intangible asset is expressed as a measure of revenue or where it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Preparation (cont'd)

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective (cont'd)

Financial year beginning on/after 1 April 2016 (cont'd)

(iv) Amendments to MFRS 10 and MFRS 128 regarding sale or contribution of assets between an investor and its associate or joint venture (effective from 1 January 2016) resolve a current inconsistency between MFRS 10 and MFRS 128. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business". Full gain or loss shall be recognised by the investor where the non-monetary assets constitute a "business". If the assets do not meet the definition of a business, the gain and loss is recognised by the investor to the extent of the other investors' interest. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture. They are not intended to address accounting for the sale or contribution of assets by an investor in a joint operation.

(v) Amendments to MFRS 127 regarding equity method in separate financial statements (effective from 1 January 2016) allow an entity to use the equity method in its separate financial statement to account for investments in subsidiary companies, joint ventures and associated companies, in addition to the existing cost method.

(vi) Amendment to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2012 - 2014 Cycle" (effective 1 January 2016) - The Annual Improvements to MFRSs 2012 - 2014 Cycle consist of the following amendments:

(a) MFRS 5 Non-current Assets Held for Sale and Discontinued Operations introduces specific guidance in MFRS 5 for cases in which an entity re-classifies an asset from held for sale to held for distribution or vice-versa and cases in which held-for distribution is discontinued. The amendment clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal and that changing the disposal method does not change the date of classification.

(b) MFRS 7 Financial Instruments: Disclosures requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety. The amendment clarifies that a servicing contract that included a fee can constitute continuing involvement in a financial asset and an entity must assess the nature of the fee and arrangement in order to assess whether the disclosures are required. The amendments also clarify the applicability of the amendments to MFRS 7 on offsetting disclosures to condensed interim financial statements.

(c) MFRS 119 Employee Benefits clarifies the meaning that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. When there is no deep market for high quality corporate bonds, government bonds denominated in similar currency must be used.

(d) MFRS 134 Interim Financial Reporting clarifies the meaning of "elsewhere in the interim financial report" as used in MFRS 134 and states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and some other statement that is available to users of the financial statements on the same terms and at the same time.

The adoption of the Annual Improvements to MFRSs 2012 - 2014 Cycle is not expected to have any significant financial impact on the Group.

Financial year beginning on/after 1 April 2017

MFRS 15 "Revenue from Contracts with Customers" (effective from 1 January 2017) - MFRS 15 establishes principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with customers. The core principle of MFRS 15 is that an entity recognises revenue in a manner which reflects the consideration an entity expects to be entitled in exchange for goods and services. The Group has yet to assess MFRS 15's full impact.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Preparation (cont'd)

Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective (cont'd)

Financial year beginning on/after 1 April 2018

MFRS 9 "Financial Instruments" (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement".

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measure at fair value through profit or loss with a irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than income statement, unless this creates an accounting mismatch.

There is now a new expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. The Group has yet to assess MFRS 9's full impact.

Unless otherwise disclosed, the above standards, amendments to published standards and interpretations to existing standards are not anticipated to have any significant impact on the financial statements of the Group in the year of initial application.

(b) Economic Entities in the Group

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated using the acquisition method of accounting. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Economic Entities in the Group (cont'd)

(i) Subsidiaries (cont'd)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill (Note 2 (d)(i)). If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. This may indicate an impairment of the asset transferred. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

(ii) Changes in Ownership Interests in Subsidiaries Without Change of Control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of Subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) Joint Ventures

Joint ventures are the arrangements of which there are contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint ventures require unanimous consent of the parties sharing control. A joint venture depends upon the rights and obligations of the parties to the arrangements. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangements.

The Group's interest in a joint venture is accounted for in the financial statements using the equity method. Under the equity method of accounting, interest in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits and losses and movements in other comprehensive income, less impairment loss, if any. When the Groups' share of losses in a joint venture equals or exceeds it interest in the joint venture (which included any long-term interest that, in substance, from part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Investments in Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment. The policy for the recognition and measurement of impairment is in accordance with Note 2(h)(v). On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the statement of comprehensive income.

(d) Intangible Assets

(i) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries over the fair value of the Group's share of the identifiable net assets at the date of acquisition.

Goodwill is measured at cost less accumulated impairment, if any. Goodwill is no longer amortised. Instead it is allocated to cash-generating units which are expected to benefit from the synergies of the business combination. Each cash-generating unit represents the lowest level at which the goodwill is monitored and is not larger than a reportable business segment. The carrying amount of goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. The policy for the recognition and measurement of impairment is in accordance with Note 2(h)(iv).

(ii) Computer Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring the specific software to use. The costs are amortised over their useful lives of three to five years and are stated at cost less accumulated amortisation and accumulated impairment, if any. Computer software is assessed for impairment whenever there is an indication that it may be impaired. The amortisation period and amortisation method are reviewed at least at the end of each reporting period.

The policy for the recognition and measurement of impairment is in accordance with Note 2(h)(v).

Costs associated with maintaining computer software programmes are recognised as expenses as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. These costs include software development employee costs and appropriate portion of relevant overheads.

(iii) Other non-financial assets

Intangible assets acquired separately are measured at cost on initial recognition. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful assessment continues to be supportable.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Financial Assets

The Group allocates financial assets to the following categories: loans, advances and financing; financial assets held-for-trading; financial investments available-for-sale; and financial investments held-to-maturity. Management determines the classification of its financial instruments at initial recognition. The policy of the recognition and measurement of impairment is in accordance with Note 2(h).

(i) Loans, advances and financing

Loans, advances and financing are non-derivative financial assets with fixed or determinable payments that are not quoted in the active market.

Loans, advances and financing are initially recognised at fair value which is the cash consideration to originate or purchase the loan including any transaction costs and measured subsequently at amortised cost using the effective interest rate method, less impairment allowance.

An uncollectible loan, advance and financing or portion of a loan, advance and financing classified as bad is written off after taking into consideration the realisable value of collateral, if any, when in the judgment of the management, there is no prospect of recovery.

(ii) Financial assets at fair value through profit or loss

Financial assets classified in this category consist of financial assets held-for-trading. Financial asset is classified as held-for-trading if it is acquired principally for the purpose of selling or repurchasing in the near term or it is part of a portion of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Regular purchases and sales are accounted for at settlement date.

Financial assets held-for-trading are stated at fair value and any gain or loss arising from a change in their fair values and the derecognition of financial assets held-for-trading are recognised in the statement of comprehensive income.

(iii) Financial investments held-to-maturity

Financial investments held-to-maturity are financial assets with fixed or determinable payments and fixed maturity that the Group have the positive intent and ability to hold to maturity. Regular purchases and sales are accounted for at settlement date.

Financial investments held-to-maturity are measured at amortised cost based on the effective yield method. Amortisation of premium, accretion of discount and impairment as well as gain or loss arising from derecognition of financial investments held-to-maturity are recognised in the statement of comprehensive income.

Any sale or reclassification of more than an insignificant amount of financial investments held-to-maturity not close to their maturity would result in the reclassification of all financial investments held-to-maturity to financial investments available-for-sale, and prevents the Group from classifying the similar class of financial instruments as financial investments held-to-maturity for the current and following two (2) financial years.

(iv) Financial investments available-for-sale

Financial investments available-for-sale are financial assets that are not classified as held-for-trading or held-to-maturity. Regular purchases and sales are accounted for at settlement date. Financial investments available-for-sale are measured at fair value. The return and cost of the financial investments available-for-sale are credited and charged to the statement of comprehensive income using accreted/amortised cost based on effective yield method. Any gain or loss arising from a change in fair value after applying the accreted/amortised cost method are recognised directly in equity through the statement of changes in equity, until the financial asset is sold, collected, disposed of or impaired, at which time the cumulative gain or loss previously recognised in equity will be transferred to the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Financial Assets (cont'd)

(v) Reclassification of financial assets

The Group may choose to reclassify non-derivative assets out from the held-for-trading category, in rare circumstances, where the financial assets are no longer held for the purpose of selling or repurchasing in the short term. In addition, the Group may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group have the intention and ability to hold the financial asset for the foreseeable future or until maturity.

Reclassifications are made at fair value as at the reclassification date, whereby the fair value becomes the new cost or amortised cost, as applicable. Any fair value gains or losses previously recognised in the statement of comprehensive income is not reversed.

As at reporting date, the Group have not made any such reclassifications of financial assets.

(f) Financial Liabilities

Financial liabilities are initially recognised at the fair value of consideration received less directly attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortised cost. The Group does not have any non-derivative financial liabilities designated at fair value through profit or loss. Financial liabilities measured at amortised cost include deposits from customers, deposits from banks and debt securities issued, other borrowed funds and bill and acceptances payable. Certain structure products included deposits from customers are designated at fair value through profit or loss.

Interest payables are now classified into the respective class of financial liabilities.

(g) Property, Plant and Equipment and Depreciation

Property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income during the financial period in which they are incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent to initial recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and accumulated impairment, if any. The policy for the recognition and measurement of impairment is in accordance with Note 2(h)(v).

Freehold land has an unlimited useful life and therefore is not depreciated. Other property, plant and equipment are depreciated on the straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, summarised as follows:

Buildings	2%
Office equipment and furniture	10% - 20%
Motor vehicles	10% - 16.6%
Renovations	20%
Computer equipment	20% - 33.3%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Property, Plant and Equipment and Depreciation (cont'd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the statement of comprehensive income.

(h) Impairment of Assets

The carrying amounts of the Group's assets except for deferred tax assets, are reviewed at the end of each reporting period to determine whether there are any indications of impairment. If any such indications exist, the asset's recoverable amount is estimated to determine the amount of impairment to be recognised. The policies on impairment of assets are summarised as follows:

(i) Loans, advances and financing

Loans, advances and financing of the Group are classified as impaired when they fulfil either of the following criteria:
(a) principal or interest or both are past due for three (3) months or more;
(b) where a loan is in arrears for less than three (3) months, the loan exhibits indications of credit weaknesses; or
(c) where an impaired loan has been rescheduled or restructured, the loan will continue to be classified as impaired until repayments based on the revised and/or restructured terms have been observed continuously for a period of six (6) months.

For the determination of impairment, the Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment include:
(a) significant financial difficulty of the obligor;
(b) a breach of contract, such as a default or delinquency in interest or principal payments;
(c) it becomes probable that the borrower will enter bankruptcy or winding up petition is served on the borrower, significant shareholder or significant guarantor;
(d) adverse Center Credit Reference Information System ("CCRIS") findings or unfavorable industry developments for that borrower; and
(e) observable data indicating that there is a measurable decrease in the estimated future cash flows including adverse changes in the repayment behavior of the borrower or downgrade of the borrower's credit ratings.

The Group first assesses individually whether objective evidence of impairment exists for all loans deemed to be individually significant, and individually or collectively for loans, advances and financing that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed loan whether significant or not, the loan is then collectively assessed for impairment. If there is objective evidence that an impairment has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised loans reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. The carrying amount of the loans is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. If the individually assessment does not results in impairment provisions, the Group includes them in group of similar credit risk characteristics and collectively assesses them for impairment.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Impairment of Assets (cont'd)

(i) Loans, advances and financing (cont'd)

Loans which are not individually assessed, are grouped together for collective impairment assessment. These loans are grouped according to their credit risk characteristics for the purposes of calculating an estimated collective loss. These characteristics are relevant to the estimation of future cash flows for groups of such loans by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being assessed. Future cash flows on a group of financial assets that are collectively assessed for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

(ii) Financial investments held-to-maturity

For financial investments held-to-maturity in which there are objective evidence of impairment, impairment is measured as the difference between the financial instrument's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The amount of the impairment is recognised in the statement of comprehensive income.

Subsequent reversals in the impairment is recognised when the decrease can be objectively related to an event occurring after the impairment was recognised, to the extent that the financial instrument's carrying amount does not exceed its amortised cost if no impairment had been recognised. The reversal is recognised in the statement of comprehensive income.

(iii) Financial investments available-for-sale

For financial investments available-for-sale in which there are objective evidence of impairment, the cumulative unrealised losses that had been recognised directly in equity shall be transferred from equity to the statement of comprehensive income, even though the securities have not been derecognised. The cumulative impairment is measured as the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment previously recognised in the statement of comprehensive income.

In the case of quoted equity investments, a significant or prolonged decline in the fair value of the security below its cost is also considered in determining whether objective evidence of impairment exists. Where such evidence exists, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised) is removed from equity and recognised in the statement of comprehensive income.

Impairment recognised on equity instruments classified as available-for-sale is not reversed subsequent to its recognition. Reversals of impairment on debt instruments classified as available-for-sale are recognised in the statement of comprehensive income if the increase in fair value can be objectively related to an event occurring after the recognition of the impairment in the statement of comprehensive income.

(iv) Goodwill/Intangible assets

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill from business combinations or intangible assets are allocated to cash-generating units ("CGU") which are expected to benefit from the synergies of the business combination or the intangible asset.

The recoverable amount is determined for each CGU based on its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment is recognised in statement of comprehensive income when the carrying amount of the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the CGU. The total impairment is allocated, first, to reduce the carrying amount of goodwill or intangible assets allocated to the CGU and then to the other assets of the CGU on a pro-rata basis.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Impairment of Assets (cont'd)

(iv) Goodwill/Intangible assets (cont'd)

An impairment on goodwill is not reversed in subsequent periods. An impairment for other intangible assets is reversed if, and only if, there has been a change in the estimates used to determine the intangible asset's recoverable amount since the last impairment was recognised and such reversal is through the statement of comprehensive income to the extent that the intangible asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment had been recognised.

(v) Other non-financial assets

Other non-financial assets such as property, plant and equipment, investment properties, computer software, foreclosed properties and investments in subsidiaries and associates are reviewed for objective indications of impairment at the end of each reporting period or whenever there is any indication that these assets may be impaired. Where such indications exist, impairment is determined as the excess of the asset's carrying value over its recoverable amount (greater of value in use or fair value less costs to sell) and is recognised in the statement of comprehensive income. An impairment for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised.

The carrying amount is increased to its revised recoverable amount, provided that the amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment been recognised for the asset in prior years. A reversal of impairment for an asset is recognised in the statement of comprehensive income.

(i) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(i) Finance Leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the statement of comprehensive income over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2(g). The policy for the recognition and measurement of impairment is in accordance with Note 2(h)(v).

(ii) Operating Leases

Operating lease payments are recognised in the statement of comprehensive income on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expenses over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Leases (cont'd)

(ii) Operating Leases (cont'd)

The land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land that normally has an indefinite economic life and where title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments at the end of the reporting period. In the case of a lease of land and buildings, the prepaid lease payments or the upfront payments made are allocated, whenever necessary, between the land and buildings elements in proportion to the relative fair values for leasehold interest in the land element and buildings element of the lease at the inception of the lease. The prepaid lease payments are amortised over the lease term in accordance with the pattern of benefits provided.

(j) Bills and Acceptances Payable

Bills and acceptances payable represent the Group's own bills and acceptances rediscounted and outstanding in the market. Refer to Note 2(f).

(k) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(l) Subordinated Bonds

The interest-bearing instruments are recognised as liability and are recorded at face value. Interest expense are accrued based on the effective interest rate method.

(m) Other Assets

Other receivables, deposits, trade receivables, amount due from subsidiaries and related party included in other assets are carried at amortised cost using the effective yield method, less impairment allowance. Bad debts are written-off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as the end of the reporting date.

(n) Provisions

Provisions are recognised when:
- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provision are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Balances Due From Clients and Brokers

In accordance with the Rules of Bursa Securities, clients' accounts are classified as impaired accounts under the following circumstances:

	Criteria for classification as impaired	
Types	**Doubtful**	**Bad**
Contra losses	When account remains outstanding for 16 to 30 calendar days from the date of contra transaction.	When the account remains outstanding for more than 30 calendar days from the date of contra transaction.
Overdue purchase contacts	When the account remains outstanding from T+5 market days to 30 calendar days.	When the account remains outstanding for more than 30 calendar days.

Bad debts are written off when identified. Impairment allowances are made for balances due from clients and brokers which are considered doubtful or which have been classified as impaired, after taking into consideration collateral held by the Group and deposits of and amounts due to dealer representative in accordance with the Rules of Bursa Securities.

(p) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

(i) Recognition of Dividend Income

Dividend income from financial investments held-to-maturity, financial investments available-for-sale and investment in subsidiaries and associates are recognised when the right to receive payment is established.

(ii) Recognition of Interest and Financing Income

Interest income is recognised using effective interest rates, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the loans or, where appropriate, a shorter period to the net carrying amount of the loan. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the loans but does not consider future credit losses. The calculation includes significant fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest income is recognised in the statement of comprehensive income for all interest-bearing assets on an accrual basis. Interest income includes the amortisation of premium or accretion of discount. Income from the Islamic banking business is recognised on an accrual basis in accordance with the Shariah principles.

For impaired loans where the value has been reduced as a result of impairment loss, interest income continues to be accrued using the rate of interest used to discount the future cash flows for the purposes of measuring the impairment.

(iii) Recognition of Fees and Other Income

Loan arrangement fees and commissions, management and participation fees and underwriting commissions are recognised as income when all conditions precedent are fulfilled.

Commitment, guarantee and portfolio management fees which are material are recognised as income based on time apportionment basis.

Corporate advisory fees are recognised as income on the completion of each stage of the assignment.

Brokerage charged to clients is recognised on the day when the contracts are executed.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Recognition of Interest and Financing Expenses

Interest expense and attributable profit (on activities relating to Islamic banking business) on deposits and borrowings of the Group are recognised on an accrual basis.

(r) Derivative Financial Instruments and Hedging Activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. The Group designate derivatives that qualify for hedge accounting as either:

(i) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
(ii) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
(iii) Hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in statement of comprehensive income.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in statement of changes in equity and is recognised when the forecast transaction is ultimately recognised in statement of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in statement of changes in equity is immediately transferred to statement of comprehensive income.

(c) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in statement of comprehensive income.

Gains and losses accumulated in other comprehensive income are included in statement of comprehensive income when the foreign operation is partially disposed of or sold.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

2. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

(r) **Derivative Financial Instruments and Hedging Activities** (cont'd)

(d) **Derivatives that do not qualify for hedge accounting**

Certain derivatives instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the statement of comprehensive income.

(s) **Foreign Currency Translations**

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At the end of each reporting period, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date.

All exchange rate differences are taken to the statement of comprehensive income.

The financial statements are presented in Ringgit Malaysia, which is also the Group's and the Company's primary functional currency.

(t) **Income Tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the end of reporting date. In the event of uncertain tax position, the tax is measured using the single best estimate of the most likely outcome.

Deferred tax is provided for, using the liability method, on temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period. Deferred tax is recognised as income or an expense in the statement of comprehensive income for the period, except when it arises from a transaction which is recognised directly in other comprehensive income or directly in equity, in which case the deferred tax is also charged or credited to other comprehensive income or to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill.

(u) **Foreclosed Properties**

Foreclosed properties are stated at the lower of carrying amount and fair value less costs to sell.

(v) **Cash and Cash Equivalents**

Cash and cash equivalents as stated in the statements of cash flow comprise cash and bank balances and short-term deposits maturity within one month that are readily convertible into cash with insignificant risk of changes in value.

(w) **Zakat**

This represents Islamic business zakat payable by Islamic banking subsidiary to comply with Shariah principles. Zakat is calculated using a growth method of 2.575 percent based on Gregorian calendar. The zakat payment does not cover the zakat obligation of the depositors. The zakat's computation for any financial year will be endorsed by the Shariah Committee. Eligible recipients includes recognised zakat bodies, charitable organisations and individuals. The zakat working committee will recommend the eligible recipients for management approval and Shariah Committee endorsement.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(x) Employee Benefits

(i) Short-Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligations to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the statement of comprehensive income as incurred. As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF").

(iii) Equity Compensation Benefits

The ESS comprises the Share Option Plan, the Share Grant Plan and the Share Save Plan. The ESS are an equity-settled, share-based compensation plans, in which the Directors and employees of the Group and the joint venture are granted or are allowed to acquire ordinary shares of the Company.

At AFGB Company level, the total fair value of the share options/share grants offered/awarded to the eligible Directors and employees are recognised as a cost of investment in the subsidiary and joint venture respectively with a corresponding increase in the share scheme reserve within equity over the vesting period and taking into account the probability that the scheme will vest. In the subsidiary's books, the total fair value will be recorded in the operating expense and a corresponding increase in the capital contribution from parent. On consolidation, the capital contribution from parent and the cost of investment in subsidiary will be eliminated.

The fair value of the shares options/share grants are measured at grant date, taking into account, if any, the market vesting conditions upon which the share options/share grants were offered/awarded but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of share options/share grants that are expected to become exercisable/to vest.

At the end of each reporting period, the Group revises its estimates of the number of share options/share grants that are expected to become exercisable/to vest. It recognises the impact of the revision of original estimates, if any, in the statement of comprehensive income, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share scheme reserve until the share options/share grants are exercised/vested.

Upon vesting, the Company will recharge the cost to the subsidiaries and joint venture. The proceeds received net of any directly attributable transaction costs are credited to equity. For Share Grants, shares held for ESS are released on vesting date. For Share Options, shares held for ESS are released upon exercise by employees.

When vested Share Options lapsed, the remaining amount in the share scheme reserve will be reclassified to Retained Profits.

(y) Contingent Liabilities and Contingent Assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(y) Contingent Liabilities and Contingent Assets (cont'd)

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(z) Financial Guarantee Contracts

Financial guarantee contracts are contracts that require the Company and the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with MFRS 137 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

(aa) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. The Management Committee of the Group is identify as the chief operating decision-maker.

(ab) Non-current Assets Held for Sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction and the sale is considered highly probable.

(ac) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

3. CASH AND SHORT-TERM FUNDS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and balances with banks and other financial institutions	778,909	625,120	22	40
Money at call and deposit placements maturing within one month	1,917,274	1,504,662	75,335	17,760
	2,696,183	2,129,782	75,357	17,800

Note:

The Company's cash and short term funds as of 31 March 2015 comprises amounts maintained with:

(i) its banking subsidiary amounting to RM69,512,000 (2014: RM17,760,000).

(ii) other licensed bank amounting to RM5,823,000 (2014: RM NIL), pursuant to the Company's ESS.

4. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Licensed banks	298,167	655,305	-	-

5. BALANCES DUE FROM CLIENTS AND BROKERS

	Group	
	2015 RM'000	2014 RM'000
Due from clients	60,289	77,459
Due from brokers	43,294	-
	103,583	77,459
Less: Allowance for other losses	(840)	(1,194)
	102,743	76,265

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

5. BALANCES DUE FROM CLIENTS AND BROKERS (cont'd)

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

	Group	
	2015 RM'000	2014 RM'000
Classified as doubtful	128	102
Classified as bad	927	1,294
	1,055	1,396

Other balances are neither past due nor impaired.

The movements in allowance for other losses are as follows:

	Group	
	2015 RM'000	2014 RM'000
At beginning of year	1,194	1,215
Write-back during the year, net	(354)	(21)
At end of year	840	1,194

6. FINANCIAL ASSETS HELD-FOR-TRADING

	Group	
	2015 RM'000	2014 RM'000
At fair value		
Money market instruments:		
Malaysian Government securities	-	110,172
Unquoted securities:		
Medium term notes	10,037	-
	10,037	110,172

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

7. FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

	Group 2015 RM'000	Group 2014 RM'000
At fair value		
Money market instruments:		
Malaysian Government securities	2,607,781	2,897,516
Malaysian Government investment certificates	2,723,129	2,575,869
Negotiable instruments of deposits	1,241,534	861,808
Bankers' acceptances	105,531	361,979
Khazanah bonds	194,349	186,734
	6,872,324	6,883,906
Quoted securities in Malaysia:		
Shares	22	22
Accumulated impairment	(11)	(11)
	11	11
Unquoted securities:		
Shares	141,651	145,505
	2,739,870	2,709,338
Debt securities and medium term notes	*2,979,271*	*2,951,962*
Accumulated impairment	*(239,401)*	*(242,624)*
	2,881,521	2,854,843
	9,753,856	9,738,760

The table below shows the movements in accumulated impairment during the financial year:

	2015 RM'000	2014 RM'000
At beginning of year	242,635	254,871
Write-back during the year	(1,759)	(12,236)
Write-off during the year	(1,464)	-
At end of year	239,412	242,635

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

8. FINANCIAL INVESTMENTS HELD-TO-MATURITY

	Group	
	2015 RM'000	2014 RM'000
At amortised cost		
Money market instruments:		
Malaysian Government securities	701,521	702,507
Malaysian Government investment certificates	423,739	434,574
Khazanah bonds	183,932	177,514
Unquoted securities:		
Debt securities	37,668	39,730
	1,346,860	1,354,325
Accumulated impairment	(27,825)	(34,203)
	1,319,035	1,320,122

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

	Group	
	2015 RM'000	2014 RM'000
At beginning of year	34,203	40,531
Write-back during the year	(4,969)	(6,328)
Write-off during the year	(1,409)	-
At end of year	27,825	34,203

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

9. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Derivative financial instruments are financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates, interest rates and security prices) of the underlying instruments. These instruments allow the Group and the banking customers to transfer, modify or reduce their foreign exchange and interest rate risk hedge relationships. The Group also transacts in these instruments for proprietary trading purposes. The risks associated with the use of derivative financial instruments, as well as management's policy for controlling these risks are set out in Note 40.

The table below shows the Group's derivative financial instruments as at the end of the financial year. The contractual or underlying notional amounts of these derivative financial instruments and their corresponding gross positive (derivative financial asset) and gross negative (derivative financial liability) fair values as at the end of the financial year are analysed below.

	2015			2014		
	Contract/ Notional	Fair Value		Contract/ Notional	Fair Value	
Group	**Amount RM'000**	**Assets RM'000**	**Liabilities RM'000**	**Amount RM'000**	**Assets RM'000**	**Liabilities RM'000**
Trading Derivative						
Foreign exchange contracts and commodity contracts:						
- Currency forwards	1,083,171	70,152	(5,529)	561,345	4,292	(2,955)
- Currency swaps	3,285,411	56,355	(86,421)	5,775,775	25,290	(42,115)
- Currency spots	219,795	347	(869)	190,557	254	(309)
- Currency options	307,337	1,562	(803)	388,046	2,125	(1,344)
- Gold options	-	-	-	7,878	32	(107)
Interest rate related contracts:						
- Interest rate swaps	3,645,000	4,044	(9,276)	2,645,000	6,814	(1,988)
Equity related contracts:						
- Options	36,240	-	(3,624)	57,582	870	(870)
Hedging Derivatives						
Interest rate related contracts:						
- Interest rate swaps	280,422	-	(8,702)	538,376	-	(15,186)
Total derivative assets/ (liabilities)	8,857,376	132,460	(115,224)	10,164,559	39,677	(64,874)

The Group use fair value hedges to protect against the changes in fair value of financial assets and financial liabilities for a structured deposit due to movements in market interest rates (Note 18(b)). There was no ineffectiveness to be recorded from their fair value hedge.

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10. LOANS, ADVANCES AND FINANCING

	Group 2015 RM'000	Group 2014 RM'000
Overdrafts	2,142,270	1,960,984
Term loans/financing		
- Housing loans/financing	14,257,710	12,576,157
- Syndicated term loans/financing	431,427	472,331
- Hire purchase receivables	1,564,527	1,219,366
- Other term loans/financing	11,751,901	9,721,105
Bills receivables	300,866	208,765
Trust receipts	182,437	153,840
Claims on customers under acceptance credits	2,567,211	2,513,103
Staff loans [include loans to Directors of a banking subsidiary of RM155,000 (2014: RM187,000)]	37,691	41,194
Credit/charge card receivables	653,068	601,297
Revolving credits	1,467,301	1,169,632
Share margin financing	1,566,703	1,561,622
Gross loans, advances and financing	36,923,112	32,199,396
Add: Sales commissions and handling fees	33,927	30,050
Less: Allowance for impaired loans, advances and financing		
- Individual assessment allowance	(56,303)	(97,159)
- Collective assessment allowance	(334,704)	(313,296)
Total net loans, advances and financing	36,566,032	31,818,991

(i) By maturity structure:

	Group 2015 RM'000	Group 2014 RM'000
Within one year	8,508,239	8,035,787
One year to three years	1,426,070	1,420,228
Three years to five years	1,825,760	1,685,425
Over five years	25,163,043	21,057,956
Gross loans, advances and financing	36,923,112	32,199,396

(ii) By type of customer:

	Group 2015 RM'000	Group 2014 RM'000
Domestic non-bank financial institutions	576,252	530,796
Domestic business enterprises		
- Small and medium enterprises	7,481,367	5,899,643
- Others	6,890,104	6,283,048
Government and statutory bodies	8,258	9,653
Individuals	20,866,962	18,426,080
Other domestic entities	215,146	231,066
Foreign entities	885,023	819,110
Gross loans, advances and financing	36,923,112	32,199,396

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10. LOANS, ADVANCES AND FINANCING (cont'd)

	Group 2015 RM'000	Group 2014 RM'000
(iii) By interest/profit rate sensitivity:		
Fixed rate		
- Housing loans/financing	57,528	70,535
- Hire purchase receivables	1,512,488	1,219,366
- Other fixed rate loans/financing	2,248,229	2,038,485
Variable rate		
- Base lending rate plus	26,582,088	22,831,752
- Base rate plus	29,334	-
- Cost plus	6,253,494	5,850,762
- Other variable rate loans/financing	239,951	188,496
Gross loans, advances and financing	36,923,112	32,199,396
(iv) By economic purposes:		
Purchase of securities	1,597,174	1,607,281
Purchase of transport vehicles	1,426,986	1,117,797
Purchase of landed property	21,587,935	18,098,160
of which: - Residential	*15,137,475*	*13,337,595*
- Non-residential	*6,450,460*	*4,760,565*
Purchase of fixed assets excluding land and buildings	209,585	155,410
Personal use	2,276,090	2,047,339
Credit card	653,068	601,297
Construction	564,122	436,317
Merger and acquisition	117,687	369,151
Working capital	6,623,099	6,379,804
Others	1,867,366	1,386,840
Gross loans, advances and financing	36,923,112	32,199,396
(v) By geographical distribution:		
Northern region	2,413,727	2,152,976
Central region	26,845,424	23,825,877
Southern region	4,246,477	3,389,910
Sabah region	2,634,948	2,346,894
Sarawak region	782,536	483,739
Gross loans, advances and financing	36,923,112	32,199,396

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

10. LOANS, ADVANCES AND FINANCING (cont'd)

		Group	
		2015 RM'000	2014 RM'000
(vi)	Movements in impaired loans, advances and financing ("impaired loans") are as follows:		
	At beginning of year	442,781	579,233
	Impaired during the year	688,569	555,392
	Reclassified as unimpaired during the year	(412,159)	(381,732)
	Recoveries	(235,458)	(225,534)
	Amount written off	(103,021)	(84,578)
	Gross impaired loans, advances and financing	380,712	442,781
	Individual allowance for impairment	(56,303)	(97,159)
	Collective allowance for impairment (impaired portion)	(102,533)	(109,070)
	Net impaired loans, advances and financing	221,876	236,552
	Gross impaired loans as % of gross loans, advances and financing	1.0%	1.4%
(vii)	Movements in the allowance for impairment on loans, advances, and financing are as follows:		
	Individual assessment allowance		
	At beginning of year	97,159	128,471
	Allowance made during the year, net	3,475	5,613
	Amount written off	(43,873)	(30,655)
	Transfer to collective assessment allowance, net	(458)	(6,270)
	At end of year	56,303	97,159
	Collective assessment allowance		
	At beginning of year	313,296	349,203
	Allowance made during the year, net	78,193	11,746
	Amount written off	(57,243)	(53,923)
	Transfers from individual assessment allowance, net	458	6,270
	At end of year	334,704	313,296

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

10. LOANS, ADVANCES AND FINANCING (cont'd)

		Group	
		2015 RM'000	2014 RM'000
(viii)	Impaired loans by economic purposes:		
	Purchase of securities	515	5,207
	Purchase of transport vehicles	8,263	9,765
	Purchase of landed property	255,939	254,194
	of which: - Residential	*233,894*	*222,781*
	- Non-residential	*22,045*	*31,413*
	Purchase of fixed assets excluding land and buildings	541	96
	Personal use	27,164	30,263
	Credit card	7,611	7,847
	Construction	3,979	7,225
	Working capital	58,158	92,830
	Others	18,542	35,354
	Gross impaired loans	380,712	442,781
(ix)	Impaired loans by geographical distribution:		
	Northern region	45,294	69,548
	Central region	267,873	304,328
	Southern region	37,759	34,124
	Sabah region	25,501	31,703
	Sarawak region	4,285	3,078
	Gross impaired loans	380,712	442,781

11. OTHER ASSETS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other receivables, deposits and prepayments (Note (a))	120,608	123,666	146	249
Trade receivables	49	46	-	-
Amount due from subsidiaries (Note (b))	-	-	1,038	1,972
Amount due from joint venture (Note (c))	534	-	-	-
	121,191	123,712	1,184	2,221
Less:				
Allowance for other receivables (Note (d))	(31,138)	(28,743)	-	-
Allowance for amount due from subsidiaries (Note (e))	-	-	-	(1,327)
	90,053	94,969	1,184	894

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11. OTHER ASSETS (cont'd)

Note:

(a) Other receivables, deposits and prepayments

Included in other receivables, deposits and prepayments of the Group is an amount of RM7,003,000 (2014: RM14,014,000) being the principal balance of housing loans and hire purchase loans acquired by the banking subsidiary from a state owned entity and which have been sold to Cagamas Berhad, with recourse obligations.

(b) Amounts due from subsidiaries

	Group	
	2015 RM'000	**2014 RM'000**
Non-interest bearing	1,038	1,972
Less: Allowance for impairment losses	-	(1,327)
	1,038	645

The amounts due from subsidiaries of RM1,038,000 (2014: RM1,972,000) are unsecured, interest-free and repayable upon demand.

(c) Amounts due from joint venture

	Group	
	2015 RM'000	**2014 RM'000**
Non-interest bearing	534	-

The amounts due from joint venture are unsecured, interest-free and repayable upon demand.

(d) Movements in allowance for other receivables of the Group:

	Group	
	2015 RM'000	**2014 RM'000**
At beginning of year	28,743	27,640
Allowance net of write-back	2,395	1,103
At end of year	31,138	28,743

(e) Movements in allowance for amount due from subsidiaries of the Company:

	Company	
	2015 RM'000	**2014 RM'000**
At beginning of year	1,327	2,740
Allowance net of write-back	(1,327)	(1,413)
At end of year	-	1,327

NOTES TO THE FINANCIAL STATEMENTS
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12. STATUTORY DEPOSITS

Statutory deposits comprise the following:

(a) Non-interest bearing statutory deposits of RM1,675,326,000 (2014: RM1,584,144,000) relating to the banking subsidiaries, maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009, the amounts of which are determined as a set percentage of total eligible liabilities.

(b) Interest bearing statutory deposits of RM100,000 (2014: RM100,000) relating to a subsidiary, Alliance Trustee Berhad which is maintained with the Accountant-General in compliance with Section 3(f) of the Trust Companies Act, 1949.

13. INVESTMENTS IN SUBSIDIARIES

	Company	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost	1,810,438	1,810,438
Employees' Share Scheme [Note (a)]	17,534	20,217
	1,827,972	1,830,655
Less: Accumulated impairment	(47,293)	(47,293)
	1,780,679	1,783,362

Note:

(a) This amount is in respect of the services rendered by the employees of the Company's subsidiaries, pursuant to the Employees' Share Scheme.

Details of the subsidiaries, which are incorporated in Malaysia, are as follows:

Name	Principal activities	Effective equity interest 2015 %	2014 %
Subsidiaries of the Company			
Alliance Bank Malaysia Berhad	Banking and finance business and the provision of related financial services	100	100
Hijauan Setiu Sdn. Bhd.	Investment holding	100	100
Setiu Integrated Resort Sdn. Bhd.	Investment holding	100	100
Pridunia Sdn. Bhd. (under members' voluntary winding up)	Dormant	100	100
Alliance Trustee Berhad	Trustee services	100	100
Kota Indrapura Development Corporation Berhad	Property holding	100	100

NOTES TO THE FINANCIAL STATEMENTS
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13. INVESTMENTS IN SUBSIDIARIES (cont'd)

Name	Principal activities	Effective equity interest 2015 %	Effective equity interest 2014 %
Subsidiaries of Alliance Bank Malaysia Berhad			
Alliance Investment Bank Berhad	Investment banking business including Islamic banking, provision of stockbroking services and related financial services	100	100
Alliance Islamic Bank Berhad	Islamic banking and the provision of related financial services	100	100
Alliance Direct Marketing Sdn. Bhd.	Dealing in sales and distribution of consumer and commercial banking products	100	100
AllianceGroup Nominees (Asing) Sdn. Bhd.	Nominee services	100	100
AllianceGroup Nominees (Tempatan) Sdn. Bhd.	Nominee services	100	100
Subsidiaries of Alliance Investment Bank Berhad			
AIBB Nominees (Tempatan) Sdn. Bhd.	Nominee services	100	100
AIBB Nominees (Asing) Sdn. Bhd.	Nominee services	100	100
ARSB Alliance Sdn. Bhd. (formerly known as Alliance Research Sdn. Bhd.)	Dormant	100	100
KLCS Sdn. Bhd.	Dormant	100	100
Alliance Investment Futures Sdn. Bhd. (under members' voluntary winding up)	Dormant	100	100
Rothputra Nominees (Tempatan) Sdn. Bhd. (under members' voluntary winding up)	Dormant	100	100
Unincorporated trust for ESS	Special purpose vehicle for ESS	-	-

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14. INVESTMENT IN JOINT VENTURE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unquoted shares				
At beginning of year	-	-	-	-
Acquired during the year	394	-	-	-
Employees' Share Scheme [Note (a)]	99	-	99	-
Share of post acquisition reserves	16	-	-	-
	509	-	99	-
Represented by:				
Group's share of net assets	410	-	99	-

Note:

(a) This amount is in respect of the services rendered by the employees of the Company's joint venture, pursuant to the Employees' Share Scheme.

Details of the joint venture, which is incorporated in Malaysia, is as follows:

Name	Principal activities	Effective equity interest 2015 %	Effective equity interest 2014 %
AllianceDBS Research Sdn. Bhd. (formerly known as HwangDBS Vickers Research Sdn. Bhd.)	Research and stock analysis	51	-

Investment in AllianceDBS Research Sdn. Bhd. ("ADBS") is accounted for as an investment in joint venture in accordancce with MFRS 128 "Investment in Associates and Joint Ventures" because both of the Group and the other joint venturer have joint control over the decision making of the entity.

NOTES TO THE FINANCIAL STATEMENTS

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14. INVESTMENT IN JOINT VENTURE (cont'd)

The equity accounting is accounted for on 6 May 2014 onwards, which is based on the acquisition date.

The summarised financial information of the joint venture are as follows:

	2015 RM'000
Assets and Liabilities	
Current assets	
Cash and short term funds	2,256
Other current assets	242
Total current assets	2,498
Non-current assets	440
Total assets	2,938
Current liabilities	
Other liabilities (non trade)	2,134
Total liabilities	2,134
Net assets	804
Revenue	6,069
Profit for the financial year/total comprehensive income for the financial year	31
The above profit includes the following:	
Depreciation and amortisation	(82)
Taxation	(10)
Reconciliation of summarised financial information:	
Net assets	
At acquisition date	773
Profit for the year	31
At the end of year	804
At 51% share of the equity interest of a joint venture	410
Employees' Share Scheme	99
Carrying value	509

The details of the acquisition are disclosed in Note 49 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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15. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land: 50 years or more RM'000	Leasehold land: Less than 50 years RM'000	Buildings RM'000	Renovations RM'000	Office equipment, furniture and fixture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
2015									
Cost									
At beginning of year	1,953	11,673	1,850	30,415	112,421	44,338	95,993	1,731	300,374
Additions	-	-	-	-	11,385	9,317	6,804	-	27,506
Disposals	-	-	-	-	-	(10)	(45)	(25)	(80)
Written off	-	-	-	-	(5,540)	(3,199)	(760)	-	(9,499)
At end of year	1,953	11,673	1,850	30,415	118,266	50,446	101,992	1,706	318,301
Accumulated Depreciation									
At beginning of year	-	2,650	931	10,017	84,782	29,552	79,344	465	207,741
Charge for the year	-	95	28	589	9,698	5,308	5,605	148	21,471
Disposals	-	-	-	-	-	(10)	(45)	(25)	(80)
Written off	-	-	-	-	(5,199)	(2,831)	(512)	-	(8,542)
At end of year	-	2,745	959	10,606	89,281	32,019	84,392	588	220,590
Net Carrying Amount	1,953	8,928	891	19,809	28,985	18,427	17,600	1,118	97,711

NOTES TO THE FINANCIAL STATEMENTS

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15. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land RM'000	Leasehold land: 50 years or more RM'000	Leasehold land: Less than 50 years RM'000	Buildings RM'000	Renovations RM'000	Office equipment, furniture and fixture RM'000	Computer equipment RM'000	Motor vehicles RM'000	Total RM'000
2014									
Cost									
At beginning of year	1,953	11,673	1,850	43,089	125,118	69,968	132,960	1,789	388,400
Additions	-	-	-	-	14,986	7,392	13,157	-	35,535
Disposals	-	-	-	(12,674)	(626)	(767)	(7)	(8)	(14,082)
Written off	-	-	-	-	(27,057)	(32,255)	(50,117)	(50)	(109,479)
At end of year	1,953	11,673	1,850	30,415	112,421	44,338	95,993	1,731	300,374
Accumulated Depreciation									
At beginning of year	-	2,580	878	12,786	101,919	57,506	123,871	375	299,915
Charge for the year	-	70	53	652	10,013	4,810	5,516	148	21,262
Disposals	-	-	-	(3,421)	(408)	(738)	(5)	(8)	(4,580)
Written off	-	-	-	-	(26,742)	(32,026)	(50,038)	(50)	(108,856)
At end of year	-	2,650	931	10,017	84,782	29,552	79,344	465	207,741
Accumulated Impairment									
At beginning/end of year	-	-	-	5,268	-	-	-	-	5,268
Disposals	-	-	-	(5,268)	-	-	-	-	(5,268)
At end of year	-	-	-	-	-	-	-	-	-
Net Carrying Amount	1,953	9,023	919	20,398	27,639	14,786	16,649	1,266	92,633

Included in property, plant and equipment of the Group are computer equipment under finance lease with a carrying amount of RM10,873,000 (2014: RM11,650,000). Details of the terms and conditions of the finance lease arrangement are disclosed in Note 23(b) to the financial statement.

NOTES TO THE FINANCIAL STATEMENTS
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15. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Computer equipment RM'000	Office equipment and furniture RM'000	Motor vehicles RM'000	Renovations RM'000	Total RM'000
2015					
Cost					
At beginning/end of year	251	422	500	621	1,794
Accumulated Depreciation					
At beginning of year	251	404	101	619	1,375
Charge for the year	-	9	42	-	51
At end of year	251	413	143	619	1,426
Net Carrying Amount	-	9	357	2	368
2014					
Cost					
At beginning of year	276	555	500	635	1,966
Additions	-	2	-	-	2
Written off	(25)	(135)	-	(14)	(174)
At end of year	251	422	500	621	1,794
Accumulated Depreciation					
At beginning of year	276	530	59	633	1,498
Charge for the year	-	9	42	-	51
Written off	(25)	(135)	-	(14)	(174)
At end of year	251	404	101	619	1,375
Net Carrying Amount	-	18	399	2	419

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16. INTANGIBLE ASSETS

	Group 2015 RM'000	Group 2014 RM'000
Goodwill		
Cost		
At beginning of year	301,997	302,042
Write-off arising from disposal of a subsidiary	-	(45)
At end of year	301,997	301,997
Accumulated Impairment:		
At beginning/end of year	(2,084)	(2,084)
Net Carrying Amount	299,913	299,913
Computer software		
Cost		
At beginning of year	164,328	220,634
Additions	25,662	17,130
Disposal	(18)	-
Written off/adjustment	(698)	(73,436)
At end of year	189,274	164,328
Accumulated Amortisation		
At beginning of year	(110,985)	(164,424)
Charge for the year	(18,325)	(19,621)
Disposal	18	-
Written off/adjustment	40	73,060
At end of year	(129,252)	(110,985)
Net Carrying Amount	60,022	53,343
Total carrying amount of goodwill and computer software	359,935	353,256

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

16. INTANGIBLE ASSETS (cont'd)

(a) Impairment test on goodwill

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. Goodwill has been allocated to the Group's cash-generating units ("CGU") that expected to benefit from the synergies of the acquisitions, identified according to the business segments as follows:

	Group	
	2015 RM'000	**2014 RM'000**
Business banking	100,822	100,822
Consumer banking	101,565	101,565
Financial markets	83,261	83,261
Corporate finance and equity capital market	1,838	1,838
Stock-broking business	12,427	12,427
	299,913	299,913

For annual impairment testing purposes, the recoverable amount of the CGUs, which are reportable business segments, are determined based on their value-in-use. The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budget and projections approved by management. The key assumptions for the computation of value-in-use include the discount rates, cash flow projection and growth rates applied are as follows:

(i) Discount rate

The discount rate are based on the pre-tax weighted average cost of capital plus an appropriate risk premium, that reflect specific risks relating to the Group. The pre-tax weighted average cost of capital is generally derived from an appropriate capital asset pricing model, which itself depends on inputs reflecting a number of financial and economic variables including the risk-free rate in the country. The discount rate for the respective CGU as follows:

	Group	
	2015 %	**2014 %**
Business banking	7.54	8.92
Consumer banking	7.54	8.97
Financial markets	7.54	9.61
Corporate finance and equity capital market	7.49	8.95
Stock-broking business	7.50	8.90

(ii) Cash flow projections and growth rate

Cash flow projections are based on five-year financial budget and projections approved by management. Cash flows beyond the fifth year are extrapolated in perpetuity using a terminal growth rate of 5.1% (2014: 5.1%) based on respective industry's average growth . Cash flows are extrapolated in perpetuity due to the long term perspective of these businesses within the Group.

Impairment is recognised in the statement of comprehensive income when the carrying amount of a CGU exceeds its recoverable amount. This annual impairment test review reveals that there was no evidence of impairment for the financial year.

The Group had reallocated the goodwill for Corporate Banking, Commercial Banking and Small and Medium Enterprise Banking into Business Banking CGU. This change is to align the segment assessment in accordance with reporting structure.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

16. INTANGIBLE ASSETS (cont'd)

(b) Sensitivity to changes in assumptions

Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the goodwill to exceed the recoverable amount of the CGU, which would warrant any impairment to be recognised.

17. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deferred tax assets, net	12,357	32,671	334	325
Deferred tax liabilities, net	(13,041)	(5,367)	-	-
	(684)	27,304	334	325

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
At beginning of year	27,304	(13,069)	325	302
Recognised in statements of comprehensive income	(660)	(715)	9	23
Recognised in other comprehensive income	(27,328)	41,088	-	-
At end of year	(684)	27,304	334	325

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deferred tax assets	41,389	42,306	345	330
Deferred tax liabilities	(42,073)	(15,002)	(11)	(5)
	(684)	27,304	334	325

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

17. DEFERRED TAX (cont'd)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deferred tax assets				
- to be recovered more than 12 months	10,976	10,365	-	-
- to be recovered within 12 months	30,413	31,941	345	330
	41,389	42,306	345	330
Deferred tax liabilities				
- to be settled more than 12 months	(40,996)	(8,673)	(11)	(4)
- to be settled within 12 months	(1,077)	(6,329)	-	(1)
	(42,073)	(15,002)	(11)	(5)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Group	Unabsorbed tax losses and capital allowances RM'000	Other temporary differences RM'000	Total RM'000
Deferred tax assets:			
At 31 March 2013	1,941	40,092	42,033
Recognised in statements of comprehensive income	2,358	(4,708)	(2,350)
At 31 March 2014	4,299	35,384	39,683
Recognised in statements of comprehensive income	(2,287)	3,993	1,706
At 31 March 2015	2,012	39,377	41,389

	Financial investments available-for-sale RM'000	Property, plant and equipment RM'000	Total RM'000
Deferred tax liabilities:			
At 31 March 2013	38,465	16,637	55,102
Recognised in statements of comprehensive income	-	(1,635)	(1,635)
Recognised in other comprehensive income	(41,088)	-	(41,088)
At 31 March 2014	(2,623)	15,002	12,379
Recognised in statements of comprehensive income	-	2,366	2,366
Recognised in other comprehensive income	27,328	-	27,328
At 31 March 2015	24,705	17,368	42,073

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31 March 2015

17. DEFERRED TAX (cont'd)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows (cont'd):

Company	Other temporary differences RM'000	Total RM'000
Deferred tax assets:		
At 31 March 2013	307	307
Recognised in statement of comprehensive income	23	23
At 31 March 2014	330	330
Recognised in statement of comprehensive income	15	15
At 31 March 2015	345	345

	Property, plant and equipment RM'000	Total RM'000
Deferred tax liabilities:		
At 31 March 2013/ 31 March 2014	5	5
Recognised in statement of comprehensive income	6	6
At 31 March 2015	11	11

As mentioned in Note 2 (t), the tax effects of unused tax losses which would give rise to deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. As of 31 March 2015, the estimated unused tax losses, the tax effects of which are not recognised in the financial statements due to uncertainty of their realisation, is as follows:

	Group	
	31 March 2015	31 March 2014
Deferred tax assets of the Group have not been recognised in respect of:		
Unabsorbed tax losses	496	649

The carried forward unused tax losses are subject to the agreement of the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

18. DEPOSITS FROM CUSTOMERS

	Group 2015 RM'000	Group 2014 RM'000
Amortised cost		
Demand deposits	13,222,335	11,559,004
Savings deposits	1,767,621	1,763,153
Fixed/investment deposits	21,049,678	18,637,176
Money market deposits	4,171,150	3,211,369
Negotiable instruments of deposits	4,001,934	3,737,784
Structure deposits	330,602	328,591
	44,543,320	39,237,077
At fair value through profit and loss		
Structured deposits	63,495	-
	44,606,815	39,237,077

Note:

(a) Structured deposits issued by the Group include foreign currency time deposits with embedded foreign exchange, gold commodity, equity linked options and interest rate index linked placements.

(b) The Group has undertaken a fair value hedge on the interest rate risk of certain structured deposits amounting to RM281,371,000 (2014: RM269,952,000) using interest rate swaps.

	Group 2015 RM'000	Group 2014 RM'000
Structured deposits	281,371	269,952
Fair value changes arising from fair value hedges	(8,702)	(15,186)
	272,669	254,766

The fair value gain of the interest rate swap in this hedge transaction as at financial year ended 31 March 2015 was RM8,702,000 (2014: RM15,186,000). There were no ineffectiveness.

(C) During the financial year, the Group designated certain structured deposits at fair value through profit or loss. This designation is permitted under MFRS 139 “Financial Instruments: Recognition and Measurement” as it includes embedded derivatives that are not closely related to its underlying deposits. The structured deposits are recorded at fair value. The carrying amount of the structured deposits were RM3,479,000 lower than the contractual amount at maturity.

	Group 2015 RM'000	Group 2014 RM'000
Structured deposits	67,232	-
Fair value changes arising from designation at fair value through profit or loss	(3,737)	-
	63,495	-

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

18. DEPOSITS FROM CUSTOMERS (cont'd)

(i) The maturity structure of fixed/investment deposits, money market deposits and negotiable instruments of deposits are as follows:

	Group	
	2015 RM'000	2014 RM'000
Due within six months	24,011,868	20,059,225
Six months to one year	5,156,361	5,458,515
One year to three years	48,134	59,470
Three years to five years	6,399	9,119
	29,222,762	25,586,329

(ii) The deposits are sourced from the following types of customers:

	Group	
	2015 RM'000	2014 RM'000
Domestic financial institutions	4,057,149	3,868,358
Domestic non-bank financial institutions	4,443,347	2,230,725
Government and statutory bodies	2,998,668	3,016,502
Business enterprises	14,134,110	11,577,166
Individuals	17,906,583	17,564,502
Foreign entities	591,360	491,440
Others	475,598	488,384
	44,606,815	39,237,077

19. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group	
	2015 RM'000	2014 RM'000
Licensed banks	852,198	1,998,196
Licensed investment banks	-	351,649
Licensed Islamic banks	200,020	145,017
Bank Negara Malaysia	437,557	464,487
Other financial institutions	-	100,008
	1,489,775	3,059,357

NOTES TO THE FINANCIAL STATEMENTS
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20. BALANCES DUE TO CLIENTS AND BROKERS

	Group	
	2015 RM'000	2014 RM'000
Due to clients	62,833	22,623
Due to brokers	-	22,211
	62,833	44,834

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 RM78,850,000 (2014: RM128,020,000) have been excluded accordingly.

21. BILLS AND ACCEPTANCES PAYABLE

Bills and acceptances payable represents the Group's own bills and acceptances rediscounted and outstanding in the market.

22. AMOUNT DUE TO CAGAMAS BERHAD

This relates to proceeds received from conventional housing loans and hire purchase loans sold directly to Cagamas Berhad with recourse to the Group. Under the agreement, the Group undertakes to administer the loans on behalf of Cagamas Berhad and to buy back any loans which are regarded as defective based on pre-determined and agreed upon prudential criteria set by Cagamas Berhad.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

23. OTHER LIABILITIES

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Other payable and accruals	902,991	827,023	1,660	1,557
Remiser's accounts	21,305	20,950	-	-
Amount due to subsidiaries [Note (a)]	-	-	339	290
Finance lease liabilities [Note (b)]	10,299	11,650	-	-
	934,595	859,623	1,999	1,847

Note:

(a) The amount due to subsidiaries are unsecured, interest-free and repayable upon demand.

(b) Finance lease liabilities of the Group are payable as follows:

Group	Future minimum lease payments RM'000	Future finance charges RM'000	Present value of finance lease liabilities RM'000
2015			
Within one year	2,780	605	2,175
One year to five years	9,035	911	8,124
	11,815	1,516	10,299
2014			
Within one year	2,085	734	1,351
One year to five years	11,120	1,508	9,612
Over five years	694	7	687
	13,899	2,249	11,650

The Group leases computer equipment under finance lease. At the end of the lease term, the Group has the option to acquire the assets at a nominal price deemed to be a bargain purchase option. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

24. SUBORDINATED OBLIGATIONS

	Group	
	2015 RM'000	2014 RM'000
Tier - 2 Subordinated Medium Term Notes	613,267	612,718
At cost	600,000	600,000
Accumulated unamortised discount	(598)	(1,147)
Interest accrued	13,865	13,865
	613,267	612,718

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

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

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

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

The main features of the Subordinated Notes are as follows:

(i) Issue date : 8 April 2011

(ii) Tenure of the facility/issue : 10 years from the issue date and callable five (5) years after the issue date.

(iii) Maturity date : 8 April 2021

(iv) Interest rate/coupon : 4.82% per annum, payable semi-annually in arrears.

(v) Redemption option : The issuer may, at its option, redeem the Subordinated Notes at any coupon payment date on or after five (5) years from the issue date. The redemption amount will be at an amount equal to 100% of the principal amount together with accrued but unpaid coupon (if any) relating to the then current interest period (if any) up to (and excluding) the date on which the Subordinated Notes are redeemed.

(vi) The Subordinated Notes will constitute direct and unsecured obligations of the issuer, subordinated in right and priority of payment, to the extent and in the manner provided in the Subordinated Notes, ranking pari passu among themselves.

(vii) In the event of winding up or liquidation of the issuer, be subordinated in right of payment to all deposit liabilities and other liabilities of the issuer, except in each case to those liabilities which by their terms rank equally in right of payment or which are subordinated to the Subordinated Notes.

NOTES TO THE FINANCIAL STATEMENTS

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25. SHARE CAPITAL

	Group/Company	
	2015 RM'000	2014 RM'000
Authorised		
2,000,000,000 ordinary shares of RM1 each	2,000,000	2,000,000
Issued and fully paid		
Ordinary shares:		
At 1 April/31 March		
1,548,106,000 ordinary shares of RM1 each	1,548,106	1,548,106

26. RESERVES

		Group	
	Note	2015 RM'000	2014 RM'000
Non-distributable:			
Statutory reserve	(a)	827,627	687,017
Capital reserve	(b)	7,013	7,013
Revaluation reserve	(c)	78,232	7,071
Employees' share scheme ("ESS") reserve	(d)	11,944	18,912
Share premium		304,289	304,289
		1,229,105	1,024,302
Distributable:			
Retained profits	(e)	1,804,615	1,705,871
		3,033,720	2,730,173

	Company	
	2015 RM'000	2014 RM'000
Non-distributable:		
Employees' share scheme reserve	11,944	18,912
Share premium	304,289	304,289
	316,233	323,201
Distributable:		
Retained profits	78,150	41,954
	394,383	365,155

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

26. RESERVES (cont'd)

Note:

(a) The statutory reserve is maintained in compliance with Section 47(2)(f) of the Financial Services Act, 2013 ("FSA") and Section 57(2)(f) of the Islamic Financial Services Act, 2013 ("IFSA") which requires a banking institution to maintain a reserve fund and minimum capital funds at all times. The reserve fund is not distributable as dividends.

(b) The capital reserve is in respect of retained profit capitalised for a bonus issue by a subsidiary company.

(c) The revaluation reserve is in respect of unrealised fair value gains and losses on financial investments available-for-sale.

(d) The employees' share scheme reserve relates to the equity-settled share options/grants to Directors and employees. This reserve is made up of the estimated fair value of the share options/share grants based on the cumulative services received from Directors and employees over the vesting period.

(e) Prior to 1 January 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act, 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). Companies which have no credit balance in the Section 108 account (under the Income Tax Act, 1967) on 1 January 2008 will automatically be moved to the single tier system.

Effective 1 January 2014, dividend paid by the Company is now under single tier system.

27. SHARES HELD FOR EMPLOYEES' SHARE SCHEME

A trust has been established for the ESS and is administrated by an appointed trustee. The Trustee will be entitled from time to time to accept financial assistance from the Company upon such terms and conditions as stipulated in the Trust Deed dated 3 December 2007 and the Trustee may purchase the Company's shares from the open market for the purpose of the ESS. The Trustee shall refrain from exercising any voting rights attached to these shares. In accordance with MFRS 132 Financial Instruments: Presentation, the share purchased for the benefit of the ESS are recorded as "Share Held for ESS" in the equity on the statement of financial position.

During the financial year ended 31 March 2015, the Trustee of the ESS had not purchased any shares in the Company from the open market (2014: Purchased 9,781,100 ordinary shares of RM1.00 each from the open market at an average price RM4.86 per share. The total consideration for the purchase including transaction costs was RM47,499,822).

In the financial year ended 31 March 2015, 6,994,750 shares (2014: 3,604,050) have been vested and transferred from the Trustee to the eligible employees of the Company and its subsidiaries in accordance with the terms under the Share Grant Plan and Share Option Plan of the ESS. As at 31 March 2015, the Trustee of the ESS held 24,877,900 (2014: 31,872,650) ordinary shares representing 1.61% (2.06%) of the issued and paid-up capital of the Company.

28. EMPLOYEES' SHARE SCHEME ("ESS")

The Alliance Financial Group Berhad Employees' Share Scheme ("ESS") is governed by the Bye-Laws approved by the shareholders at an Extraordinary General Meeting held on 28 August 2007. The ESS which comprises of the Share Option Plan, the Share Grant Plan and the Share Save Plan took effect on 3 December 2007 and is in force for a period of 10 years.

There were no share options offered under the Share Option Plan and Share Save Plan during the current financial year.

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28. EMPLOYEES' SHARE SCHEME ("ESS") (cont'd)

The salient features of the ESS are as follows:

(i) The AFG Bhd ESS is implemented and administered by the Employees' Share Participating Scheme Committee ("ESPS Committee") in accordance with the Bye-Laws.

(ii) The total number of shares which may be available under the ESS shall not exceed in aggregate 10% of the total issued and paid-up share capital of the Company at any one time during the existence of the ESS and out of which not more than 50% of the shares available under the ESS shall be allocated, in aggregate, to Directors and senior management. In addition, not more than 10% of the shares available under the ESS shall be allocated to any individual Director or employee who, either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up capital of the Company.

(iii) The subscription price for each share under the Share Option Plan, Share Grant Plan and Share Save Plan may be at a discount (as determined by the ESPS Committee or such other pricing mechanism as may from time to time be permitted by Bursa Malaysia Securities Berhad or such other relevant regulatory authorities), provided that the discount shall not be more than 10% from the 5-day weighted average market price of the shares of the Company transacted on Bursa Malaysia Securities Berhad immediately preceding the date on which an offer is made or at par value of the shares, whichever is higher.

(iv) The ESPS Committee may at its discretion offer to any Director or employee of a corporation in the Group to participate in the ESS if the Director or employee:

(a) has attained the age of 18 years;

(b) in the case of a Director, is on the board of directors of a corporation in the Group;

(c) in the case of an employee, is employed by a corporation in the Group; and

(d) is not a participant of any other employee share option scheme implemented by any other corporation within the Group which is in force for the time being.

provided that the non-executive directors of the Group who are not employed by a corporation in the Group shall not be eligible to participate in the Share Save Plan.

(v) Under the Share Option Plan and Share Grant Plan, the ESPS Committee may stipulate the performance targets, performance period, value and/or other conditions deemed appropriate.

(vi) Under the Share Save Plan, the ESPS Committee may at its discretion offer Share Save Option(s) to any employees of the Group to subscribe for the shares of the Company and the employee shall authorise deductions to be made from his/her salary.

(vii) The Company may decide to satisfy the exercise of options/awards of shares under the ESS through the issue of new shares, transfer of existing shares or a combination of both new and existing shares of the Company.

(viii) The Company may appoint or authorise the Trustee of the ESS to acquire the Company's shares from the open market to give effect to the ESS.

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28. EMPLOYEES' SHARE SCHEME ("ESS") (cont'd)

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options/grants during the financial year:

Group 2015	Share Options Number of Share Options					Share Grants Number of Share Grants				
	At beginning of year '000	Offered/ awarded '000	Vested/ exercised '000	Lapsed '000	At end of year '000	At beginning of year '000	Offered/ awarded '000	Vested '000	Lapsed '000	At end of year '000
2012 Share Scheme	6,251	-	(4,397)	(1,854)	-	672	-	(644)	(28)	-
2013 Share Scheme (1st grant)	10,627	-	(1,063)	(2,084)	7,480	1,375	-	(799)	(94)	482
2013 Share Scheme (2nd grant)	1,050	-	-	-	1,050	74	-	(37)	-	37
2014 Share Scheme	13,700	-	(1,047)	(2,323)	10,330	1,208	-	(621)	(53)	534
2015 Share Scheme (1st grant)	-	-	-	-	-	-	2,125	(122)	(92)	1,911
2015 Share Scheme (2nd grant)	-	-	-	-	-	-	34	-	-	34
	31,628	-	(6,507)	(6,261)	18,860	3,329	2,159	(2,223)	(267)	2,998
WAEP (RM)	4.59	-	3.97	4.45	4.85					

2014	Share Options Number of Share Options					Share Grants Number of Share Grants				
	At beginning of year '000	Offered/ awarded '000	Vested/ exercised '000	Lapsed '000	At end of year '000	At beginning of year '000	Offered/ awarded '000	Vested '000	Lapsed '000	At end of year '000
2011 Share Scheme	4,017	-	(3,820)	(197)	-	544	-	(517)	(27)	-
2012 Share Scheme	7,514	-	(384)	(879)	6,251	1,589	-	(814)	(103)	672
2013 Share Scheme (1st grant)	12,262	-	(207)	(1,428)	10,627	1,580	-	(36)	(169)	1,375
2013 Share Scheme (2nd grant)	1,050	-	-	-	1,050	74	-	-	-	74
2014 Share Scheme	-	14,885	(73)	(1,112)	13,700	-	1,286	(13)	(65)	1,208
	24,843	14,885	(4,484)	(3,616)	31,628	3,787	1,286	(1,380)	(364)	3,329
WAEP (RM)	3.85	5.36	3.27	4.36	4.59					

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

28. EMPLOYEES' SHARE SCHEME ("ESS") (cont'd)

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options/grants during the financial year (cont'd):

Company 2015	Share Options Number of Share Options					Share Grants Number of Share Grants				
	At beginning of year '000	Offered/ awarded '000	Vested/ exercised '000	Lapsed '000	At end of year '000	At beginning of year '000	Offered/ awarded '000	Vested '000	Lapsed '000	At end of year '000
2012 Share Scheme	211	-	(154)	(57)	-	17	-	(17)	-	-
2013 Share Scheme (1st grant)	301	-	-	-	301	33	-	(17)	-	16
2014 Share Scheme	399	-	-	-	399	30	-	(10)	-	20
2015 Share Scheme (1st grant)	-	-	-	-	-	-	59	-	-	59
	911	-	(154)	(57)	700	80	59	(44)	-	95
WAEP (RM)	4.57	-	3.58	3.58	4.87					

2014	Share Options Number of Share Options					Share Grants Number of Share Grants				
	At beginning of year '000	Offered/ awarded '000	Vested/ exercised '000	Lapsed '000	At end of year '000	At beginning of year '000	Offered/ awarded '000	Vested '000	Lapsed '000	At end of year '000
2011 Share Scheme	85	-	(85)	-	-	10	-	(10)	-	-
2012 Share Scheme	211	-	-	-	211	35	-	(18)	-	17
2013 Share Scheme (1st grant)	301	-	-	-	301	33	-	-	-	33
2014 Share Scheme	-	399	-	-	399	-	30	-	-	30
	597	399	(85)	-	911	78	30	(28)	-	80
WAEP (RM)	3.84	5.36	3.15	-	4.57					

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

28. EMPLOYEES' SHARE SCHEME ("ESS") (cont'd)

(a) Details of share options/grants at the end of financial year:

	WAEP RM	Exercise Period
2011 Share Options	3.15	23.09.2013 - 23.09.2017
2012 Share Options	3.58	22.07.2014 - 22.07.2017
2013 Share Options (1st grant)	4.22	06.07.2015 - 06.07.2017
2013 Share Options (2nd grant)	4.25	31.01.2016 - 31.01.2017
2014 Share Options	5.36	16.08.2016 - 16.08.2017

		Vesting Dates
2011 Share Grants	- First 50% of the share grants	23.09.2012
	- Second 50% of the share grants	23.09.2013
2012 Share Grants	- First 50% of the share grants	22.07.2013
	- Second 50% of the share grants	22.07.2014
2013 Share Grants (1st grant)	- First 50% of the share grants	06.07.2014
	- Second 50% of the share grants	06.07.2015
2013 Share Grants (2nd grant)	- First 50% of the share grants	31.01.2015
	- Second 50% of the share grants	31.01.2016
2014 Share Grants	- First 33.3% of the share grants	16.08.2014
	- Second 33.3% of the share grants	16.08.2015
	- Third 33.4% of the share grants	16.08.2016
2015 Share Grants (1st grant)	- First 33.3% of the share grants	23.06.2015
	- Second 33.3% of the share grants	23.06.2016
	- Third 33.4% of the share grants	23.06.2017
2015 Share Grants (2nd grant)	- First 33.3% of the share grants	26.01.2016
	- Second 33.3% of the share grants	26.01.2017
	- Third 33.4% of the share grants	26.11.2017

(b) Allocation of shares options/grants to Executive Directors and senior management of the Group:

(i) The aggregate maximum allocation of shares options/grants to Executive Directors and senior management of the Group during the financial year and since commencement of the ESS is 50% of shares available under the ESS.

(ii) The actual percentage allocation of share grants to Executive Directors and senior management is 42.8% as at 31 March 2015. As for financial year ended 31 March 2014, the actual allocation of share options/grants to Executive Directors and senior management was 48.2%.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

28. EMPLOYEES' SHARE SCHEME ("ESS") (cont'd)

(c) Fair value of share options/share grants offered/awarded:

The fair value of share options/share grants under the Share Option Plan and the Share Grant Plan during the financial year was estimated by an external valuer using a binomial model, taking into account the terms and conditions upon which the share options/ share grants were offered/awarded. The rates are based on observable prices. The fair value of share options and share grants measured at offer/award date and the assumptions are as follows:

	Share Options				
	2011	2012	2013 (1st grant)	2013 (2nd grant)	2014
Fair value of the shares as at grant date,					
- 23 September 2010 (RM)	0.8980	-	-	-	-
- 22 July 2011 (RM)	-	0.8790	-	-	-
- 06 July 2012 (RM)	-	-	0.6900	-	-
- 31 January 2013 (RM)	-	-	-	0.5000	-
- 16 August 2013 (RM)	-	-	-	-	0.7200
Weighted average share price (RM)	3.1300	3.7200	4.2200	4.2500	5.3600
Weighted average exercise price (RM)	3.1480	3.5800	4.2200	4.2500	5.3600
Expected volatility (%)	0.3115	0.2977	0.2345	0.2019	0.2084
Expected life (years)	7	6	5	4	4
Risk free rate (%)	2.92 to 4.04	2.93 to 4.18	2.96 to 3.97	2.99 to 3.90	3.09 to 3.83
Expected dividend yield (%)	1.78	3.08	3.46	3.51	3.90

	Share Grants					
	2012	2013 (1st grant)	2013 (2nd grant)	2014	2015 (1st grant)	2015 (2nd grant)
Fair value of the shares as at grant date,						
- 22 July 2011 (RM)	3.4405	-	-	-	-	-
- 06 July 2012 (RM)	-	3.8000	-	-	-	-
- 31 January 2013 (RM)	-	-	3.8200	-	-	-
- 16 August 2013 (RM)	-	-	-	4.7700	-	-
- 23 June 2014 (RM)	-	-	-	-	4.3400	-
- 26 January 2015 (RM)	-	-	-	-	-	4.3500
Weighted average share price (RM)	3.7200	4.2200	4.2500	5.3600	4.7400	4.7430
Expected volatility (%)	0.2977	0.2345	0.2019	0.2084	0.2418	0.1884
Risk free rate (%)	2.93 to 4.18	2.96 to 3.97	2.99 to 3.90	3.09 to 3.83	3.17 to 4.43	3.36 to 4.39
Expected dividend yield (%)	3.08	3.46	3.51	3.90	4.36	4.31

The expected life of the share options is based on the exercisable period of the share options and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the share options/share grants were incorporated into the measurement of fair value.

The risk-free rate is employed using a range of risk-free rates for Malaysian Government Securities ("MGS") tenure from 1-year to 20-year MGS.

NOTES TO THE FINANCIAL STATEMENTS

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29. INTEREST INCOME

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Loans, advances and financing	1,330,504	1,186,571	-	-
Money at call and deposit placements with financial institutions	25,402	9,416	2,075	2,140
Financial assets held-for-trading	428	1,539	-	-
Financial investments available-for-sale	315,183	302,038	-	-
Financial investments held-to-maturity	26,908	19,791	-	-
Others	11,047	5,500	-	-
	1,709,472	1,524,855	2,075	2,140
Accretion of discount less amortisation of premium	62,935	76,491	-	-
	1,772,407	1,601,346	2,075	2,140

30. INTEREST EXPENSE

	Group	
	2015 RM'000	2014 RM'000
Deposits and placements of banks and other financial institutions	74,748	65,271
Deposits from customers	830,414	716,720
Subordinated obligations	29,470	29,444
Others	17,186	11,276
	951,818	822,711

31. NET INCOME FROM ISLAMIC BANKING BUSINESS

	Group	
	2015 RM'000	2014 RM'000
Income derived from investment of depositors' funds and others	364,828	302,186
Income derived from investment of Islamic Banking funds	33,641	31,783
Income attributable to depositors and financial institutions	(201,714)	(152,677)
	196,755	181,292
Add: Income due to head office eliminated at Group level	28,302	29,625
	225,057	210,917

Note:

Net income from Islamic banking business comprises income generated from both Alliance Islamic Bank Berhad ("AIS") and Islamic banking business currently residing in Alliance Investment Bank Berhad ("AIBB"). Both AIS and AIBB are wholly-owned subsidiaries of Alliance Bank Malaysia Berhad, which in turn is a wholly owned subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

32. OTHER OPERATING INCOME

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(a) Fee and commission income:				
Commissions	78,212	77,723	-	-
Service charges and fees	31,752	30,446	-	-
Portfolio management fees	29	32	-	-
Corporate advisory fees	762	1,313	-	-
Underwriting commissions	526	910	-	-
Brokerage fees	39,476	32,347	-	-
Guarantee fees	13,195	11,685	-	-
Processing fees	15,588	14,039	-	-
Commitment fees	15,214	14,662	-	-
Other fee income	114,542	130,855	-	-
	309,296	314,012	-	-
(b) Fee and commission expense:				
Commissions expense	(2,275)	(1,474)	-	-
Brokerage fees expense	(19,328)	(16,120)	-	-
Guarantee fees expense	(737)	(626)	-	-
Other fee expense	(91,309)	(85,658)	-	-
	(113,649)	(103,878)	-	-
(c) Investment income:				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	873	(450)	-	-
- Financial investments available-for-sale	14,977	38,986	-	-
- Financial investments held-to-maturity	-	3,742	-	-
Marked-to-market revaluation of:				
- Financial assets held-for-trading	33	(142)	-	-
- Derivative financial instruments	36,249	(15,007)	-	-
- Unrealised gain arising from financial liabilities designated at fair value	3,737	-	-	-
Realised gain on derivative financial instruments	28,782	71,399	-	-
Gross dividend income from:				
- Financial investments available-for-sale	2,179	5,430	-	-
- Subsidiary	-	-	326,013	411,315
	86,830	103,958	326,013	411,315

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

32. OTHER OPERATING INCOME (cont'd)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(d) Other income:				
Foreign exchange gain	4,628	19,877	-	-
Gain/(loss) on disposal of property, plant and equipment	2	(58)	-	-
Gain on disposal of non-current assets held for sale	21,605	-	-	-
Gain from disposal of a subsidiary	-	1,169	-	-
Others	28,631	24,332	2,937	2,576
	54,866	45,320	2,937	2,576
Total other operating income	337,343	359,412	328,950	413,891

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

33. OTHER OPERATING EXPENSES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Personnel costs				
- Salaries, allowances and bonuses	298,387	292,626	569	1,599
- Contribution to EPF	50,259	48,672	98	322
- Share options/grants under ESS	6,017	10,589	150	298
- Others	48,795	47,201	141	272
	403,458	399,088	958	2,491
Establishment costs				
- Depreciation of property, plant and equipment	21,471	21,262	51	51
- Amortisation of computer software	18,325	19,621	-	-
- Rental of premises	28,177	28,089	229	72
- Water and electricity	9,108	7,371	4	9
- Repairs and maintenance	11,451	10,374	49	87
- Information technology expenses	38,792	45,307	2	3
- Others	16,891	14,255	186	7
	144,215	146,279	521	229
Marketing expenses				
- Promotion and advertisement	7,239	8,602	-	-
- Branding and publicity	18,266	10,318	-	-
- Others	7,746	5,002	-	-
	33,251	23,922	-	-
Administration and general expenses				
- Communication expenses	14,105	11,540	23	3
- Printing and stationery	4,200	3,859	2	7
- Insurance	10,499	9,235	11	-
- Professional fees	18,188	22,739	186	127
- Others	19,006	11,499	1,416	1,626
	65,998	58,872	1,638	1,763
Total other operating expenses	646,922	628,161	3,117	4,483

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

33. OTHER OPERATING EXPENSES (cont'd)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Included in the other operating expenses are the following:				
Auditors' remuneration [Note (a)]	3,148	1,875	105	106
Hire of equipment	5,042	3,942	-	-
Property, plant and equipment written off	957	622	-	-
Computer software written off	658	11	-	-
(a) Auditors' remuneration				
Statutory audit fee	1,074	1,030	58	55
- under provision in prior year	170	-	-	-
Audit related services	638	627	36	36
Tax compliance work	100	95	11	10
Tax related services	1,166	118	-	-
Other services	-	5	-	5
Total	3,148	1,875	105	106
(b) CEOs and Directors' remuneration				
Directors of the Company:				
Non-Executive Directors				
- Allowances	1,222	897	455	332
- Fees	1,621	1,470	660	600
- Benefits-in-kind	62	62	38	38
	2,905	2,429	1,153	970
CEOs and Directors of Subsidiaries:				
Chief Executive Officers				
- Salaries and allowances	2,004	3,995	-	-
- Bonuses	475	2,750	-	-
- Contribution to EPF	383	1,064	-	-
- Share options/grants under ESS	199	2,122	-	-
- Benefits-in-kind	-	92	-	-
	3,061	10,023	-	-
Non-Executive Directors				
- Allowances	217	157	-	-
- Fees	350	286	-	-
	567	443	-	-
	6,533	12,895	1,153	970

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

33. OTHER OPERATING EXPENSES (cont'd)

(b) CEOs and Directors' remuneration (cont'd)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
CEOs and Directors of Subsidiaries (cont'd)				
Past CEO and Directors				
- Salaries and allowances including meeting allowance	1,434	18	-	-
- Bonuses	1,250	-	-	-
- Fees	-	60	-	-
- Contribution to EPF	829	-	-	-
- Share options/grants under ESS	2,003	-	-	-
- Benefits-in-kind	27	-	-	-
	5,543	78	-	-
Total	12,076	12,973	1,153	970
Total CEOs and Directors' remuneration excluding benefits-in-kind	11,987	12,819	1,115	932

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

33. OTHER OPERATING EXPENSES (cont'd)

(b) CEOs and Directors' remuneration (cont'd)

The total remuneration (including benefit-in-kind) of the CEOs and Directors of the Group are as follows:

Group 2015	Salary and other remuneration RM'000	Bonuses RM'000	Contribution to EPF RM'000	Fees RM'000	Allowances RM'000	Share options grants under ESS RM'000	Benefits-in-kind RM'000	Total RM'000
CEOs and Directors of Subsidiaries:								
Joel Kornreich	516	-	80	-	-	-	-	596
Mahesh s/o Shri Pranlal Rupawalla	907	250	185	-	-	-	-	1,342
Foziakhatoon Binti Amanulla Khan	581	225	118	-	-	199	-	1,123
	2,004	475	383	-	-	199	-	3,061
Non-executive Directors of Company:								
Datuk Oh Chong Peng	-	-	-	176	74	-	31	281
Dato' Thomas Mun Lung Lee	-	-	-	363	138	-	31	532
Stephen Geh Sim Whye	-	-	-	88	74	-	-	162
Tan Yuen Fah	-	-	-	146	98	-	-	244
Megat Dziauddin Bin Megat Mahmud	-	-	-	344	191	-	-	535
Lee Ah Boon	-	-	-	146	144	-	-	290
Ou Shian Waei	-	-	-	146	208	-	-	354
Kung Beng Hong	-	-	-	212	295	-	-	507
	-	-	-	1,621	1,222	-	62	2,905
Non-executive Directors of Subsidiaries:								
Kuah Hun Liang	-	-	-	146	92	-	-	238
Dr. Abdul Rahman bin Awang	-	-	-	66	57	-	-	123
Md. Ali bin Md. Sarif	-	-	-	66	55	-	-	121
Dato' Majid Bin Mohamad	-	-	-	72	13	-	-	85
	-	-	-	350	217	-	-	567
Past Chief Executive Officers:								
Sng Seow Wah	1,434	1,250	829	-	-	2,003	27	5,543
	1,434	1,250	829	-	-	2,003	27	5,543
Total Directors' remuneration	3,438	1,725	1,212	1,971	1,439	2,202	89	12,076

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

33. OTHER OPERATING EXPENSES (cont'd)

(b) CEOs and Directors' remuneration (cont'd)

The total remuneration (including benefit-in-kind) of the CEOs and Directors of the Group are as follows (cont'd):

Group 2014	Salary and other remuneration RM'000	Bonuses RM'000	Contribution to EPF RM'000	Fees RM'000	Allowances RM'000	Share options grants under ESS RM'000	Benefits-in-kind RM'000	Total RM'000
CEOs and Directors of Subsidiaries:								
Sng Seow Wah	2,521	2,500	803	-	-	1,924	90	7,838
Mohammed Rafidz Bin Ahmed Rasiddi	933	-	146	-	-	108	2	1,189
Foziakhatoon Binti Amanulla Khan	541	250	115	-	-	90	-	996
	3,995	2,750	1,064	-	-	2,122	92	10,023
Non-executive Directors of the Company:								
Datuk Oh Chong Peng	-	-	-	160	46	-	31	237
Dato' Thomas Mun Lung Lee	-	-	-	330	96	-	31	457
Stephen Geh Sim Whye	-	-	-	80	53	-	-	133
Tan Yuen Fah	-	-	-	132	74	-	-	206
Megat Dziauddin Bin Megat Mahmud	-	-	-	312	144	-	-	456
Lee Ah Boon	-	-	-	132	98	-	-	230
Ou Shian Waei	-	-	-	132	154	-	-	286
Kung Beng Hong	-	-	-	192	232	-	-	424
	-	-	-	1,470	897	-	62	2,429
Non-executive Directors of Subsidiaries:								
Kuah Hun Liang	-	-	-	132	61	-	-	193
Dr. Abdul Rahman bin Awang	-	-	-	60	46	-	-	106
Md. Ali bin Md. Sarif	-	-	-	60	45	-	-	105
Dato' Majid Bin Mohamad	-	-	-	34	5	-	-	39
	-	-	-	286	157	-	-	443
Past Directors:								
Zakaria bin Abd Hamid	-	-	-	60	18	-	-	78
	-	-	-	60	18	-	-	78
Total Directors' remuneration	3,995	2,750	1,064	1,816	1,072	2,122	154	12,973

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

33. OTHER OPERATING EXPENSES (cont'd)

(b) CEOs and Directors' remuneration (cont'd)

The total remuneration (including benefit-in-kind) of the Directors of the Company are as follows:

Company 2015	Salary and other remuneration RM'000	Bonuses RM'000	Contribution to EPF RM'000	Fees RM'000	Allowances RM'000	Share options grants under ESS RM'000	Benefits-in-kind RM'000	Total RM'000
Non-executive Directors:								
Datuk Oh Chong Peng	-	-	-	176	74	-	31	281
Dato' Thomas Mun Lung Lee	-	-	-	66	47	-	7	120
Stephen Geh Sim Whye	-	-	-	88	74	-	-	162
Tan Yuen Fah	-	-	-	66	35	-	-	101
Megat Dziauddin Bin Megat Mahmud	-	-	-	66	61	-	-	127
Kung Beng Hong	-	-	-	66	66	-	-	132
Ou Shian Waei	-	-	-	66	49	-	-	115
Lee Ah Boon	-	-	-	66	49	-	-	115
Total Directors' remuneration	-	-	-	660	455	-	38	1,153
2014								
Non-executive Directors:								
Datuk Oh Chong Peng	-	-	-	160	46	-	31	237
Dato' Thomas Mun Lung Lee	-	-	-	60	33	-	7	100
Stephen Geh Sim Whye	-	-	-	80	53	-	-	133
Tan Yuen Fah	-	-	-	60	31	-	-	91
Megat Dziauddin Bin Megat Mahmud	-	-	-	60	49	-	-	109
Kung Beng Hong	-	-	-	60	50	-	-	110
Ou Shian Waei	-	-	-	60	38	-	-	98
Lee Ah Boon	-	-	-	60	32	-	-	92
Total Directors' remuneration	-	-	-	600	332	-	38	970

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

34. ALLOWANCE MADE FOR/(WRITE-BACK OF) LOSSES ON LOANS, ADVANCES AND FINANCING AND OTHER ASSETS

	Group	
	2015 RM'000	2014 RM'000
Allowance made for/(write-back of) losses on loans, advances and financing and other assets:		
(a) Individual assessment allowance		
- Made during the year, net	3,475	5,613
(b) Collective assessment allowance		
- Made during the year, net	78,193	11,746
(c) Bad debts on loans and financing		
- Recovered	(61,849)	(59,113)
- Written off	17,744	24,511
	37,563	(17,243)
Allowance for other assets	2,041	3,622
	39,604	(13,621)

During the last financial year, the Group carried out an exercise to refine its MFRS139 collective assessment impairment estimation for certain loan portfolios. The refinement is part of the management's on-going initiative to enhance the loans loss methodologies. This has resulted a write-back of collective assessment allowance amounting to RM10,633,000 in the last financial year.

35. WRITE-BACK OF IMPAIRMENT ON SECURITIES AND AMOUNT DUE FROM SUBSIDIARIES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Write-back of impairment on securities:				
- Financial investments available-for-sale	(1,759)	(12,236)	-	-
- Financial investments held-to-maturity	(4,969)	(2,691)	-	-
Write-back of impairment on amount due from subsidiaries	-	-	(1,327)	(1,413)
	(6,728)	(14,927)	(1,327)	(1,413)

NOTES TO THE FINANCIAL STATEMENTS
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36. TAXATION AND ZAKAT

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Taxation:				
- Income tax provision for current year	167,748	184,566	1,244	98,130
- Under provision in prior years	3,962	323	15	19
	171,710	184,889	1,259	98,149
Deferred tax	660	715	(9)	(23)
	172,370	185,604	1,250	98,126
Zakat	57	199	-	-
	172,427	185,803	1,250	98,126

Income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before taxation and zakat	703,207	749,351	329,235	412,961
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	175,802	187,338	82,309	103,240
Effect of income not subject to tax	(10,200)	(5,296)	(81,503)	(5,000)
Effect of expenses not deductible for tax purposes	5,900	3,736	426	(143)
Effect of changes in tax rates	-	(140)	-	2
Deferred tax not recognised on unabsorbed tax losses	-	162	-	-
Reversal of unabsorbed tax losses recognised in prior years	-	18	-	-
(Over)/under provision of deferred tax in prior years	(3,094)	(537)	3	8
Under provision of tax expense in prior years	3,962	323	15	19
Tax expense for the year	172,370	185,604	1,250	98,126

	Group	
	2015 RM'000	2014 RM'000
Tax savings during the year arising from:		
- utilisation of current year tax losses	-	28

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

37. EARNINGS PER SHARE

(a) Basic

The calculation of the basic earnings per share is based on net profit attributable to owners of the parent for the financial year divided by the weighted average number of ordinary shares of RM1.00 each in issue during the financial year excluding the weighted average shares held for ESS.

	Group	
	2015 RM'000	2014 RM'000
Net profit for the financial year attributable to owners of the parent (RM'000)	530,780	563,548
Weighted average number of ordinary shares in issue ('000)	1,548,106	1,548,106
Effect of shares bought back for ESS ('000)	(24,878)	(31,872)
	1,523,228	1,516,234
Basic earnings per share (sen)	34.8	37.2

(b) Diluted

The calculation of the diluted earnings per share is based on the net profit attributable to owners of the parent for the financial year divided by the weighted average number of ordinary shares of RM1.00 each in issue during the financial year, excluding the weighted average shares held for ESS and taken into account the assumed Share Grants to employees under ESS were vested to the employees as at 31 March 2015.

	Group	
	2015 RM'000	2014 RM'000
Net profit for the financial year attributable to owners of the parent (RM'000)	530,780	563,548
Weighted average number of ordinary shares in issue ('000)	1,548,106	1,548,106
Effect of shares bought back for ESS ('000)	(24,878)	(31,872)
Effect of Share Grants under ESS ('000)	2,998	3,329
	1,526,226	1,519,563
Diluted earnings per share (sen)	34.8	37.1

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

38. DIVIDENDS

	Dividend in respect of financial year		Net Dividends per Ordinary Share	
	2015 RM'000	2014 RM'000	2015 Sen	2014 Sen
Recognised during the financial year:				
First interim dividend				
9.0 sen per share, tax exempt under the single tier tax system, on 1,548,105,929 ordinary shares of RM1.00 each, declared in the financial year ended 31 March 2015, was paid on 30 December 2014	136,933	-	9.00	-
7.5 sen per share, tax exempt under the single tier tax system, on 1,548,105,929 ordinary shares of RM1.00 each, declared in the financial year ended 31 March 2014, was paid on 16 August 2013	-	114,278	-	7.50
Second interim dividend				
11.5 sen per share, tax exempt under the single tier tax system, on 1,548,105,929 ordinary shares of RM1.00 each, declared in the financial year ended 31 March 2014, was paid on 31 December 2013	-	174,755	-	11.50
Special dividend				
10.5 sen per share, tax exempt under the single tier tax system, on 1,548,105,929 ordinary shares of RM1.00 each, declared in the financial year ended 31 March 2014, was paid on 26 June 2014	159,233	-	10.50	-
	296,166	289,033	19.50	19.00

Dividends paid on the shares held in trust pursuant to the Company's ESS which are classified as shares held for ESS are not accounted for in the equity. An amount of RM5,715,000 (2014: RM5,107,000) being dividends paid for those shares were added back to the appropriation of retained profits in respect of the dividends.

Subsequent to the financial year end, on 27 May 2015, the Directors declared a second interim dividend of 6.4 sen per share, tax exempt under the single tier tax system, on 1,548,105,929 ordinary shares amounting to approximately RM99,079,000 in respect of current financial year. The accompanying financial statements do not reflect these dividend. The dividend will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2016.

The Directors do not propose any final dividend in respect of the financial year ended 31 March 2015.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

39. CAPITAL COMMITMENTS

	Group	
	2015 RM'000	2014 RM'000
Capital expenditure:		
Authorised and contracted for	22,594	14,655
Authorised but not contracted for	47,836	40,098
	70,340	54,753

40. FINANCIAL RISK MANAGEMENT POLICIES

The Group manages risk within clearly defined guidelines that are approved by the Directors. In addition, the Board of Directors of the Group provides independent oversight to ensure that risk management policies are complied with, through a framework of established controls and reporting process.

The guidelines and policies adopted by the Group to manage the main risks that arise in the conduct of its business activities are as follows:

(a) Credit Risk

Credit risk is the risk of financial loss resulting from the failure of the Group's borrowers or counterparties to fulfil their contractual obligations to repay their loans or settle financial commitments. Exposure to credit risk may be categorised as primary or secondary.

Primary exposure to credit risk arises from loans, advances and financing. The amount of credit exposure is represented by the carrying amount of loans, advances and financing in the statement of financial position. The lending activities in the Group are guided by the Group's Credit Policies and Guidelines, in line with Best Practices in the Management of Credit Risk, issued by Bank Negara Malaysia. These credit policies and guidelines also include an Internal Grading model adopted by the Group to grade its loans, advances and financing accounts according to their respective risk profiles.

Secondary credit exposure arises from financial transactions with counterparties (including interbank market activities, derivative instruments used for hedging and debt instruments), of which the amount of credit exposure in respect of these instruments is equal to the carrying amount of these assets in the statements of financial position. This exposure is monitored on an on-going basis against predetermined counterparty limits.

The credit exposure arising from off-balance sheet activities, i.e. commitments and contingencies is set out in Note 42 to the financial statements.

Credit risk arising from Treasury activities are managed by appropriate policies, counterparty limits and supported by the Group's Risk Management Framework.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Credit Risk (cont'd)

(i) Maximum exposure to credit risk

The following table presents the Group's maximum exposure to credit risk of on-balance sheet and off-balance sheet financial instruments, before taking into account of any collateral held or other credit enhancements and after allowance for impairment, where appropriate.

For on-balance sheet financial assets, the maximum exposure to credit risk equals their carrying amount. For financial guarantees and similar contracts granted, the maximum exposure to credit risk is the maximum amount that would have to be paid if the guarantees were to be called upon. For credit related commitments and contingencies that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the credit facilities granted to customers.

	Group	
	2015 RM'000	2014 RM'000
Credit risk exposure of on-balance sheet:		
Cash and short-term funds (exclude cash in hand)	2,388,474	1,827,230
Deposits and placements with banks and other financial institutions	298,167	655,305
Balances due from clients and brokers	102,743	76,265
Financial assets held-for-trading	10,037	110,172
Financial investments available-for-sale (exclude equity securities)	9,613,634	9,597,649
Financial investments held-to-maturity	1,319,035	1,320,122
Derivative financial assets	132,460	39,677
Loans, advances and financing	36,532,105	31,788,941
	50,396,655	45,415,361
Credit risk exposure of off-balance sheet:		
Financial guarantees	634,879	610,849
Credit related commitments and contingencies	13,253,528	13,370,667
	13,888,407	13,981,516
Total maximum exposure	64,285,062	59,396,877

	Company	
	2015 RM'000	2014 RM'000
Credit risk exposure of on-balance sheet:		
Cash and short-term funds (exclude cash in hand)	75,356	17,799
Total maximum exposure	75,356	17,799

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Credit Risk (cont'd)

(ii) Credit Risk Cencentrations

A concentration of credit risk exists when a number of counterparties are engaged in similar activities and have similar economic characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions. The analyses of credit risk concentration presented below relates only to financial assets subject to credit risk and are based on the industry in which the counterparty is engaged.

Group 2015	Government and Central Bank RM'000	Financial, Insurance, Business Services, and Real Estate RM'000	Transport, Storage and Communication Services RM'000	Agriculture, Manufacturing, Wholesale & Retail Trade RM'000	Construction RM'000	Residential Mortgage RM'000	Motor Vehicle Financing RM'000	Other Consumer Loans RM'000	Total RM'000
Cash and short-term funds	978,808	1,409,666	-	-	-	-	-	-	2,388,474
Deposits and placements with banks and other financial institutions	-	298,167	-	-	-	-	-	-	298,167
Balances due from clients and brokers	-	-	-	-	-	-	-	102,743	102,743
Financial assets held-for-trading	-	-	5,007	-	5,030	-	-	-	10,037
Financial investments available-for-sale	5,431,621	3,195,943	370,689	362,298	166,556	-	-	86,527	9,613,634
Financial investments held-to-maturity	1,309,191	4,745	5,099	-	-	-	-	-	1,319,035
Derivative financial assets	-	61,004	-	-	-	-	-	71,456	132,460
Loans, advances and financing	-	4,612,209	224,525	9,109,575	570,940	15,044,110	1,066,851	5,903,895	36,532,105
	7,719,620	9,581,734	605,320	9,471,873	742,526	15,044,110	1,066,851	6,164,621	50,396,655
Financial guarantees	-	118,636	24,434	409,048	42,940	-	-	39,821	634,879
Credit related commitments and contingencies	-	1,611,298	83,091	3,685,935	1,423,028	3,138,597	892	3,310,687	13,253,528
	-	1,729,934	107,525	4,094,983	1,465,968	3,138,597	892	3,350,508	13,888,407
Total credit risk	7,719,620	11,311,668	712,845	13,566,856	2,208,494	18,182,707	1,067,743	9,515,129	64,285,062

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Credit Risk (cont'd)

(ii) Credit Risk Cencentrations (cont'd)

Group 2014	Government and Central Bank RM'000	Financial, Insurance, Business Services, and Real Estate RM'000	Transport, Storage and Communication Services RM'000	Agriculture, Manufacturing, Wholesale & Retail Trade RM'000	Construction RM'000	Residential Mortgage RM'000	Motor Vehicle Financing RM'000	Other Consumer Loans RM'000	Total RM'000
Cash and short-term funds	725,104	1,102,126	-	-	-	-	-	-	1,827,230
Deposits and placements with banks and other financial institutions	-	655,305	-	-	-	-	-	-	655,305
Balances due from clients and brokers	-	-	-	-	-	-	-	76,265	76,265
Financial assets held-for-trading	110,172	-	-	-	-	-	-	-	110,172
Financial investments available-for-sale	5,719,636	2,930,976	314,859	400,574	145,207	-	-	86,397	9,597,649
Financial investments held-to-maturity	1,314,596	389	5,137	-	-	-	-	-	1,320,122
Derivative financial assets	-	39,533	-	-	-	-	-	144	39,677
Loans, advances and financing	-	3,541,246	144,508	8,216,445	411,478	13,094,472	850,571	5,530,221	31,788,941
	7,869,508	8,269,575	464,504	8,617,019	556,685	13,094,472	850,571	5,693,027	45,415,361
Financial guarantees	-	117,711	23,258	406,556	24,873	-	-	38,451	610,849
Credit related commitments and contingencies	-	1,364,871	65,231	3,302,864	1,152,402	4,173,541	1,193	3,310,565	13,370,667
	-	1,482,582	88,489	3,709,420	1,177,275	4,173,541	1,193	3,349,016	13,981,516
Total credit risk	7,869,508	9,752,157	552,993	12,326,439	1,733,960	17,268,013	851,764	9,042,043	59,396,877

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Credit Risk (cont'd)

(ii) Credit Risk Cencentrations (cont'd)

Company	Financial, Insurance, Business Services, and Real Estate RM'000	Total RM'000
2015		
Cash and short-term funds (exclude cash in hand)	**75,356**	**75,356**
Total credit risk	**75,356**	**75,356**
2014		
Cash and short-term funds (exclude cash in hand)	17,799	17,799
Total credit risk	17,799	17,799

(iii) Collaterals

The main types of collateral obtained by the Group are as follows:
- For personal housing loans/financing, mortgages over residential properties;
- For commercial property loans/financing, charges over the properties being financed;
- For hire purchase, charges over the vehicles or plant and machineries financed; and
- For other loans/financing, charges over business assets such as premises, inventories, trade receivables or deposits.

(iv) Credit quality - Loans, advances and financing

All loans, advances and financing are categorised as either:
- neither past due nor impaired;
- past due but not impaired; or
- impaired.

Past due loans, advances and financing refer to loans that are overdue by one day or more. Impaired loans/financing are loans/financing with arrears more than 90 days or are judgmentally triggered as impaired.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Credit Risk (cont'd)

(iv) Credit quality - Loans, advances and financing (cont'd)

Distribution of loans, advances and financing by credit quality

	Group	
	2015 RM'000	**2014 RM'000**
Neither past due nor impaired	35,337,986	30,571,621
Past due but not impaired	1,204,414	1,184,994
Impaired	380,712	442,781
Gross loans, advances and financing	36,923,112	32,199,396
Sales commissions and handling fees	33,927	30,050
Less: Allowance for impairment		
- Individual assessment	(56,303)	(97,159)
- Collective assessment	(334,704)	(313,296)
Net loans, advances and financing	36,566,032	31,818,991
Financial effect of collateral held for loans, advances and financing	75.2%	71.9%

Credit quality of loans, advances and financing neither past due nor impaired

Analysis of loans, advances and financing that are neither past due nor impaired analysed based on the Group's internal credit grading system is as follows:

	Group	
	2015 RM'000	**2014 RM'000**
Grading classification		
- Good	32,992,238	28,913,200
- Fair	2,345,748	1,658,421
	35,337,986	30,571,621

The definition of the grading classification can be summarised as follows:

Good: refers to loans, advances and financing which have never been past due in the last 6 months and have never undergone any restructuring or rescheduling exercise previously.

Fair: refers to loans, advances and financing which have been past due at some point within the last 6 months, or have undergone restructuring or rescheduling exercise previously.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Credit Risk (cont'd)

(iv) Credit quality - Loans, advances and financing (cont'd)

Loans, advances and financing that are past due but not impaired

An aging analysis of loans, advances and financing that are past due but not impaired is set out below.

For the purpose of this analysis an asset is considered past due and included below when any payment due under strict contractual terms is received late or missed. The amount included is the entire financial assets, not just the payment of principal or interest or both overdue.

	Group	
	2015 RM'000	**2014 RM'000**
Past due up to 1 month	935,615	947,287
Past due > 1 - 2 months	242,781	211,398
Past due > 2 - 3 months	26,018	26,309
	1,204,414	1,184,994

Loans, advances and financing assessed as impaired

An analysis of the gross amount of loans, advances and financing individually assessed as impaired by the Group is as follows:

	Group	
	2015 RM'000	**2014 RM'000**
Gross impaired loans/financing	380,712	442,781
Gross individually assessed impaired loans/financing [Note]	93,100	156,525
Less: Allowance for impairment individual impaired	(56,303)	(97,159)
Net individually assessed impaired loans	36,797	59,366

Note:

Exclude of individual assessed impaired loans which fully collateralised and subsequently assessed under collective allowance for the Group (2015: RM29,512,000; 2014: RM31,960,000).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Credit Risk (cont'd)

(v) Credit quality - financial instruments and financial assets

Financial instrument include cash and short term funds, deposits and placements with other financial institutions, debt securities and derivative financial assets. Cash and short term funds herein excludes cash in hand. Debt securities include financial assets held-for-trading, financial investments available-for-sale and financial investments held-to-maturity. Financial assets held-for-trading and financial investments available-for-sale are measured on a fair value basis. The fair value will reflect the credit risk of the issuer.

Distribution of financial instruments by credit quality are summarised as below:

Group 2015	Neither past due nor impaired RM'000	Past due but not impaired RM'000	Impaired RM'000	Allowance for impairment RM'000	Total RM'000
Cash and short-term funds (exclude cash in hand)	2,388,474	-	-	-	2,388,474
Deposits and placements with banks and other financial institutions	298,167	-	-	-	298,167
Balances due from clients and brokers	102,528	-	1,055	(840)	102,743
Financial assets held-for-trading	10,037	-	-	-	10,037
Financial investments available-for-sale (exclude equity securities)	9,613,623	-	237,961	(237,950)	9,613,634
Financial investments held-to-maturity	1,314,663	-	32,197	(27,825)	1,319,035
Derivative financial assets	132,460	-	-	-	132,460
	13,859,952	-	271,213	(266,615)	13,864,550

2014	Neither past due nor impaired RM'000	Past due but not impaired RM'000	Impaired RM'000	Allowance for impairment RM'000	Total RM'000
Cash and short-term funds (exclude cash in hand)	1,827,230	-	-	-	1,827,230
Deposits and placements with banks and other financial institutions	655,305	-	-	-	655,305
Balances due from clients and brokers	76,063	-	1,396	(1,194)	76,265
Financial assets held-for-trading	110,172	-	-	-	110,172
Financial investments available-for-sale (exclude equity securities)	9,597,649	-	238,219	(238,219)	9,597,649
Financial investments held-to-maturity	1,320,106	-	34,219	(34,203)	1,320,122
Derivative financial assets	39,677	-	-	-	39,677
	13,626,202	-	273,834	(273,616)	13,626,420

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Credit Risk (cont'd)

(v) Credit quality - financial instruments and financial assets (cont'd)

Most listed and some unlisted securities are rated by external rating agencies. The Bank and the Group uses external credit ratings provided by RAM, MARC, FITCH, Moody's and S&P. The table below presents an analysis of debt securities by rating agency:

	Cash and short-term funds RM'000	Deposits and placements with financial institutions RM'000	Financial assets held-for-trading RM'000	Financial investments available-for-sale RM'000	Financial investments held-to-maturity RM'000	Derivative financial assets RM'000	Total RM'000
Group							
2015							
By rating agencies							
RAM							
AAA	126,776	54,738	-	506,998	-	2,278	690,790
AA1	30,003	-	-	202,612	-	16,385	249,000
AA2	250,429	74,101	-	20,286	-	5,616	350,432
AA3	250,022	-	5,030	61,127	-	10,597	326,776
A1	112,151	-	-	-	-	12,674	124,825
A2	-	-	-	-	-	4,336	4,336
A3	80,014	-	-	-	-	4	80,018
MARC							
AAA	-	-	-	592,948	-	4,799	597,747
AA-	205,012	-	-	196,343	-	252	401,607
FITCH							
A+	9,285	-	-	-	-	-	9,285
A-	149	-	-	-	-	-	149
A	682	-	-	-	-	-	682
MOODY'S							
AA1	5,136	-	-	-	-	-	5,136
AA2	-	-	-	-	-	116	116
A1	74,523	-	-	-	-	-	74,523
A2	-	-	-	-	-	3,085	3,085
BAA1	200	-	-	-	-	-	200
BAA3	163,074	-	-	-	-	-	163,074
S&P							
A+	10,693	-	-	-	-	-	10,693
A	610	169,328	-	-	-	-	169,938
AA	1,146	-	-	-	-	-	1,146
BBB+	40	-	-	-	-	-	40
Government backed	978,808	-	5,007	6,686,255	1,314,290	-	8,984,360
Unrated [Note]	89,721	-	-	1,347,065	4,745	72,318	1,513,849
	2,388,474	298,167	10,037	9,613,634	1,319,035	132,460	13,761,807

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Credit Risk (cont'd)

(v) Credit quality - financial instruments and financial assets (cont'd)

	Cash and short-term funds RM'000	Deposits and placements with financial institutions RM'000	Financial assets held-for-trading RM'000	Financial investments available-for-sale RM'000	Financial investments held-to-maturity RM'000	Derivative financial assets RM'000	Total RM'000
Group							
2014							
By rating agencies							
RAM							
AAA	54,110	94,190	-	948,914	-	7,858	1,105,072
AA1	-	-	-	156,404	-	9,894	166,298
AA2	23	-	-	86,397	-	4,888	91,308
AA3	-	-	-	49,601	-	-	49,601
A1	51,725	-	-	-	-	217	51,942
A2	-	-	-	-	-	359	359
MARC							
AAA	-	-	-	689,428	-	5,249	694,677
AA+	-	-	-	10,026	-	-	10,026
AA-	235,019	-	-	178,845	-	-	413,864
FITCH							
AA-	1,789	-	-	-	-	-	1,789
A+	17,266	-	-	-	-	-	17,266
A-	16,328	-	-	-	-	-	16,328
A	272,832	205,031	-	-	-	-	477,863
MOODY'S							
AA1	1,482	-	-	-	-	4	1,486
AA2	2,338	-	-	-	-	-	2,338
AA3	-	-	-	-	-	5	5
A1	66,706	199,867	-	-	-	-	266,573
A2	-	-	-	-	-	740	740
BAA1	31	-	-	-	-	-	31
S&P							
AA-	2,117	-	-	-	-	242	2,359
A	54,438	-	-	-	-	-	54,438
BB-	5,380	-	-	-	-	3	5,383
Government backed	596,483	-	110,172	6,254,247	1,319,732	5,145	8,285,779
Unrated [Note]	449,163	156,217	-	1,223,787	390	5,073	1,834,630
	1,827,230	655,305	110,172	9,597,649	1,320,122	39,677	13,550,155

Note:

Unrated financial instruments comprises placements with financial institutions where credit rating is not available and also investment in bankers' acceptances, negotiable instruments of deposits and debt securities that are no longer rated or are exempted from credit rating.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(a) Credit Risk (cont'd)

(v) Credit quality - financial instruments and financial assets (cont'd)

Company	Cash and Short-term funds RM'000	Total RM'000
2015		
By rating agency		
RAM		
AAA	**5,829**	**5,829**
A1	**15**	**15**
Unrated	**69,512**	**69,512**
	75,356	**75,356**
2014		
By rating agency		
RAM		
AAA	23	23
A1	17,776	17,776
	17,799	17,799

(b) Market Risk

Market Risk is the risk of loss of earnings arising from changes in interest rates, foreign exchange rates, equity prices, commodity prices and in their implied volatilities.

The Group has established a framework of approved risk policies, measurement methodologies and risk limits as approved by the Group Risk Management Committee to manage market risk. Market risk arising from the trading activities is controlled via position limits, sensitivity limits and regular revaluation of positions versus market prices, where available.

The Group is also susceptible to exposure to market risk arising from changes in prices of the shares quoted on Bursa Malaysia, which will impact on the Group's balances due from clients and brokers. The risk is controlled by application of credit approvals, limits and monitoring procedures.

(i) Interest/profit rate risk

As a subset of market risk, interest rate/profit rate risk refers to the volatility in net interest/profit income as a result of changes in interest/profit rate of return and shifts in the composition of the assets and liabilities. Interest rate/rate of return risk is managed through interest/profit rate sensitivity analysis. The potential reduction in net interest/profit income from an unfavourable interest/profit rate movement is monitored and reported to Management. In addition to pre-scheduled meetings, Group Assets and Liabilities Management Committee ("ALCO") will also deliberate on revising the Bank's lending/financing and deposit rates in response to changes in the benchmark rates set by the central bank.

The effects of changes in the levels of interest rates/rates of return on the market value of securities are monitored closely and mark-to-market valuations are regularly reported to Management.

The Group are exposed to various risks associated with the effects of fluctuations in the prevailing levels of interest/profit rates on its financial position and cash flows. The effects of changes in the levels of interest rates on the market value of securities are monitored regularly and the outcome of mark-to-market valuations are escalated to Management regularly. The table below summarises the effective interest rates at the end of reporting period and the periods in which the financial instruments will re-price or mature, whichever is the earlier.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Market Risk (cont'd)

(i) Interest/profit rate risk (cont'd)

	Non-trading book								
Group 2015	**Up to 1 month RM'000**	**>1-3 months RM'000**	**>3-6 months RM'000**	**>6-12 months RM'000**	**>1-5 years RM'000**	**Over 5 years RM'000**	**Non-interest/ profit sensitive RM'000**	**Trading book RM'000**	**Total RM'000**
Assets									
Cash and short-term funds	1,887,650	-	-	-	-	-	808,533	-	2,696,183
Deposits and placements with banks and other financial institutions	-	74,050	223,534	-	-	-	583	-	298,167
Balances due from clients and brokers	2,736	-	-	-	-	-	100,007	-	102,743
Financial assets held-for-trading	-	-	-	-	-	-	-	10,037	10,037
Financial investments available-for-sale	733,200	680,273	224,935	266,212	5,124,068	2,506,232	218,936	-	9,753,856
Financial investments held-to-maturity	-	-	189,922	5,034	1,111,814	-	12,265	-	1,319,035
Derivative financial assets									
- Trading derivatives	-	-	-	-	-	-	-	132,460	132,460
Loans, advances and financing	29,497,781	1,207,152	479,089	823,136	2,366,784	2,202,385	(10,295)*	-	36,566,032
Other non-interest/profit sensitive balances	-	-	-	-	-	-	2,263,008	-	2,263,008
Total assets	32,121,367	1,961,475	1,117,480	1,094,382	8,602,666	4,708,617	3,393,037	142,497	53,141,521

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Market Risk (cont'd)

(i) Interest/profit rate risk (cont'd)

Group 2015	Non-trading book: Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000
Liabilities									
Deposits from customers	21,710,672	5,833,465	5,459,271	5,151,143	299,455	70,171	6,082,638	-	44,606,815
Deposits and placements of banks and other financial institutions	690,227	408,434	54,477	55,502	275,557	-	5,578	-	1,489,775
Balances due to clients and brokers	-	-	-	-	-	-	62,833	-	62,833
Bills and acceptances payable	401,298	365,945	34,335	-	-	-	-	-	801,578
Derivative financial liabilities									
- Trading derivatives	-	-	-	-	-	-	-	106,522	106,522
- Hedging derivatives	-	-	-	-	8,168	534	-	-	8,702
Amount due to Cagamas Berhad	-	-	-	7,003	-	-	-	-	7,003
Subordinated obligations	-	-	-	-	599,402	-	13,865	-	613,267
Other non-interest/profit sensitive balances	-	-	-	-	-	-	949,921	-	949,921
Total liabilities	22,802,197	6,607,844	5,548,083	5,213,648	1,182,582	70,705	7,114,835	106,522	48,646,416
Equity	-	-	-	-	-	-	4,495,105	-	4,495,105
Total liabilities and equity	22,802,197	6,607,844	5,548,083	5,213,648	1,182,582	70,705	11,609,940	106,522	53,141,521
On-balance sheet interest sensitivity gap	9,319,170	(4,646,369)	(4,430,603)	(4,119,266)	7,428,084	4,637,912	(8,216,903)	35,975	-

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Market Risk (cont'd)

(i) Interest/profit rate risk (cont'd)

Group 2014	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000
	← Non-trading book						→		
Assets									
Cash and short-term funds	1,364,374	-	-	-	-	-	765,408	-	2,129,782
Deposits and placements with banks and other financial institutions	-	555,223	97,965	-	-	-	2,117	-	655,305
Balances due from clients and brokers	1,151	-	-	-	-	-	75,114	-	76,265
Financial assets held-for-trading	-	-	-	-	-	-	-	110,172	110,172
Financial investments available-for-sale	434,485	790,224	99,156	113,250	3,832,256	4,252,757	216,632	-	9,738,760
Financial investments held-to-maturity	-	-	-	10,037	1,182,746	119,330	8,009	-	1,320,122
Derivative financial assets									
- Trading derivatives	-	-	-	-	-	-	-	39,677	39,677
Loans, advances and financing	25,006,054	1,289,287	503,515	891,138	2,057,231	2,039,440	32,326*	-	31,818,991
Other non-interest/profit sensitive balances	-	-	-	-	-	-	2,185,620	-	2,185,620
Total assets	26,806,064	2,634,734	700,636	1,014,425	7,072,233	6,411,527	3,285,226	149,849	48,074,694

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Market Risk (cont'd)

(i) Interest/profit rate risk (cont'd)

Group 2014	Non-trading book: Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest/ profit sensitive RM'000	Trading book RM'000	Total RM'000
Liabilities									
Deposits from customers	18,483,759	4,985,983	4,414,543	5,436,884	169,756	152,813	5,593,339	-	39,237,077
Deposits and placements of banks and other financial institutions	1,688,105	923,466	30,687	79,934	331,793	-	5,372	-	3,059,357
Balances due to clients and brokers	-	-	-	-	-	-	44,834	-	44,834
Derivative financial liabilities									
- Trading derivatives	-	-	-	-	-	-	-	49,688	49,688
- Hedging derivatives	-	-	-	-	3,945	11,241	-	-	15,186
Amount due to Cagamas Berhad	-	-	-	14,014	-	-	-	-	14,014
Subordinated obligations	-	-	-	-	598,852	-	13,866	-	612,718
Other non-interest/profit sensitive balances	-	-	-	-	-	-	875,804	-	875,804
Total liabilities	20,171,864	5,909,449	4,445,230	5,530,832	1,104,346	164,054	6,533,215	49,688	43,908,678
Equity	-	-	-	-	-	-	4,166,016	-	4,166,016
Total liabilities and equity	20,171,864	5,909,449	4,445,230	5,530,832	1,104,346	164,054	10,699,231	49,688	48,074,694
On-balance sheet interest sensitivity gap	6,634,200	(3,274,715)	(3,744,594)	(4,516,407)	5,967,887	6,247,473	(7,414,005)	100,161	-

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Market Risk (cont'd)

(i) Interest/profit rate risk (cont'd)

	Non-trading book							
Company 2015	**Up to 1 month RM'000**	**>1-3 months RM'000**	**>3-6 months RM'000**	**>6-12 months RM'000**	**>1-5 years RM'000**	**Over 5 years RM'000**	**Non-interest sensitive RM'000**	**Total RM'000**
Assets								
Cash and short-term funds	75,218	-	-	-	-	-	139	75,357
Other non-interest sensitive balances	-	-	-	-	-	-	1,782,664	1,782,664
Total assets	75,218	-	-	-	-	-	1,782,803	1,858,021
Liabilities								
Other non-interest sensitive balances	-	-	-	-	-	-	2,253	2,253
Total liabilities	-	-	-	-	-	-	2,253	2,253
Equity	-	-	-	-	-	-	1,855,768	1,855,768
Total liabilities and equity	-	-	-	-	-	-	1,858,021	1,858,021
On-balance sheet interest sensitivity gap	75,218	-	-	-	-	-	(75,218)	-
Company 2014								
Assets								
Cash and short-term funds	17,750	-	-	-	-	-	50	17,800
Other non-interest sensitive balances	-	-	-	-	-	-	1,785,045	1,785,045
Total assets	17,750	-	-	-	-	-	1,785,095	1,802,845
Liabilities								
Other non-interest sensitive balances	-	-	-	-	-	-	1,847	1,847
Total liabilities	-	-	-	-	-	-	1,847	1,847
Equity	-	-	-	-	-	-	1,800,998	1,800,998
Total liabilities and equity	-	-	-	-	-	-	1,802,845	1,802,845
On-balance sheet interest sensitivity gap	17,750	-	-	-	-	-	(17,750)	-

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Market Risk (cont'd)

(ii) Foreign currency exchange risk

Foreign currency exchange risk refers to the risk that fair value of future cash flows of a financial instrument will fluctuate because of the movements in the exchange rates for foreign currency exchange positions taken by the Group from time to time. For the Group, foreign exchange risk is concentrated in its commercial banking. Foreign currency exchange risk is managed via approved risk limits and open positions are regularly revalued against current exchange rates and reported to Management. The Company is not exposed to any foreign currency exchange risk.

The following table summarises the assets, liabilities and net open position by currency as at the end of financial reporting period, which are mainly in US, Pound Sterling, Euro and Australian Dollars. Other foreign exchange exposures include exposure to Japanese Yen, Singapore Dollars and New Zealand Dollars. The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Group.

	US Dollars RM'000	Pound Sterling RM'000	Euro Dollars RM'000	Australian Dollars RM'000	Others RM'000	Total RM'000
Group						
2015						
Assets						
Cash and short-term funds	255,461	681	2,091	-	12,640	270,873
Deposits and placements with banks and other financial institutions	74,101	54,738	-	169,328	-	298,167
Loans, advances and financing	364,380	11,779	25,653	-	2,441	404,253
Other financial assets	5,173	43	-	195	-	5,411
Total financial assets	699,115	67,241	27,744	169,523	15,081	978,704
Liabilities						
Deposits from customers	340,641	57,421	36,000	166,727	41,325	642,114
Deposits and placements of banks and other financial institutions	333,456	-	-	616	2,162	336,234
Other financial liabilities	38	4	5	2	10	59
Total financial liabilities	674,135	57,425	36,005	167,345	43,497	978,407
On-balance sheet open position	24,980	9,816	(8,261)	2,178	(28,416)	297
Off-balance sheet open position	62,462	(6,284)	20,535	5,142	38,321	120,176
Net open position	87,442	3,532	12,274	7,320	9,905	120,473

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Market Risk (cont'd)

(ii) Foreign currency exchange risk (cont'd)

	US Dollars RM'000	Pound Sterling RM'000	Euro Dollars RM'000	Australian Dollars RM'000	Others RM'000	Total RM'000
Group						
2014						
Assets						
Cash and short-term funds	660,922	56,680	2,565	123,816	9,551	853,534
Deposits and placements with banks and other financial institutions	445,696	-	-	181,311	28,298	655,305
Loans, advances and financing	200,080	9,432	41,195	-	2,852	253,559
Other financial assets	2,841	-	-	-	-	2,841
Total financial assets	1,309,539	66,112	43,760	305,127	40,701	1,765,239
Liabilities						
Deposits from customers	212,781	21,733	12,033	153,481	41,446	441,474
Deposits and placements of banks and other financial institutions	1,005,611	54,332	-	-	-	1,059,943
Other financial liabilities	167	17	-	7	19	210
Total financial liabilities	1,218,559	76,082	12,033	153,488	41,465	1,501,627
On-balance sheet open position	90,980	(9,970)	31,727	151,639	(764)	263,612
Off-balance sheet open position	55,151	10,192	(25,604)	(147,884)	18,499	(89,646)
Net open position	146,131	222	6,123	3,755	17,735	173,966

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Market Risk (cont'd)

(iii) Value at risk ('VaR')

Value-at-risk (VaR) reflects the maximum potential loss of value of a portfolio resulting from market movements within a specified probability of occurrence (level of confidence); for a specific period of time (holding period). For the Group, VaR is computed based on the historical simulation approach with parameters in accordance with BNM and Basel requirements. Backtesting is performed daily to validate and reassess the accuracy of the VaR model. This involves the comparison of the daily VaR values against the actual profit and loss over the corresponding period.

The table below sets out a summary of the Group's VaR profile by financial instrument types for the Trading Portfolio:

Group 2015	Balance RM'000	Average for the year RM'000	Minimum RM'000	Maximum RM'000
Instruments:				
FX related derivatives	(190)	(2,100)	(101)	(88,073)
Government securities	(20,258)	(25,469)	(18)	(66,989)
Private debt securities	(6,368)	(6,581)	(6)	(13,181)
2014				
Instruments:				
FX related derivatives	(979)	(2,729)	(120)	(105,452)
Government securities	(54,322)	(46,330)	(11,294)	(69,122)
Private debt securities	(13,193)	(11,212)	(2,778)	(15,648)

(iv) Interest rate risk/rate of return risk in the banking book

The following tables present the Group's projected sensitivity to a 100 basis point parallel shock to interest rates across all maturities applied on the Group's interest sensitivity gap as at reporting date.

	2015		2014	
	- 100 bps	+ 100 bps	- 100 bps	+ 100 bps
	Increase/(Decrease)		Increase/(Decrease)	
Group	RM'000	RM'000	RM'000	RM'000
Impact on net profit after tax	(36,905)	36,905	(22,825)	22,825
Impact on equity	239,248	(226,798)	285,500	(269,495)

The foreign currency impact on net interest income is considered insignificant as the exposure is less than 5% of Banking Book assets/liabilities.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Market Risk (cont'd)

Other risk measures

(v) Stress test

Stress testing is normally used by banks to gauge their potential vulnerability to exceptional but plausible events. The Group performs stress testing regularly to measure and alert management on the effects of potential political, economic or other disruptive events on our exposures. The Group's stress testing process is governed by the Stress Testing Framework as approved by the Board. Stress testing are conducted on a bank-wide basis as well as on specific portfolios. The Group's bank-wide stress testing exercise uses a variety of broad macroeconomic indicators that are then translated into stress impacts on the various business units. The results are then consolidated to provide an overall impact on the Group's financial results and capital requirements. Stress testing results are reported to management to provide them with an assessment of the financial impact of such events would have on the Group's profitability and capital levels.

(vi) Sensitivity analysis

Sensitivity analysis is used to measure the impact of changes in individual stress factors such as interest/profit rates or foreign exchange rates. It is normally designed to isolate and quantify exposure to the underlying risk. The Group performs sensitivity analysis such as parallel shifts of interest/profit rates (in increment of 25 basis points) on its exposures, primarily on the banking and trading book positions.

(vii) Displaced Commercial Risk

Displaced commercial risk arises from the Group's Islamic financial services offered under Alliance Islamic Bank Berhad. It refers to the risk of losses which the Islamic Bank absorbs to make sure that Investment Account Holders are paid in rate of return equivalent to a competitive market rate of return. This risk arises when the actual rate of return is lower than returns expected by Investment Account Holders.

(c) Liquidity Risk

Liquidity risk is the inability of the Group to meet financial commitment when due.

The Group's liquidity risk profile is managed using Bank Negara Malaysia's New Liquidity Framework, other internal policies and ALCO benchmarks. A contingency funding plan is also established by the Group as a forward-looking measure to ensure that liquidity risk can be addressed according to the degrees of key risk indicators, and which incorporates alternative funding strategies which are ready to be implemented on a timely basis to mitigate the impact of unforeseen adverse changes in liquidity in the market place.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity risk (cont'd)

(i) Liquidity risk for assets and liabilities based on remaining contractual maturities

The maturities of on-balance sheet assets and liabilities as well as other off-balance sheet assets and liabilities, commitments and counter-guarantees are important factors in assessing the liquidity of the Group. The table below provides analysis of assets and liabilities into relevant maturity terms based on remaining contractual maturities in accordance with the requirement of Bank Negara Guidelines:

Group 2015	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1 year RM'000	Total RM'000
Assets						
Cash and short-term funds	2,696,183	-	-	-	-	2,696,183
Deposits and placements with banks and other financial institutions	-	74,101	224,066	-	-	298,167
Balances due from clients and brokers	87,182	-	-	-	15,561	102,743
Financial investments	763,802	749,459	432,250	343,373	8,794,044	11,082,928
Loans, advances and financing	5,885,695	1,380,795	910,036	281,555	28,107,951	36,566,032
Other asset balances	59,733	48,392	58,544	23,913	2,204,886	2,395,468
Total assets	9,492,595	2,252,747	1,624,896	648,841	39,122,442	53,141,521
Liabilities						
Deposits from customers	27,732,058	5,883,086	5,504,167	5,174,364	313,140	44,606,815
Deposits and placements of banks and other financial institutions	693,445	410,610	54,477	55,502	275,741	1,489,775
Balances due to clients and brokers	62,833	-	-	-	-	62,833
Bills and acceptances payable	401,142	366,101	34,335	-	-	801,578
Amount due to Cagamas Berhad	-	-	-	7,003	-	7,003
Subordinated obligations	13,865	-	-	-	599,402	613,267
Other financial liabilities	603,736	34,544	88,523	44,965	293,377	1,065,145
Total financial liabilities	29,507,079	6,694,341	5,681,502	5,281,834	1,481,660	48,646,416
Equity	-	-	-	-	4,495,105	4,495,105
Total liabilities and equity	29,507,079	6,694,341	5,681,502	5,281,834	5,976,765	53,141,521
Net maturity mismatch	(20,014,484)	(4,441,594)	(4,056,606)	(4,632,993)	33,145,677	-

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity risk (cont'd)

(i) Liquidity risk for assets and liabilities based on remaining contractual maturities (cont'd)

Group 2014	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1 year RM'000	Total RM'000
Assets						
Cash and short-term funds	2,129,782	-	-	-	-	2,129,782
Deposits and placements with banks and other financial institutions	-	557,025	98,280	-	-	655,305
Balances due from clients and brokers	61,181	-	-	-	15,084	76,265
Financial investments	463,411	855,276	119,305	195,634	9,535,428	11,169,054
Loans, advances and financing	6,268,997	1,756,711	1,128,447	793,453	21,871,383	31,818,991
Other asset balances	40,035	28,064	9,950	10,270	2,136,978	2,225,297
Total assets	8,963,406	3,197,076	1,355,982	999,357	33,558,873	48,074,694
Liabilities						
Deposits from customers	23,965,556	5,028,293	4,455,335	5,465,287	322,606	39,237,077
Deposits and placements of banks and other financial institutions	1,690,362	926,581	30,687	79,934	331,793	3,059,357
Balances due to clients and brokers	44,834	-	-	-	-	44,834
Amount due to Cagamas Berhad	-	-	-	14,014	-	14,014
Subordinated obligations	13,865	-	-	-	598,853	612,718
Other financial liabilities	609,280	46,939	26,055	45,434	212,970	940,678
Total financial liabilities	26,323,897	6,001,813	4,512,077	5,604,669	1,466,222	43,908,678
Equity	-	-	-	-	4,166,016	4,166,016
Total liabilities and equity	26,323,897	6,001,813	4,512,077	5,604,669	5,632,238	48,074,694
Net maturity mismatch	(17,360,491)	(2,804,737)	(3,156,095)	(4,605,312)	27,926,635	-

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity risk (cont'd)

(i) Liquidity risk for assets and liabilities based on remaining contractual maturities (cont'd)

Company 2015	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1 year RM'000	Total RM'000
Assets						
Cash and short-term funds	75,357	-	-	-	-	75,357
Other asset balances	1,006	-	-	-	1,781,658	1,782,664
Total assets	76,363	-	-	-	1,781,658	1,858,021
Liabilities						
Other financial liabilities	339	-	-	-	1,914	2,253
Total financial liabilities	339	-	-	-	1,914	2,253
Equity	-	-	-	-	1,855,768	1,855,768
Total liabilities and equity	339	-	-	-	1,857,682	1,858,021
Net maturity mismatch	76,024	-	-	-	(76,024)	-
2014						
Assets						
Cash and short-term funds	17,800	-	-	-	-	17,800
Other asset balances	619	-	-	116	1,784,310	1,785,045
Total assets	18,419	-	-	116	1,784,310	1,802,845
Liabilities						
Other financial liabilities	290	-	-	-	1,557	1,847
Total financial liabilities	290	-	-	-	1,557	1,847
Equity	-	-	-	-	1,800,998	1,800,998
Total liabilities and equity	290	-	-	-	1,802,555	1,802,845
Net maturity mismatch	18,129	-	-	116	(18,245)	-

NOTES TO THE FINANCIAL STATEMENTS
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40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity risk (cont'd)

(ii) Contractual maturity of financial liabilities on an undiscounted basis

The table below presents the cash flows payable by the Group under financial liabilities by remaining contractual maturities at the end of the reporting period. The amount disclosed in the table are the contractual undiscounted cash flows of all financial liabilities (i.e. nominal values), which the Group manages the inherent liquidity risk based on discounted expected cash inflows.

Group 2015	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Non derivative financial liabilities							
Deposits from customers	27,694,740	5,937,469	5,592,259	5,284,367	338,495	75,688	44,923,018
Deposits and placements of banks and other financial institutions	693,504	413,544	54,477	57,985	285,583	-	1,505,093
Balances due to clients and brokers	62,833	-	-	-	-	-	62,833
Bills and acceptances payable	401,298	365,945	34,335	-	-	-	801,578
Amount due to Cagamas Berhad	334	-	335	6,629	-	-	7,298
Subordinated obligations	14,460	-	-	14,460	614,460	-	643,380
Other financial liabilities	603,736	34,708	88,680	45,250	294,289	-	1,066,663
	29,470,905	6,751,666	5,770,086	5,408,691	1,532,827	75,688	49,009,863
Items not recognised in the statement of financial position							
Financial guarantees	79,534	109,188	147,240	179,563	119,332	22	634,879
Credit related commitments and contingencies	8,143,473	43,690	85,211	194,970	593,788	4,192,396	13,253,528
	8,223,007	152,878	232,451	374,533	713,120	4,192,418	13,888,407
Derivatives financial liabilities							
Derivatives settled on a net basis							
Interest rate derivatives and equity option	7	91	(19)	(636)	(13,624)	-	(14,181)
Hedging derivatives	(197)	(453)	(614)	(1,229)	(7,078)	(1,666)	(11,237)
Net inflow/(outflow)	(190)	(362)	(633)	(1,865)	(20,702)	(1,666)	(25,418)
Derivatives settled on a gross basis							
Outflow	(1,283,877)	(188,611)	(769,969)	(152,067)	-	-	(2,394,524)
Inflow	1,279,340	185,312	699,946	145,999	-	-	2,310,597
	(4,537)	(3,299)	(70,023)	(6,068)	-	-	(83,927)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity risk (cont'd)

(ii) Contractual maturity of financial liabilities on an undiscounted basis (cont'd)

Group 2014	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Non derivative financial liabilities							
Deposits from customers	23,981,718	5,070,264	4,512,971	5,576,157	197,670	194,818	39,533,598
Deposits and placements of banks and other financial institutions	1,690,521	930,398	30,687	83,022	338,767	-	3,073,395
Balances due to clients and brokers	44,834	-	-	-	-	-	44,834
Amount due to Cagamas Berhad	438	311	750	13,064	-	-	14,563
Subordinated obligations	14,460	-	-	14,460	643,380	-	672,300
Other financial liabilities	609,280	46,939	26,436	45,787	213,791	694	942,927
	26,341,251	6,047,912	4,570,844	5,732,490	1,393,608	195,512	44,281,617
Items not recognised in the statement of financial position							
Financial guarantees	105,189	89,189	100,485	141,430	174,556	-	610,849
Credit related commitments and contingencies	7,717,798	52,751	50,296	143,003	329,831	5,076,988	13,370,667
	7,822,987	141,940	150,781	284,433	504,387	5,076,988	13,981,516
Derivatives financial liabilities							
Derivatives settled on a net basis							
Interest rate derivatives and equity option	(136)	(329)	(453)	(2,038)	(4,420)	-	(7,376)
Hedging derivatives	(243)	(761)	(1,004)	(2,008)	(8,969)	(7,177)	(20,162)
Net (outflow)/inflow	(379)	(1,090)	(1,457)	(4,046)	(13,389)	(7,177)	(27,538)
Derivatives settled on a gross basis							
Outflow	(1,888,147)	(1,011,062)	(372,761)	(226,169)	-	-	(3,498,139)
Inflow	1,865,803	995,529	368,259	222,765	-	-	3,452,356
	(22,344)	(15,533)	(4,502)	(3,404)	-	-	(45,783)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

40. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(c) Liquidity risk (cont'd)

(ii) Contractual maturity of financial liabilities on an undiscounted basis (cont'd)

Company 2015	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Liabilities							
Other financial liabilities	339	-	-	-	1,914	-	2,253
Total financial liabilities	339	-	-	-	1,914	-	2,253
2014							
Liabilities							
Other financial liabilities	290	-	-	-	1,557	-	1,847
Total financial liabilities	290	-	-	-	1,557	-	1,847

(d) Operational and Shariah Compliance Risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. The definition of Operational Risk includes legal risk, but excludes strategic and reputational risk. The Shariah non-compliance risk arises from the risk of failure to comply with the Shariah rules and principles as determined by Shariah advisory councils. To manage the risks, the Group has adopted the following guiding principles.

There are three lines of defence in the Group. The Group Operational Risk Management Department, as the second line of defense is emphasising on the formulation and implementation of operational risk framework within the Group while the line of businesses are responsible for the management of their day to day operational and Shariah Compliance risks.

Operational and Shariah non-compliance risk management is a continual cyclic process which includes risk identification, assessment, control, mitigation and monitoring. This includes analysing the risk profile of the Group, determining control gaps, assessing potential loss and enhancing controls to mitigate the risks.

The main activities undertaken by the Group in managing operational and Shariah non-compliance risks include the identification of risks and controls, monitoring of key risk indicators, reviews of policies and procedures, operational risk and Shariah non-compliance risk awareness training, and business continuity management.

The Group applies the Basic Indicator Approach for operational risk capital charge computation.

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31 March 2015

41. CAPITAL ADEQUACY

The capital adequacy ratios of the Banking 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 banking group are as follows:

	Group	
	2015	**2014**
Before deducting proposed dividends		
CET I capital ratio	11.301%	10.908%
Tier I capital ratio	11.301%	11.961%
Total capital ratio	13.160%	14.201%
After deducting proposed dividends		
CET I capital ratio	11.108%	10.379%
Tier I capital ratio	11.108%	11.433%
Total capital ratio	12.967%	13.673%

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

	2015 RM'000	**2014 RM'000**
CET I Capital		
Paid-up share capital	796,517	596,517
Share premium	401,517	201,517
Retained profits	2,005,815	1,957,952
Statutory reserves	1,069,665	929,055
Revaluation reserves	78,232	7,071
Other reserves	10,018	10,018
	4,361,764	3,702,130
Less: Regulatory adjustment		
- Goodwill and other intangibles	(359,935)	(353,256)
- Deferred tax assets	(12,020)	(32,343)
- 55% of revaluation reserve	(43,028)	(3,889)
- Investment in subsidiaries, associates and joint venture	(1,816)	(824)
Total CET I Capital	3,944,965	3,311,818

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41. CAPITAL ADEQUACY (cont'd)

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

	2015 RM'000	2014 RM'000
Tier I Capital		
ICPS	-	3,200
Share premium	-	316,800
Total additional Tier I Capital	-	320,000
Total Tier I Capital	3,944,965	3,631,818
Tier II Capital		
Subordinated obligations	419,581	479,082
Collective assessment allowance	232,171	204,226
Less: Regulatory adjustment		
- Investment in subsidiaries and associates	(2,725)	(3,297)
Total Tier II Capital	649,027	680,011
Total Capital	4,593,992	4,311,829

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

	2015 RM'000	2014 RM'000
Credit risk	32,011,298	27,484,255
Market risk	125,778	201,614
Operational risk	2,770,484	2,676,791
Total RWA and capital requirements	34,907,560	30,362,660

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.

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41. CAPITAL ADEQUACY (cont'd)

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

	Alliance Bank Malaysia Berhad	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
2015			
Before deducting proposed dividends			
CET I capital ratio	11.291%	11.013%	94.504%
Tier I capital ratio	11.291%	11.013%	94.504%
Total capital ratio	11.751%	11.731%	94.504%
After deducting proposed dividends			
CET I capital ratio	11.058%	11.013%	93.448%
Tier I capital ratio	11.058%	11.013%	93.448%
Total capital ratio	11.518%	11.731%	93.448%
2014			
Before deducting proposed dividends			
CET I capital ratio	10.987%	13.426%	93.737%
Tier I capital ratio	12.235%	13.426%	93.737%
Total capital ratio	12.295%	14.134%	93.767%
After deducting proposed dividends			
CET I capital ratio	10.361%	13.113%	92.148%
Tier I capital ratio	11.609%	13.113%	92.148%
Total capital ratio	11.670%	13.821%	92.178%

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42. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank and the Group makes 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 Group are as follows:

	2015 RM'000	2014 RM'000
Group		
Credit-related exposures		
Direct credit substitutes	789,038	471,930
Transaction-related contingent items	653,199	590,667
Short-term self-liquidating trade-related contingencies	164,832	169,493
Irrevocable commitments to extend credit:		
- maturity exceeding one year	4,189,365	5,108,092
- maturity not exceeding one year	6,634,666	6,225,736
Unutilised credit card lines	1,457,307	1,415,598
	13,888,407	13,981,516
Derivative financial instruments		
Foreign exchange related contracts:		
- one year or less	4,794,524	6,859,251
- over one year to three years	69,675	32,835
- over three years	31,515	31,515
Interest rate related contracts:		
- one year or less	2,085,000	250,000
- over one year to three years	828,153	2,135,000
- over three years	1,012,269	798,376
Equity related contracts:		
- one year or less	23,460	57,582
- over one year to three years	12,780	-
	8,857,376	10,164,559
	22,745,783	24,146,075

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43. CAPITAL

The Group's capital management objectives are:

- to maintain sufficient capital resources to meet the regulatory capital requirements as set forth by Bank Negara Malaysia,
- to maintain sufficient capital resources to support the Group's risk appetite and to enable future business growth, and
- to meet the expectations of key stakeholders, including shareholders, investors, regulators and rating agencies.

In line with this, the Group aims to maintain capital adequacy ratios that are comfortably above the regulatory requirement, while balancing shareholders' desire for sustainable returns and high standards of prudence.

The Group carries out stress testing to estimate the potential impact of extreme, but plausible, events on the Group's earnings, balance sheet and capital. The results of the stress test are to facilitate the formation of action plan(s) in advance if the stress test reveals that the Group's capital will be adversely affected. The results of the stress test are tabled to the Group Risk Management Committee for deliberations.

The Group's regulatory capital are determined under Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework and their capital ratios complies with the prescribed capital adequacy ratios.

44. LEASE COMMITMENTS

The Group and the Company have lease commitments in respect of equipment on hire and premises, all of which are classified as operating leases. A summary of the non-cancellable long term commitments is as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Within one year	25,235	27,140	356	339
Between one and five years	28,466	50,631	533	889
	53,701	77,771	889	1,228

The operating leases for the Group and the Company's other premises typically cover for an initial period of three years with options for renewal. These leases are cancellable but are usually renewed upon expiry or replaced by leases on other properties.

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45. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are the Group's and the Company's other significant related party transactions and balances:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(a) Transactions				
Interest income				
- subsidiaries	-	-	(1,975)	(2,061)
- key management personnel	(111)	(198)	-	-
Dividend income				
- subsidiary	-	-	(326,013)	(411,315)
Overhead expenses recharged				
- subsidiaries	-	-	(6,039)	(2,576)
- joint venture	(27)	-	(27)	-
Interest expenses				
- key management personnel	122	115	-	-
- joint venture	16	-	-	-
Other overhead expenses				
- subsidiaries	27	-	1,180	-

NOTES TO THE FINANCIAL STATEMENTS

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45. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(b) Balances				
Amount due to deposits from customers				
- key management personnel	(5,476)	(6,640)	-	-
- joint venture	(2,023)	-	-	-
Money at call and deposit placements with financial institutions				
- subsidiaries	-	-	69,527	17,760
Loans, advances and financing				
- key management personnel	4,150	8,332	-	-
Other assets				
- subsidiaries	-	-	698	645
- joint venture	534	-	2	-
Other liabilities				
- subsidiaries	-	-	-	(290)

Key management personnel refer to those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly, including Executive Directors and Non-Executive Directors of the Group and the Company (including close members of their families). Other members of key management personnel of the Group are the Group Chief Executive Officer, Group Chief Operating Officer, Group Chief Financial Officer, Group Chief Risk Officer, Group Corporate Credit Officer and Group Company Secretary.

NOTES TO THE FINANCIAL STATEMENTS

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45. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

(c) Compensation of key management personnel

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Short-term employee benefits				
Fees	1,971	1,756	660	600
Salary and other remuneration, including meeting allowances	9,498	12,906	1,099	1,016
Contribution to EPF	1,223	1,809	90	94
Share options/grants under ESS	2,027	3,153	352	240
Benefits-in-kind	63	154	38	38
	14,782	19,778	2,239	1,988
Included in the total key management personnel are:				
CEO and Directors' remuneration, excluding past CEO and Directors (Note 33(b))	6,533	12,895	1,153	970

	Share Options		Share Grants	
Group	2015 '000	2014 '000	2015 '000	2014 '000
At beginning of year	9,618	6,696	815	712
Directors/key management personnel appointed during the year	-	544	-	-
Offered/awarded	-	4,062	377	388
Vested	(3,164)	(1,019)	(649)	(256)
Lapsed	(3,223)	(665)	(22)	(29)
At end of year	3,231	9,618	521	815
Company				
At beginning of year	804	497	60	53
Offered/awarded	-	362	49	23
Vested	(125)	(44)	(33)	(16)
Lapsed	(46)	(11)	-	-
At end of year	633	804	76	60

The above share options/share grants were offered/awarded on the same terms and conditions as those offered to other employees of the Group (Note 28).

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46. FAIR VALUE MEASUREMENTS

(a) Determination of fair value and fair value hierarchy

MFRS 13 Fair Value Measurement require disclosure of financial instruments measured at fair value to be categorised according to a hierarchy of valuation techniques, whether the inputs used are observable or unobservable. The following level of hierarchy are used for determining and disclosing the fair value of the financial instruments:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. This includes listed equities and corporate debt securities which are actively traded.

(ii) Financial instruments in Level 2

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

(iii) Financial instruments in Level 3

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

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

NOTES TO THE FINANCIAL STATEMENTS
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46. FAIR VALUE MEASUREMENTS (cont'd)

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

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

Group 2015	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Financial assets held-for-trading	-	10,037	-	10,037
Financial investments available-for-sale				
- Money market instruments	-	6,872,324	-	6,872,324
- Quoted securities in Malaysia	-	-	11	11
- Unquoted securities	-	2,741,310	140,211	2,881,521
Derivative financial assets	-	132,460	-	132,460
Liabilities				
Derivative financial liabilities	-	115,224	-	115,224
2014				
Assets				
Financial assets held-for-trading	-	110,172	-	110,172
Financial investments available-for-sale				
- Money market instruments	-	6,883,906	-	6,883,906
- Quoted securities in Malaysia	-	-	11	11
- Unquoted securities	-	2,713,743	141,100	2,854,843
Derivative financial assets	-	39,677	-	39,677
Liabilities				
Derivative financial liabilities	-	64,874	-	64,874

There were no transfers between levels 1 and 2 of the fair value hierarchy for the Group during the financial year ended 31 March 2015 and 31 March 2014.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

46. FAIR VALUE MEASUREMENTS (cont'd)

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

Reconciliation of movements in level 3 financial instruments:

Group	2015 RM'000	2014 RM'000
At beginning of year	141,111	137,392
Total gains/(losses) recognised in:		
- Statement of comprehensive income		
Gain arising from sales financial investments available-for-sale	11,224	12,509
- Other comprehensive income		
Revaluation reserves	1,976	6,922
Disposal	(14,089)	(15,712)
At end of year	140,222	141,111

The Group's exposure to financial instruments measured using unobservable inputs (level 3) constitutes a small component of the Group's portfolio of financial instruments. Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets and liabilities of level 3 of the fair value hierarchy.

(c) Fair values of financial instruments not carried at fair value

The following table summarizes the carrying amounts and the fair values of financial instruments of the Group which are not carried at fair value in the statement of financial position. It does not included those short term/on demand financial assets and liabilities where the carrying amounts are reasonable approximate to their fair values.

Group 2015	Fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
Financial assets					
Financial investments held-to-maturity	-	1,327,672	-	1,327,672	1,319,035
Loans, advances and financing	-	-	36,904,492	36,904,492	36,566,032
Financial liabilities					
Deposits from customers	-	44,723,650	-	44,723,650	44,606,815
Deposits and placements of banks and other financial institutions	-	1,473,294	-	1,473,294	1,489,775
Amount due to Cagamas Berhad	-	6,717	-	6,717	7,003
Subordinated obligations	-	605,088	-	605,088	613,267

NOTES TO THE FINANCIAL STATEMENTS

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46. FAIR VALUE MEASUREMENTS (cont'd)

(c) Fair values of financial instruments not carried at fair value (cont'd)

2014	Fair value				Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000
Financial assets					
Financial investments held-to-maturity	-	1,315,585	-	1,315,585	1,320,122
Loans, advances and financing	-	-	32,016,649	32,016,649	31,818,991
Financial liabilities					
Deposits from customers	-	39,256,033	-	39,256,033	39,237,077
Deposits and placements of banks and other financial institutions	-	3,041,048	-	3,041,048	3,059,357
Amount due to Cagamas Berhad	-	13,480	-	13,480	14,014
Subordinated obligations	-	608,640	-	608,640	612,718

The methods and assumptions used in estimating the fair values of financial instruments are as follows:

(i) Financial investments held-to-maturity

The fair values are estimated based on quoted or observable market prices at the end of the reporting period. Where such quoted or observable market prices are not available, the fair values are estimated using pricing models or discounted cash flow techniques. Where discounted cash flow technique is used, the expected future cash flows are discounted using prevailing market rates for a similar instrument at the end of the reporting period.

(ii) Loans, advances and financing

The fair values of fixed rate loans with remaining maturity of less than one year and variable rate loans are estimated to approximate their carrying values. For fixed rate loans and Islamic financing with remaining maturity of more than one year, the fair values are estimated based on expected future cash flows of contractual instalment payments and discounted at applicable prevailing rates at the end of the reporting period offered to new borrowers with similar credit profiles. In respect of impaired loans, the fair values represented by their carrying values, net of impairment allowances, being the expected recoverable amount.

(iii) Deposits from customers, deposits and placements of banks and other financial institutions and bills and acceptances payables

The fair values of deposit liabilities payable on demand (demand and savings deposits), or deposits with maturity of less than one year are estimated to approximate their carrying amounts. The fair values of fixed deposits with remaining maturities of more than one year are estimated based on expected future cash flows discounted at applicable prevailing rates offered for deposits of similar remaining maturities. For negotiable instruments of deposits, the fair values are estimated based on quoted or observable market prices as at the end of the reporting period. Where such quoted or observable market prices are not available, the fair values of negotiable instruments of deposits are estimated using the discounted cash flow technique.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

46. FAIR VALUE MEASUREMENTS (cont'd)

(c) Fair values of financial instruments not carried at fair value (cont'd)

(iv) Amount due to Cagamas Berhad

The fair values of amount due to Cagamas Berhad are determined based on the discounted cash flows of future instalment payments at applicable prevailing Cagamas rates as at the end of the reporting period.

(v) Subordinated obligations

The fair value of the subordinated bonds is estimated based on discounted cash flow techniques using a current yield curve appropriate for the remaining term to maturity.

47. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

(i) all financial assets and liabilities that are reported net on the balance sheet; and

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

(a) Financial assets

	Gross amounts of recognised financial assets RM'000	Gross amounts of recognised financial liabilities set off in the balance sheet RM'000	Net amounts of financial assets presented in the balance sheet RM'000	Related amounts not set off in the balance sheet		Net Amount RM'000
				Financial Instruments RM'000	Cash collateral received RM'000	
Group						
2015						
Derivative financial assets	132,460	-	132,460	(25,019)	-	107,441
Balances due from clients and brokers	149,558	(46,815)	102,743	-	-	102,743
Total	282,018	(46,815)	235,203	(25,019)	-	210,184
2014						
Derivative financial assets	39,677	-	39,677	(11,262)	-	28,415
Balances due from clients and brokers	120,815	(44,550)	76,265	-	-	76,265
Total	160,492	(44,550)	115,942	(11,262)	-	104,680

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47. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (cont'd)

(b) Financial liabilities

	Gross amounts of recognised financial assets RM'000	Gross amounts of recognised financial liabilities set off in the balance sheet RM'000	Net amounts of financial assets presented in the balance sheet RM'000	Related amounts not set off in the balance sheet		Net Amount RM'000
				Financial Instruments RM'000	Cash collateral received RM'000	
Group						
2015						
Derivative financial liabilities	115,224	-	115,224	(25,019)	(5,184)	85,021
Balances due to clients and brokers	109,648	(46,815)	62,833	-	-	62,833
Total	224,872	(46,815)	178,057	(25,019)	(5,184)	147,854
2014						
Derivative financial liabilities	64,874	-	64,874	(11,262)	(2,841)	50,771
Balances due to clients and brokers	89,384	(44,550)	44,834	-	-	44,834
Total	154,258	(44,550)	109,708	(11,262)	(2,841)	95,605

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

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48. SEGMENT INFORMATION

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

Funds are allocated between segments and inter-segment funding cost transfers are reflected in net interest income. In addition to the operating segments, the segment information disclosed also includes inter-segment eliminations. Transactions between reportable segments are eliminated based on principles of consolidation as described in accounting policy. Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated in inter-segment eliminations.

The Group is organised into the following key operating segments:

(i) Consumer Banking

Consumer Banking provides a wide range of personal banking solutions covering mortgages, term loans, personal loans, hire purchase facilities, credit cards and 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 customer including family-owned businesses. Business Banking provides a wide range of products and services including loans, trade finance, cash management, treasury and structured solutions.

(iii) Financial Markets

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

(iv) Investment Banking

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

(v) Others

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

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48. SEGMENT INFORMATION (cont'd)

Group 2015	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/(expense)								
- external income/(expense)	381,726	304,902	136,548	6,733	3,537	833,446	(12,857)	820,589
- inter-segment	(79,848)	41,971	42,814	(4,937)	-	-	-	-
	301,878	346,873	179,362	1,796	3,537	833,446	(12,857)	820,589
Net income from Islamic banking business	84,601	68,240	43,914	-	-	196,755	28,302	225,057
Other operating income	107,491	154,316	29,864	25,290	412,242	729,203	(391,860)	337,343
Net income	493,970	569,429	253,140	27,086	415,779	1,759,404	(376,415)	1,382,989
Other operating expenses	(267,350)	(219,669)	(52,549)	(41,344)	(37,708)*	(618,620)	11,494	(607,126)
Depreciation and amortisation	(22,022)	(13,385)	(3,786)	(552)	(51)	(39,796)	-	(39,796)
Operating profit/(loss) before allowance	204,598	336,375	196,805	(14,810)	378,020	1,100,988	(364,921)	736,067
(Allowance made for)/write-back of impairment on loans, advances and financing and other assets	(42,719)	2,136	80	899	-	(39,604)	-	(39,604)
Write-back of impairment	-	4,395	833	-	2,827	8,055	(1,327)	6,728
Segment result	161,879	342,906	197,718	(13,911)	380,847	1,069,439	(366,248)	703,191
Share of profit of equity-accounted joint venture, net of tax								16
Taxation and zakat								(172,427)
Net profit after taxation and zakat								530,780
Segment assets	21,836,416	14,592,555	18,280,083	63,524	1,924,206	56,696,784	(4,052,792)	52,643,992
Reconciliation of segment assets to consolidated assets:								
Investments in joint ventures								509
Property, plant and equipment								97,711
Unallocated assets								39,374
Intangible assets								359,935
Total assets								53,141,521
Segment liabilities	19,239,768	18,905,387	11,826,134	89,021	16,942	50,077,252	(1,446,162)	48,631,090
Unallocated liabilities								15,326
Total liabilities								48,646,416

* Includes rationalisation cost of RM10,648,000

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48. SEGMENT INFORMATION (cont'd)

Group 2014	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/(expense)								
- external income/(expense)	318,220	306,112	159,877	6,646	2,306	793,161	(14,526)	778,635
- inter-segment	(9,652)	24,296	(10,521)	(4,123)	-	-	-	-
	308,568	330,408	149,356	2,523	2,306	793,161	(14,526)	778,635
Net income from Islamic banking business	85,986	61,464	33,842	-	-	181,292	29,625	210,917
Other operating income	134,102	139,373	65,013	23,467	433,084	795,039	(435,627)	359,412
Net income	528,656	531,245	248,211	25,990	435,390	1,769,492	(420,528)	1,348,964
Other operating expenses	(264,005)	(209,923)	(45,896)	(26,361)	(53,297)*	(599,482)	12,204	(587,278)
Depreciation and amortisation	(21,103)	(13,984)	(5,144)	(601)	(51)	(40,883)	-	(40,883)
Operating profit/(loss) before allowance	243,548	307,338	197,171	(972)	382,042	1,129,127	(408,324)	720,803
(Allowance made for)/write-back of impairment on loans, advances and financing and other assets	(19,179)	32,545	(630)	235	650	13,621	-	13,621
Write-back of impairment	-	11,647	3,280	-	1,413	16,340	(1,413)	14,927
Segment result	224,369	351,530	199,821	(737)	384,105	1,159,088	(409,737)	749,351
Taxation and zakat								(185,803)
Net profit after taxation and zakat								563,548
Segment assets	19,197,500	12,367,653	17,684,359	156,808	59,044	49,465,364	(1,869,329)	47,596,035
Reconciliation of segment assets to consolidated assets:								
Property, plant and equipment								92,633
Unallocated assets								32,770
Intangible assets								353,256
Total assets								48,074,694
Segment liabilities	18,727,368	15,076,238	11,049,774	73,003	49,141	44,975,524	(1,083,027)	43,892,497
Unallocated liabilities								16,181
Total liabilities								43,908,678

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

NOTES TO THE FINANCIAL STATEMENTS
31 March 2015

49. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Acquisition by Alliance Investment Bank Berhad of 1,275,000 ordinary shares of RM1.00 each representing 51% equity interest in AllianceDBS Research Sdn. Bhd. (formerly known as HwangDBS Vickers Research Sdn. Bhd).

Alliance Investment Bank Berhad ("AIBB"), a wholly-owned subsidiary of Alliance Bank Malaysia Berhad ("ABMB"), which in turn a wholly-owned subsidiary of the Company, entered into a conditional Share Sale and Purchase Agreement with HwangDBS (Malaysia) Berhad ("HDBS") on 3 April 2014 for the acquisition of its 51% equity interest in HwangDBS Vickers Research Sdn. Bhd. ("HDBSV") comprising 1,275,000 ordinary shares of RM1.00 each fully paid for a total cash consideration of RM393,945 ("the Acquisition").

The Acquisition is to enhance the Group's equity research capabilities and its institutional broking business by leveraging on DBS Vickers Securities Holdings Pte Ltd's ("DBS Vickers") network of overseas clients to execute their trades on Bursa Malaysia via AIBB, in order to further expand the Group's investment banking business, especially the stock broking institutional business. In addition to providing coverage on Malaysia equities, the Group will be able to leverage on the capabilities of HDBSV to provide coverage on the regional equities for its institutional clients.

The Acquisition received the approvals from Bank Negara Malaysia and the Securities Commission on 11 March 2014 and 1 April 2014 respectively and completed on 6 May 2014. HDBSV has subsequently changed its name to AllianceDBS Research Sdn. Bhd.

50. SUBSEQUENT EVENTS

There was no material event subsequent to the end of the financial year that require disclosure or adjustment.

51. NON-CURRENT ASSETS HELD FOR SALE

Investment Property

	Group	
	2015 RM'000	**2014 RM'000**
Freehold land	-	27,748

The disposal exercise on the above investment property which has been identified as non-current assets held for sale was completed in August 2014.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2015

52. REALISED AND UNREALISED PROFITS

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of retained profits of the Group and the Company as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained profits of the Company and its subsidiaries				
- Realised	2,023,336	1,934,970	77,816	41,629
- Unrealised	123,187	54,440	334	325
	2,146,523	1,989,410	78,150	41,954
Total share of (losses)/profits from joint venture				
- Realised	(171)	-	-	-
- Unrealised	187	-	-	-
	2,146,539	1,989,410	78,150	41,954
Less: Consolidation adjustments	(341,924)	(283,539)	-	-
Total retained profits as per accounts	1,804,615	1,705,871	78,150	41,954

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

Accordingly, the unrealised retained profits of the Group and the Company as disclosed above excludes translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts, as these gains and losses are incurred in the ordinary course of business of the Group and the Company, and are hence deemed as realised.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

BASEL II PILLAR 3 DISCLOSURE

ALLIANCE BANK MALAYSIA BERHAD (88103-W)

BASEL II PILLAR 3 DISCLOSURE

for the financial year ended 31 March 2015

Overview

Bank Negara Malaysia's ("BNM") guidelines on capital adequacy require Alliance Bank Malaysia Berhad and its subsidiaries ("the Group") to maintain an adequate level of capital to withstand potential losses arising from its operations. BNM's capital adequacy guidelines cover 3 main aspects:

(a) Pillar 1 - covers the calculation of risk-weighted assets for credit risk, market risk and operational risk.

(b) Pillar 2 - involves assessment of other risks (e.g. interest rate risk in the banking book, liquidity risk and concentration risk) not covered under Pillar 1. This promotes adoption of forward-looking approaches to capital management and stress testing/risk simulation techniques.

(c) Pillar 3 - covers disclosure and external communication of risk and capital information by banks.

The Group maintains a strong capital base to support its current activities and future growth, to meet regulatory capital requirements at all times and to buffer against potential losses.

To ensure that risks and returns are appropriately balanced, the Group has implemented a Group-wide Integrated Risk Management Framework, with guidelines for identifying, measuring, and managing risks. This process includes quantifying and aggregating various risks in order to ensure the Group and each entity has sufficient capital to cushion unexpected losses and remain solvent.

In summary, the capital management process involves the following:

(i) Monitoring of regulatory capital and ensuring that the minimum regulatory requirements and approved internal ratios are adhered to.

(ii) Estimation of capital requirements based on ongoing forecasting and budgeting process.

(iii) Regular reporting of regulatory and internal capital ratios to management.

In addition, the Group's capital adequacy under extreme but plausible stress scenarios are periodically assessed via a Group-wide stress test exercise. The results of the stress tests are reported to senior management, to provide them with an assessment of the financial impact of such events on the Group's earnings and capital.

The Group's Pillar 3 Disclosure is governed by the Bank Disclosure Policy on Basel II Risk-Weighted Capital Adequacy Framework - Pillar 3 which sets out the minimum disclosure standards, the approach for determining the appropriateness of information disclosed and the internal controls over the disclosure process which covers the verification and review of the accuracy of information disclosed.

BASEL II
PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

1.0 Scope of Application

The Pillar 3 Disclosure was prepared on a consolidated basis and comprises information on Alliance Bank Malaysia Berhad ("the Bank"), its subsidiaries and associate companies. The Group offers Conventional and Islamic banking services. The latter includes the acceptance of deposits and granting of financing under the Shariah principles via the Bank's wholly-owned subsidiary, Alliance Islamic Bank Berhad. Information on subsidiary and associate companies are available in Note 13 and 14 of the audited financial statements.

The basis of consolidation for the use of regulatory capital purposes is similar to that for financial accounting purposes as prescribed in Note 2(b) of the audited financial statements, except for investments in subsidiaries engaged in nominees activities and sales distribution which are excluded from the regulatory consolidation and are deducted from regulatory capital.

There were no significant restrictions or other major impediments on transfer of funds or regulatory capital within the Group.

There were no capital deficiencies in any of the subsidiaries of the Group that were not included in the consolidation for regulatory purposes as at the financial year end.

The capital adequacy information was computed in accordance with BNM's Capital Adequacy Framework. The Group has adopted the Standardised Approach for credit risk and market risk, and Basic Indicator Approach for operational risk.

2.0 Capital

In managing its capital, the Group's objectives are:

(i) To maintain sufficient capital resources to meet the regulatory capital requirements as set forth by BNM;

(ii) To maintain sufficient capital resources to support the Group's risk appetite and to enable future business growth; and

(iii) To meet the expectations of key stakeholders, including shareholders, investors, regulators and rating agencies.

In line with this, the Group aims to maintain capital adequacy ratios that are above the regulatory requirements, while balancing shareholders' desire for sustainable returns and high standards of prudence.

The Group carries out stress testing to estimate the potential impact of extreme but plausible events on the Group's earnings, balance sheet and capital. The results of the stress tests are to facilitate the formulation of action plan(s) in advance if the stress tests reveal that the Group's capital will be adversely affected. The results of the stress tests are tabled to the Group Risk Management Committee for approval.

The Group's and the Bank's regulatory capital are determined under BNM's Capital Adequacy Framework and their capital ratios comply with the prescribed capital adequacy ratios.

BASEL II
PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

2.0 Capital (cont'd)

2.1 Capital Adequacy Ratios

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.

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

	Bank		Group	
	2015	2014	2015	2014
Before deducting proposed dividends				
CET I capital ratio	11.291%	10.987%	11.301%	10.908%
Tier I capital ratio	11.291%	12.235%	11.301%	11.961%
Total capital ratio	11.751%	12.295%	13.160%	14.201%
After deducting proposed dividends				
CET I capital ratio	11.058%	10.361%	11.108%	10.379%
Tier I capital ratio	11.058%	11.609%	11.108%	11.433%
Total capital ratio	11.518%	11.670%	12.967%	13.673%

BASEL II
PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

2.0 Capital (cont'd)

2.1 Capital Adequacy Ratios (cont'd)

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

	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
2015		
Before deducting proposed dividends		
CET I capital ratio	11.013%	94.504%
Tier I capital ratio	11.013%	94.504%
Total capital ratio	11.731%	94.504%
After deducting proposed dividends		
CET I capital ratio	11.013%	93.448%
Tier I capital ratio	11.013%	93.448%
Total capital ratio	11.731%	93.448%
2014		
Before deducting proposed dividends		
CET I capital ratio	13.426%	93.737%
Tier I capital ratio	13.426%	93.737%
Total capital ratio	14.134%	93.767%
After deducting proposed dividends		
CET I capital ratio	13.113%	92.148%
Tier I capital ratio	13.113%	92.148%
Total capital ratio	13.821%	92.178%

The detailed capital adequacy ratios of the above banking subsidiaries are set out in the Pillar 3 Report of the respective entity.

BASEL II
PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

2.0 Capital (cont'd)

2.2 Capital Structure

The following tables represent the Bank's and the Group's capital positions. Details on capital resources, including share capital, irredeemable (non-cumulative) convertible preference shares ("ICPS"), share premium and reserves are found in Note 26 and 27 of the audited financial statements. Details on the terms and conditions of subordinated obligations are contained in Note 25 of the audited financial statements.

The following tables present the components of Common Equity Tier I ("CET I"), Tier I and Tier II capital.

	Bank		Group	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
CET I Capital				
Paid-up share capital	796,517	596,517	796,517	596,517
Share premium	401,517	201,517	401,517	201,517
Retained profits	1,881,187	1,840,384	2,005,815	1,957,952
Statutory reserves	722,368	601,561	1,069,665	929,055
Revaluation reserves	43,838	(7,546)	78,232	7,071
Other reserves	-	-	10,018	10,018
	3,845,427	3,232,433	4,361,764	3,702,130
Less: Regulatory adjustment				
- Goodwill and other intangibles	(244,522)	(238,665)	(359,935)	(353,256)
- Deferred tax assets	-	(18,036)	(12,020)	(32,343)
- 55% of revaluation reserve	(24,111)	-	(43,028)	(3,889)
- Investment in subsidiaries and associates	(317,220)	(158,610)	(1,816)	(824)
Total CET I Capital	3,259,574	2,817,122	3,944,965	3,311,818
Tier I Capital				
ICPS	-	3,200	-	3,200
Share premium	-	316,800	-	316,800
Less: Regulatory adjustment				
- Investment in subsidiaries and associates	-	-	-	-
Total additional Tier I Capital	-	320,000	-	320,000
Total Tier I Capital	3,259,574	3,137,122	3,944,965	3,631,818
Tier II Capital				
Subordinated obligations	419,581	479,082	419,581	479,082
Collective assessment allowance	189,112	170,942	232,171	204,226
Less: Regulatory adjustment				
- Investment in subsidiaries and associates	(475,830)	(634,440)	(2,725)	(3,297)
Total Tier II Capital	132,863	15,584	649,027	680,011
Total Capital	3,392,437	3,152,706	4,593,992	4,311,829

BASEL II
PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

2.0 Capital (cont'd)

2.3 Risk-Weighted Assets ("RWA") and Capital Requirements

Regulatory Capital Requirements

The following tables present the minimum regulatory capital requirement of the Bank and the Group:

Bank **2015** **Exposure Class**	**Gross Exposures RM'000**	**Net Exposures RM'000**	**Risk-Weighted Assets RM'000**	**Capital Requirements RM'000**
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	6,735,295	6,735,295	-	-
Public sector entities	40,618	40,618	8,124	650
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	3,253,470	3,253,470	965,979	77,278
Insurance companies, securities firms and fund managers	32,191	32,191	32,191	2,575
Corporates	11,652,264	10,681,988	8,874,352	709,948
Regulatory retail	12,653,987	11,510,873	8,810,642	704,851
Residential mortgages	7,345,901	7,339,140	3,411,504	272,920
Higher risk assets	2,232	2,222	3,333	267
Other assets	584,711	584,711	268,657	21,493
Equity exposures	94,386	94,386	94,394	7,552
Defaulted exposures	173,309	172,021	206,897	16,552
Total on-balance sheet exposures	42,568,364	40,446,915	22,676,073	1,814,086
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	4,184,882	4,177,060	3,645,885	291,671
Derivative financial instruments	242,448	242,448	134,745	10,780
Defaulted exposures	9,607	9,606	14,409	1,153
Total off-balance sheet exposures	4,436,937	4,429,114	3,795,039	303,604
Total on and off-balance sheet exposures	47,005,301	44,876,029	26,471,112	2,117,690
(ii) Market Risk (Note 4.0)	Long Position	Short Position		
Interest rate risk	14,082	(9,275)	4,328	346
Foreign currency risk	121,456	(885)	121,450	9,716
Total	135,538	(10,160)	125,778	10,062
(iii) Operational Risk	-	-	2,271,723	181,737
Total	47,005,301	44,876,029	28,868,613	2,309,489

BASEL II
PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

2.0 Capital (cont'd)

2.3 ("RWA") and Capital Requirements (cont'd)

Regulatory Capital Requirements

Group 2015 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	9,192,594	9,192,594	-	-
Public sector entities	40,618	40,618	8,124	650
Banks, DFIs and MDBs	3,168,773	3,168,773	727,157	58,173
Insurance companies, securities firms and fund managers	40,237	40,237	40,237	3,219
Corporates	13,908,413	12,779,484	10,473,451	837,879
Regulatory retail	16,061,231	14,861,847	11,346,500	907,720
Residential mortgages	8,952,218	8,945,015	4,205,255	336,420
Higher risk assets	2,250	2,240	3,360	269
Other assets	785,633	785,633	477,924	38,234
Equity exposures	140,222	140,222	140,230	11,218
Defaulted exposures	207,684	206,266	246,876	19,750
Total on-balance sheet exposures	52,499,873	50,162,929	27,669,114	2,213,532
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	4,846,211	4,836,099	4,184,252	334,740
Derivative financial instruments	242,448	242,448	134,745	10,780
Defaulted exposures	15,468	15,458	23,187	1,855
Total off-balance sheet exposures	5,104,127	5,094,005	4,342,184	347,375
Total on and off-balance sheet exposures	57,604,000	55,256,934	32,011,298	2,560,907
(ii) Market Risk (Note 4.0)	Long Position	Short Position		
Interest rate risk	14,082	(9,275)	4,328	346
Foreign currency risk	121,456	(885)	121,450	9,716
Total	135,538	(10,160)	125,778	10,062
(iii) Operational Risk	-	-	2,770,484	221,639
Total	57,604,000	55,256,934	34,907,560	2,792,608

BASEL II
PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

2.0 Capital (cont'd)

2.3 ("RWA") and Capital Requirements (cont'd)

Regulatory Capital Requirements (cont'd)

Bank 2014 Exposure Class		Gross Exposures RM'000		Net Exposures RM'000	Risk-Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit Risk						
On-balance sheet exposures:						
Sovereigns/Central banks		6,519,686		6,519,686	-	-
Public sector entities		-		-	-	-
Banks, DFIs and MDBs		2,779,818		2,779,818	866,849	69,348
Insurance companies, securities firms and fund managers		3,456		3,456	3,456	276
Corporates		10,639,608		9,697,859	7,815,569	625,246
Regulatory retail		10,740,445		9,546,852	7,174,584	573,967
Residential mortgages		7,096,161		7,088,222	3,110,812	248,865
Higher risk assets		6,086		6,076	9,114	729
Other assets		574,333		574,333	271,782	21,743
Equity exposures		100,122		100,122	106,834	8,547
Defaulted exposures		181,562		181,342	210,503	16,840
Total on-balance sheet exposures		38,641,277		36,497,766	19,569,503	1,565,561
Off-balance sheet exposures:						
Credit-related off-balance sheet exposures		4,288,548		4,281,652	3,643,075	291,446
Derivative financial instruments		177,037		177,037	62,744	5,020
Defaulted exposures		5,220		5,220	7,835	627
Total off-balance sheet exposures		4,470,805		4,463,909	3,713,654	297,093
Total on and off-balance sheet exposures		43,112,082		40,961,675	23,283,157	1,862,654
(ii) Market Risk (Note 4.0)	Long Position		Short Position			
Interest rate risk	116,802		(1,988)		27,689	2,215
Foreign currency risk	173,925		-		173,925	13,914
Total	290,727		(1,988)		201,614	16,129
(iii) Operational Risk		-		-	2,156,708	172,537
Total		43,112,082		40,961,675	25,641,479	2,051,320

BASEL II
PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

2.0 Capital (cont'd)

2.3 ("RWA") and Capital Requirements (cont'd)

Regulatory Capital Requirements (cont'd)

Group 2014 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	8,942,862	8,942,862	-	-
Public sector entities	-	-	-	-
Banks, DFIs and MDBs	3,070,885	3,070,885	671,679	53,734
Insurance companies, securities firms and fund managers	3,467	3,467	3,467	277
Corporates	12,571,696	11,426,766	9,066,484	725,319
Regulatory retail	13,121,711	11,884,568	8,942,193	715,375
Residential mortgages	8,568,240	8,559,717	3,804,668	304,373
Higher risk assets	6,129	6,119	9,179	734
Other assets	704,025	704,025	401,473	32,118
Equity exposures	141,111	141,111	147,824	11,826
Defaulted exposures	226,522	226,270	261,486	20,919
Total on-balance sheet exposures	47,356,648	44,965,790	23,308,453	1,864,675
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	4,877,590	4,869,454	4,104,243	328,339
Derivative financial instruments	177,037	177,037	62,744	5,020
Defaulted exposures	5,886	5,886	8,815	705
Total off-balance sheet exposures	5,060,513	5,052,377	4,175,802	334,064
Total on and off-balance sheet exposures	52,417,161	50,018,167	27,484,255	2,198,739
(ii) Market Risk (Note 4.0)	Long Position	Short Position		
Interest rate risk	116,802	(1,988)	27,689	2,215
Foreign currency risk	173,925	-	173,925	13,914
Total	290,727	(1,988)	201,614	16,129
(iii) Operational Risk	-	-	2,676,791	214,143
Total	52,417,161	50,018,167	30,362,660	2,429,011

Note:
Under Islamic banking, the Group does not use Profit-sharing Investment Account ("PSIA") as a risk absorbent mechanism.

The Bank and the Group do not have exposure to any Large Exposure Risk for equity holdings as specified under BNM's Guidelines on Investment in Shares, Interest-in-Shares and Collective Investment Schemes.

BASEL II PILLAR 3 DISCLOSURE

for the financial year ended 31 March 2015

3.0 Credit Risk

Credit risk is the risk of financial loss resulting from the failure of the Bank's borrowers or counterparties to fulfil their contractual obligations to repay their loans or settle financial commitments. Credit risk arises mainly from lending/financing activities and trading/holding of debt securities.

Credit Risk Management

The Board, via the Group Risk Management Committee ("GRMC"), established a Credit Risk Management Framework ("CRMF") which outlines the principles for managing credit risk in the Group. The CRMF covers the credit approving structure, risk policies framework, the credit process, collateral management, review, portfolio risk management, collection, problem credit management, rating, infrastructure, and stress tests.

Credit approval authority is delegated to underwriters based on their experience and seniority. Credit granting decisions are based on expert judgment supplemented with credit ratings; risk reward is a major consideration in loan pricing. Larger loans are approved by the Management Credit Committee. Policy loans are subject to concurrence by the Executive Committee.

Retail loans are subject to portfolio reviews and corporate loans are subject to periodic individual borrower or group reviews. Loans with signs of problem will be managed under the Early Warning Framework. Recovery of impaired loans are carried out by specialists independent of the lines of business.

Portfolio Review Committee for the respective lines of business, assisted by embedded business risk units, manage the portfolio quality. The process also ensures alignment of business strategy with the Bank's risk appetite.

Group Risk Management and business risk units are responsible to assess adequacy and effectiveness of the risk management framework, policies and guidelines.

Stress testing is used to ascertain the size of probable losses under a range of scenarios for the loan portfolio and the impact to bottom lines and capital. These stress tests are performed using a variety of market and economic assumptions to assess possible vulnerability and effective mitigating actions when required.

The Credit Review Unit under Group Internal Audit reviews the credit processes regularly and recommends corrective measures or enhancements. These reviews provide senior management with assurance that the policies, processes, guidelines and limits are adhered to.

Impaired Loans and Provisions

Past due accounts are loan accounts with any payment of principal and/or interest due and not paid, but are not classified as impaired. Loans are classified as impaired if the judgmental or mandatory triggers are activated.

Individual assessments are performed on impaired accounts with principal outstanding of RM1 million and above. The discounted cashflow method will be used to determine the recoverable amounts. The remaining loan portfolios are then collectively assessed for impairment allowance provision.

Please refer to Note 2(i)(i) of the audited financial statements for accounting policies on impaired loans, advances and financing.

BASEL II
PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

3.0 Credit Risk (cont'd)

3.1 Distribution of Credit Exposures

(a) Geographical Distribution

The following tables represent the Bank's and the Group's major type of gross credit exposure by geographical distribution. Exposure are allocated to the region in which the customer is located and are disclosed before taking account of any collateral held or other credit enhancements and after allowance for impairment where appropriate.

	Geographical region				
Bank 2015	**Northern RM'000**	**Central RM'000**	**Southern RM'000**	**Sabah RM'000**	**Sarawak RM'000**
Cash and short-term funds	-	2,135,629	-	-	-
Deposits and placements with banks and other financial institutions	-	298,167	-	-	-
Financial assets held-for-trading	-	10,037	-	-	-
Financial investments available-for-sale	-	7,787,813	-	-	-
Financial investments held-to-maturity	-	714,915	-	-	-
Derivative financial assets	-	132,460	-	-	-
Loans, advances and financing	1,955,522	21,878,063	3,176,935	2,166,974	636,646
Total on-balance sheet	1,955,522	32,957,084	3,176,935	2,166,974	636,646
Financial guarantees	53,656	410,092	33,184	28,813	10,394
Credit related commitments and contingencies	782,540	8,778,288	890,309	665,452	181,593
Total off-balance sheet	836,196	9,188,380	923,493	694,265	191,987
Total credit exposure	2,791,718	42,145,464	4,100,428	2,861,239	828,633
Group 2015					
Cash and short-term funds	-	2,382,645	-	-	-
Deposits and placements with banks and other financial institutions	-	298,167	-	-	-
Balances due from clients and brokers	22,911	74,391	5,441	-	-
Financial assets held-for-trading	-	10,037	-	-	-
Financial investments available-for-sale	-	9,613,634	-	-	-
Financial investments held-to-maturity	-	1,319,035	-	-	-
Derivative financial assets	-	132,460	-	-	-
Loans, advances and financing	2,364,214	26,571,955	4,210,361	2,609,284	776,291
Total on-balance sheet	2,387,125	40,402,324	4,215,802	2,609,284	776,291
Financial guarantees	72,877	475,120	43,594	32,894	10,394
Credit related commitments and contingencies	928,200	9,882,642	1,076,947	1,112,765	252,974
Total off-balance sheet	1,001,077	10,357,762	1,120,541	1,145,659	263,368
Total credit exposure	3,388,202	50,760,086	5,336,343	3,754,943	1,039,659

BASEL II
PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

3.0 Credit Risk (cont'd)

3.1 Distribution of Credit Exposures (cont'd)

(a) Geographical Distribution (cont'd)

	Geographical region				
Bank 2014	**Northern RM'000**	**Central RM'000**	**Southern RM'000**	**Sabah RM'000**	**Sarawak RM'000**
Cash and short-term funds	-	1,540,445	-	-	-
Deposits and placements with banks and other financial institutions	-	655,305	-	-	-
Financial assets held-for-trading	-	110,172	-	-	-
Financial investments available-for-sale	-	7,438,485	-	-	-
Financial investments held-to-maturity	-	710,730	-	-	-
Derivative financial assets	-	39,677	-	-	-
Loans, advances and financing	1,660,084	20,205,212	2,500,507	1,791,852	379,673
Total on-balance sheet	1,660,084	30,700,026	2,500,507	1,791,852	379,673
Financial guarantees	65,940	394,198	32,349	34,601	6,189
Credit related commitments and contingencies	673,116	9,200,454	957,994	675,719	141,508
Total off-balance sheet	739,056	9,594,652	990,343	710,320	147,697
Total credit exposure	2,399,140	40,294,678	3,490,850	2,502,172	527,370

Group 2014					
Cash and short-term funds	-	1,827,207	-	-	-
Deposits and placements with banks and other financial institutions	-	655,305	-	-	-
Balances due from clients and brokers	19,898	50,663	5,704	-	-
Financial assets held-for-trading	-	110,172	-	-	-
Financial investments available-for-sale	-	9,597,649	-	-	-
Financial investments held-to-maturity	-	1,320,122	-	-	-
Derivative financial assets	-	39,677	-	-	-
Loans, advances and financing	1,959,329	24,044,481	3,182,327	2,152,994	449,810
Total on-balance sheet	1,979,227	37,645,276	3,188,031	2,152,994	449,810
Financial guarantees	85,718	439,205	41,772	37,965	6,189
Credit related commitments and contingencies	773,886	10,147,196	1,105,974	1,161,770	181,841
Total off-balance sheet	859,604	10,586,401	1,147,746	1,199,735	188,030
Total credit exposure	2,838,831	48,231,677	4,335,777	3,352,729	637,840

BASEL II
PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

3.0 Credit Risk (cont'd)

3.1 Distribution of Credit Exposures (cont'd)

(b) Industry Distribution

The following tables represent the Bank's and the Group's major type of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged.

Bank 2015	Government and Central bank RM'000	Financial, insurance, business services and real estate RM'000	Transport, storage & communication RM'000	Agriculture, manufacturing, wholesale & retail trade RM'000	Construction RM'000	Residential mortgage RM'000	Motor vehicle financing RM'000	Other consumer loans RM'000	Total RM'000
Cash and short-term funds	694,538	1,441,091	-	-	-	-	-	-	2,135,629
Deposits and placements with banks and other financial institutions	-	298,167	-	-	-	-	-	-	298,167
Financial assets held-for-trading	-	-	5,007	-	5,030	-	-	-	10,037
Financial investments available-for-sale	4,160,080	2,876,820	253,331	305,182	121,143	-	-	71,257	7,787,813
Financial investments held-to-maturity	714,578	337	-	-	-	-	-	-	714,915
Derivative financial assets	-	61,004	-	-	-	-	-	71,456	132,460
Loans, advances and financing	-	3,973,410	188,195	7,374,679	456,952	12,523,527	433,486	4,863,891	29,814,140
Total on-balance sheet	5,569,196	8,650,829	446,533	7,679,861	583,125	12,523,527	433,486	5,006,604	40,893,161
Financial guarantees	-	116,003	24,423	335,941	20,385	-	-	39,387	536,139
Credit related commitments and contingencies	-	1,214,737	76,195	2,936,046	1,259,578	2,890,881	449	2,920,296	11,298,182
Total off-balance sheet	-	1,330,740	100,618	3,271,987	1,279,963	2,890,881	449	2,959,683	11,834,321
Total credit risk	5,569,196	9,981,569	547,151	10,951,848	1,863,088	15,414,408	433,935	7,966,287	52,727,482

BASEL II PILLAR 3 DISCLOSURE

for the financial year ended 31 March 2015

3.0 Credit Risk (cont'd)

3.1 Distribution of Credit Exposures (cont'd)

(b) Industry Distribution (cont'd)

The following tables represent the Bank's and the Group's major type of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged (cont'd).

Group 2015	Government and Central bank RM'000	Financial, insurance, business services and real estate RM'000	Transport, storage & communication RM'000	Agriculture, manufacturing, wholesale & retail trade RM'000	Construction RM'000	Residential mortgage RM'000	Motor vehicle financing RM'000	Other consumer loans RM'000	Total RM'000
Cash and short-term funds	978,808	1,403,837	-	-	-	-	-	-	2,382,645
Deposits and placements with banks and other financial institutions	-	298,167	-	-	-	-	-	-	298,167
Balances due from clients and brokers	-	-	-	-	-	-	-	102,743	102,743
Financial assets held-for-trading	-	-	5,007	-	5,030	-	-	-	10,037
Financial investments available-for-sale	5,431,621	3,195,943	370,689	362,298	166,556	-	-	86,527	9,613,634
Financial investments held-to-maturity	1,309,191	4,745	5,099	-	-	-	-	-	1,319,035
Derivative financial assets	-	61,004	-	-	-	-	-	71,456	132,460
Loans, advances and financing	-	4,612,209	224,525	9,109,575	570,940	15,044,110	1,066,851	5,903,895	36,532,105
Total on-balance sheet	7,719,620	9,575,905	605,320	9,471,873	742,526	15,044,110	1,066,851	6,164,621	50,390,826
Financial guarantees	-	118,636	24,434	409,048	42,940	-	-	39,821	634,879
Credit related commitments and contingencies	-	1,611,298	83,091	3,685,935	1,423,028	3,138,597	892	3,310,687	13,253,528
Total off-balance sheet	-	1,729,934	107,525	4,094,983	1,465,968	3,138,597	892	3,350,508	13,888,407
Total credit risk	7,719,620	11,305,839	712,845	13,566,856	2,208,494	18,182,707	1,067,743	9,515,129	64,279,233

BASEL II
PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

3.0 Credit Risk (cont'd)

3.1 Distribution of Credit Exposures (cont'd)

(b) Industry Distribution (cont'd)

The following tables represent the Bank's and the Group's major type of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged (cont'd).

Bank 2014	Government and Central bank RM'000	Financial, insurance, business services and real estate RM'000	Transport, storage & communication RM'000	Agriculture, manufacturing, wholesale & retail trade RM'000	Construction RM'000	Residential mortgage RM'000	Motor vehicle financing RM'000	Other consumer loans RM'000	Total RM'000
Cash and short-term funds	401,878	1,138,567	-	-	-	-	-	-	1,540,445
Deposits and placements with banks and other financial institutions	-	655,305	-	-	-	-	-	-	655,305
Financial assets held-for-trading	110,172	-	-	-	-	-	-	-	110,172
Financial investments available-for-sale	4,454,365	2,220,466	221,981	350,399	120,123	-	-	71,151	7,438,485
Financial investments held-to-maturity	710,393	337	-	-	-	-	-	-	710,730
Derivative financial assets	-	39,533	-	-	-	-	-	144	39,677
Loans, advances and financing	-	3,135,367	125,277	6,990,043	354,012	10,861,757	496,012	4,574,860	26,537,328
Total on-balance sheet	5,676,808	7,189,575	347,258	7,340,442	474,135	10,861,757	496,012	4,646,155	37,032,142
Financial guarantees	-	115,081	23,187	332,592	24,355	-	-	38,062	533,277
Credit related commitments and contingencies	-	1,152,769	62,754	2,701,328	1,111,276	3,724,320	-	2,896,344	11,648,791
Total off-balance sheet	-	1,267,850	85,941	3,033,920	1,135,631	3,724,320	-	2,934,406	12,182,068
Total credit risk	5,676,808	8,457,425	433,199	10,374,362	1,609,766	14,586,077	496,012	7,580,561	49,214,210

BASEL II PILLAR 3 DISCLOSURE

for the financial year ended 31 March 2015

3.0 Credit Risk (cont'd)

3.1 Distribution of Credit Exposures (cont'd)

(b) Industry Distribution (cont'd)

The following tables represent the Bank's and the Group's major type of gross credit exposure by sector. The analysis is based on the sector in which the customers are engaged (cont'd).

Group 2014	Government and Central bank RM'000	Financial, insurance, business services and real estate RM'000	Transport, storage & communication RM'000	Agriculture, manufacturing, wholesale & retail trade RM'000	Construction RM'000	Residential mortgage RM'000	Motor vehicle financing RM'000	Other consumer loans RM'000	Total RM'000
Cash and short-term funds	725,104	1,102,103	-	-	-	-	-	-	1,827,207
Deposits and placements with banks and other financial institutions	-	655,305	-	-	-	-	-	-	655,305
Balances due from clients and brokers	-	-	-	-	-	-	-	76,265	76,265
Financial assets held-for-trading	110,172	-	-	-	-	-	-	-	110,172
Financial investments available-for-sale	5,719,636	2,930,976	314,859	400,574	145,207	-	-	86,397	9,597,649
Financial investments held-to-maturity	1,314,596	389	5,137	-	-	-	-	-	1,320,122
Derivative financial assets	-	39,533	-	-	-	-	-	144	39,677
Loans, advances and financing	-	3,541,246	144,508	8,216,445	411,478	13,094,472	850,571	5,530,221	31,788,941
Total on-balance sheet	7,869,508	8,269,552	464,504	8,617,019	556,685	13,094,472	850,571	5,693,027	45,415,338
Financial guarantees	-	117,711	23,258	406,556	24,873	-	-	38,451	610,849
Credit related commitments and contingencies	-	1,364,871	65,231	3,302,864	1,152,402	4,173,541	1,193	3,310,565	13,370,667
Total off-balance sheet	-	1,482,582	88,489	3,709,420	1,177,275	4,173,541	1,193	3,349,016	13,981,516
Total credit risk	7,869,508	9,752,134	552,993	12,326,439	1,733,960	17,268,013	851,764	9,042,043	59,396,854

BASEL II
PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

3.0 Credit Risk (cont'd)

3.1 Distribution of Credit Exposures (cont'd)

(c) Residual Contractual Maturity

The following tables represent the residual contractual maturity for major types of gross credit exposures for on-balance sheet exposures of financial assets of the Bank and the Group:

Bank 2015	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1 year RM'000	Total RM'000
Cash and short-term funds	2,443,337	-	-	-	-	2,443,337
Deposits and placements with banks and other financial institutions	-	74,101	224,066	-	-	298,167
Financial investments	493,427	232,399	210,486	185,170	7,485,669	8,607,151
Loans, advances and financing	4,665,869	1,087,894	647,632	88,284	23,364,174	29,853,853
Other asset balances	72,131	48,312	58,425	23,673	2,522,974	2,725,515
Total on-balance sheet exposure	7,674,764	1,442,706	1,140,609	297,127	33,372,817	43,928,023

Group 2015	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1 year RM'000	Total RM'000
Cash and short-term funds	2,690,353	-	-	-	-	2,690,353
Deposits and placements with banks and other financial institutions	-	74,101	224,066	-	-	298,167
Balances due from clients and brokers	87,182	-	-	-	15,561	102,743
Financial investments	763,802	749,459	432,250	343,373	8,794,044	11,082,928
Loans, advances and financing	5,885,695	1,380,795	910,036	281,555	28,107,951	36,566,032
Other asset balances	59,733	48,392	58,544	23,913	2,204,032	2,394,614
Total on-balance sheet exposure	9,486,765	2,252,747	1,624,896	648,841	39,121,588	53,134,837

BASEL II
PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

3.0 Credit Risk (cont'd)

3.1 Distribution of Credit Exposures (cont'd)

(c) Residual Contractual Maturity (cont'd)

The following tables represent the residual contractual maturity for major types of gross credit exposures for on-balance sheet exposures of financial assets of the Bank and the Group (cont'd):

Bank 2014	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1 year RM'000	Total RM'000
Cash and short-term funds	1,842,996	-	-	-	-	1,842,996
Deposits and placements with banks and other financial institutions	-	557,025	98,280	-	-	655,305
Financial investments	103,420	163,690	17,166	85,403	7,989,830	8,359,509
Loans, advances and financing	5,372,542	1,467,692	940,297	633,463	18,168,786	26,582,780
Other asset balances	78,282	28,006	9,911	10,076	2,483,964	2,610,239
Total on-balance sheet exposure	7,397,240	2,216,413	1,065,654	728,942	28,642,580	40,050,829

Group 2014	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1 year RM'000	Total RM'000
Cash and short-term funds	2,129,759	-	-	-	-	2,129,759
Deposits and placements with banks and other financial institutions	-	557,025	98,280	-	-	655,305
Balances due from clients and brokers	61,181	-	-	-	15,084	76,265
Financial investments	463,411	855,276	119,305	195,634	9,535,428	11,169,054
Loans, advances and financing	6,268,997	1,756,711	1,128,447	793,453	21,871,383	31,818,991
Other asset balances	40,035	28,031	9,950	10,154	2,108,354	2,196,524
Total on-balance sheet exposure	8,963,383	3,197,043	1,355,982	999,241	33,530,249	48,045,898

BASEL II
PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

3.0 Credit Risk (cont'd)

3.2 Past Due Loans, Advances and Financing Analysis

Past due but not impaired loans, advances and financing are loans where the customers have failed to make a principal and/or interest payment when contractually due, and includes loans which are due one or more days after the contractual due date but less than 3 months.

Past due loans, advances and financing are analysed as follows:

	Bank		Group	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Past due up to 1 month	711,650	730,271	935,615	947,287
Past due > 1 - 2 months	183,659	157,024	242,781	211,398
Past due > 2 - 3 months	15,763	16,845	26,018	26,309
	911,072	904,140	1,204,414	1,184,994

Past due loans, advances and financing analysed by sector are as follows:

	Bank		Group	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial, insurance & business services	16,591	22,313	21,613	23,965
Transport, storage & communication	6,801	5,436	7,773	6,108
Agriculture, manufacturing, wholesale & retail trade	86,645	80,944	108,545	92,202
Construction	14,198	20,681	16,708	22,935
Residential mortgage	468,082	486,728	555,170	587,501
Motor vehicle financing	81,721	94,388	168,202	154,249
Other consumer loans	237,034	193,650	326,403	298,034
	911,072	904,140	1,204,414	1,184,994

Past due loans, advances and financing analysed by significant geographical areas:

	Bank		Group	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Northern region	80,824	74,945	106,147	86,340
Central region	586,054	639,210	769,635	848,092
Southern region	156,976	119,140	217,718	163,405
Sabah region	72,174	57,123	92,297	70,723
Sarawak region	15,044	13,722	18,617	16,434
	911,072	904,140	1,204,414	1,184,994

BASEL II
PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

3.0 Credit Risk (cont'd)

3.3 Impaired Loans, Advances and Financing Analysis

Impaired loans, advances and financing analysed by sectors:

	Bank		Group	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial, insurance & business services	5,766	15,853	5,931	16,366
Transport, storage & communication	9,692	9,742	10,238	10,263
Agriculture, manufacturing, wholesale & retail trade	52,773	70,754	60,960	112,805
Construction	13,136	17,239	16,265	20,650
Residential mortgage	196,618	193,419	229,917	218,566
Motor vehicle financing	2,897	5,098	6,636	8,230
Other consumer loans	40,615	41,775	50,765	55,901
	321,497	353,880	380,712	442,781

Impairment allowances on impaired loans, advances and financing analysed by sectors:

Bank 2015	Individual impairment allowance RM'000	Collective impairment allowance RM'000	Individual impairment net charge for the year RM'000	Individual impairment write-off for the year RM'000
Financial, insurance & business services	630	26,008	(792)	(65)
Transport, storage & communication	9,527	2,387	(8)	-
Agriculture, manufacturing, wholesale & retail trade	17,642	136,944	8,895	(26,791)
Construction	8,597	6,079	(1,898)	-
Residential mortgage	8,262	63,936	2,069	(2,713)
Motor vehicle financing	-	5,751	-	-
Other consumer loans	1,533	37,494	893	(319)
	46,191	278,599	9,159	(29,888)
Group 2015				
Financial, insurance & business services	672	30,763	(792)	(65)
Transport, storage & communication	9,527	2,867	(8)	-
Agriculture, manufacturing, wholesale & retail trade	24,911	155,179	3,866	(39,651)
Construction	10,628	7,129	(1,898)	-
Residential mortgage	8,472	70,728	1,960	(2,713)
Motor vehicle financing	-	12,666	-	-
Other consumer loans	2,093	55,372	347	(1,444)
	56,303	334,704	3,475	(43,873)

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PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

3.0 Credit Risk (cont'd)

3.3 Impaired Loans, Advances and Financing Analysis (cont'd)

Impairment allowances on impaired loans, advances and financing analysed by sectors (cont'd):

Bank 2014	Individual impairment allowance RM'000	Collective impairment allowance RM'000	Individual impairment net charge for the year RM'000	Individual impairment write-off for the year RM'000
Financial, insurance & business services	1,254	22,646	(668)	(410)
Transport, storage & communication	9,536	1,759	1	-
Agriculture, manufacturing, wholesale & retail trade	35,032	119,964	2,955	(22,710)
Construction	10,719	6,573	(577)	(57)
Residential mortgage	8,922	69,947	5,279	(3,248)
Motor vehicle financing	-	6,420	-	-
Other consumer loans	1,818	39,598	(2,364)	(1,147)
	67,281	266,907	4,626	(27,572)
Group **2014**				
Financial, insurance & business services	1,296	25,113	(668)	(410)
Transport, storage & communication	9,536	2,159	1	-
Agriculture, manufacturing, wholesale & retail trade	60,190	136,076	4,349	(23,558)
Construction	12,750	7,266	(2,058)	(57)
Residential mortgage	9,338	76,323	5,474	(4,177)
Motor vehicle financing	-	10,658	-	-
Other consumer loans	4,049	55,701	(1,485)	(2,453)
	97,159	313,296	5,613	(30,655)

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PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

3.0 Credit Risk (cont'd)

3.3 Impaired Loans, Advances and Financing Analysis (cont'd)

Impaired loans, advances and financing and the related impairment allowances by geographical areas:

Bank 2015	**Impaired loans, advances and financing RM'000**	**Individual impairment allowance RM'000**	**Collective impairment allowance RM'000**
Northern region	42,274	10,237	34,237
Central region	221,285	34,394	190,895
Southern region	30,309	-	27,629
Sabah region	23,797	1,560	20,506
Sarawak region	3,832	-	5,332
	321,497	46,191	278,599
Group 2015			
Northern region	45,294	10,237	39,276
Central region	267,873	44,506	228,965
Southern region	37,759	-	36,115
Sabah region	25,501	1,560	24,103
Sarawak region	4,285	-	6,245
	380,712	56,303	334,704
Bank 2014			
Northern region	53,862	22,410	37,820
Central region	239,862	43,721	177,816
Southern region	27,758	-	28,240
Sabah region	29,543	1,150	18,641
Sarawak region	2,855	-	4,390
	353,880	67,281	266,907
Group 2014			
Northern region	69,548	35,271	41,687
Central region	304,328	60,208	210,380
Southern region	34,124	530	34,937
Sabah region	31,703	1,150	21,548
Sarawak region	3,078	-	4,744
	442,781	97,159	313,296

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PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

3.0 Credit Risk (cont'd)

3.3 Impaired Loans, Advances and Financing Analysis (cont'd)

Movements in loans impairment allowances are analysed as follows:

	Bank		Group	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Individual assessment allowance:				
At beginning of year	67,281	95,282	97,159	128,471
Allowance made during the year (net)	9,159	4,626	3,475	5,613
Amount written-off	(29,888)	(27,572)	(43,873)	(30,655)
Transfers to collective assessment allowance	(361)	(5,055)	(458)	(6,270)
At end of year	46,191	67,281	56,303	97,159
Collective assessment allowance:				
At beginning of year	266,907	295,834	313,296	349,203
Allowance made during the year (net)	51,693	1,886	78,193	11,746
Amount written-off	(40,362)	(35,868)	(57,243)	(53,923)
Transfers from individual assessment allowance	361	5,055	458	6,270
At end of year	278,599	266,907	334,704	313,296

BASEL II PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

3.0 Credit Risk (cont'd)

3.4 Assignment of Risk-Weights for Portfolio Under the Standardised Approach

The following tables present the credit exposures by risk-weights and after credit risk mitigation:

Bank 2015 Risk-Weights	Sovereigns/ Central banks RM'000	Public sector entities RM'000	Banks, DFIs and MDBs RM'000	Insurance companies, Securities firms and Fund managers RM'000	Corporates RM'000	Regulatory retail RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000	Equity exposures RM'000	Total exposures after netting and credit risk mitigation RM'000	Total Risk-Weighted Assets RM'000
	Exposures after netting and credit risk mitigation											
0%	6,735,295	-	-	-	424,190	-	-	-	307,709	-	7,467,194	-
20%	-	40,618	2,303,651	-	1,752,367	-	-	-	10,432	-	4,107,068	821,414
35%	-	-	-	-	-	-	4,428,632	-	-	-	4,428,632	1,550,021
50%	-	-	1,105,840	-	45	8,821	2,100,856	-	-	-	3,215,562	1,607,781
75%	-	-	-	-	-	12,815,703	37,034	-	-	-	12,852,737	9,639,552
100%	-	-	-	32,203	10,705,634	766,332	844,711	-	266,570	94,372	12,709,822	12,709,823
150%	-	-	-	-	9,876	80,050	-	5,074	-	14	95,014	142,521
Total exposures	6,735,295	40,618	3,409,491	32,203	12,892,112	13,670,906	7,411,233	5,074	584,711	94,386	44,876,029	26,471,112
Risk-weighted assets by exposures	-	8,124	1,013,650	32,203	11,070,944	10,502,594	3,472,935	7,612	268,657	94,393	26,471,112	
Average risk-weight	-	20%	30%	100%	86%	77%	47%	150%	46%	100%	59%	
Deduction from Capital base	-	-	-	-	-	-	-	-	-	-	-	

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3.0 Credit Risk (cont'd)

3.4 Assignment of Risk-Weights for Portfolio Under the Standardised Approach (cont'd)

The following tables present the credit exposures by risk-weights and after credit risk mitigation (cont'd):

Group 2015 Risk-Weights	Sovereigns/ Central banks RM'000	Public sector entities RM'000	Banks, DFIs and MDBs RM'000	Insurance companies, Securities firms and Fund managers RM'000	Corporates RM'000	Regulatory retail RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000	Equity exposures RM'000	Total exposures after netting and credit risk mitigation RM'000	Total Risk-Weighted Assets RM'000
	Exposures after netting and credit risk mitigation											
0%	9,252,594	-	-	-	576,824	-	-	-	307,709	-	10,137,127	-
20%	-	40,618	2,958,563	-	2,198,757	-	-	-	-	-	5,197,938	1,039,588
35%	-	-	-	-	-	-	5,219,495	-	-	-	5,219,495	1,826,823
50%	-	-	366,231	-	45	10,413	2,695,375	-	-	-	3,072,064	1,536,033
75%	-	-	-	-	-	16,270,942	42,854	-	-	-	16,313,796	12,235,346
100%	-	-	-	51,583	12,595,922	860,670	1,076,220	-	477,924	140,208	15,202,527	15,202,528
150%	-	-	-	-	15,257	93,582	-	5,135	-	14	113,988	170,980
Total exposures	9,252,594	40,618	3,324,794	51,583	15,386,805	17,235,607	9,033,944	5,135	785,633	140,222	55,256,934	32,011,298
Risk-weighted assets by exposures	-	8,124	774,828	51,583	13,058,581	13,209,454	4,282,872	7,703	477,924	140,229	32,011,298	
Average risk-weight	-	20%	23%	100%	85%	77%	47%	150%	61%	100%	58%	
Deduction from Capital base	-	-	-	-	-	-	-	-	-	-	-	

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3.0 Credit Risk (cont'd)

3.4 Assignment of Risk-Weights for Portfolio Under the Standardised Approach (cont'd)

The following tables present the credit exposures by risk-weights and after credit risk mitigation (cont'd):

Bank 2014 Risk-Weights	Exposures after netting and credit risk mitigation										Total exposures after netting and credit risk mitigation RM'000	Total Risk-Weighted Assets RM'000
	Sovereigns/ Central banks RM'000	Public sector entities RM'000	Banks, DFIs and MDBs RM'000	Insurance companies, Securities firms and Fund managers RM'000	Corporates RM'000	Regulatory retail RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000	Equity exposures RM'000		
0%	6,519,686	-	-	-	380,300	-	-	-	302,551	-	7,202,537	-
20%	5,145	-	1,880,969	-	1,835,763	-	-	-	-	-	3,721,877	744,377
35%	-	-	-	-	-	-	4,276,497	-	-	-	4,276,497	1,496,774
50%	-	-	1,050,120	-	100,060	10,551	2,008,887	-	-	-	3,169,618	1,584,809
75%	-	-	-	-	-	11,915,068	823,707	-	-	-	12,738,775	9,554,081
100%	-	-	-	7,659	9,240,372	90,108	54,263	-	271,782	86,697	9,750,881	9,750,881
150%	-	-	-	-	18,543	58,541	-	10,982	-	13,424	101,490	152,235
Total exposures	6,524,831	-	2,931,089	7,659	11,575,038	12,074,268	7,163,354	10,982	574,333	100,121	40,961,675	23,283,157
Risk-weighted assets by exposures	1,029	-	901,256	7,659	9,685,368	9,119,496	3,173,261	16,472	271,782	106,834	23,283,157	
Average risk-weight	-	-	31%	100%	84%	76%	44%	150%	47%	107%	57%	
Deduction from Capital base	-	-	-	-	-	-	-	-	-	-	-	

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3.0 Credit Risk (cont'd)

3.4 Assignment of Risk-Weights for Portfolio Under the Standardised Approach (cont'd)

The following tables present the credit exposures by risk-weights and after credit risk mitigation (cont'd):

Group 2014 Risk-Weights	Exposures after netting and credit risk mitigation: Sovereigns / Central banks RM'000	Public sector entities RM'000	Banks, DFIs and MDBs RM'000	Insurance companies, Securities firms and Fund managers RM'000	Corporates RM'000	Regulatory retail RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000	Equity exposures RM'000	Total exposures after netting and credit risk mitigation RM'000	Total Risk-Weighted Assets RM'000
0%	9,002,862	-	-	-	527,706	-	-	-	302,552	-	9,833,120	-
20%	5,145	-	3,016,646	-	2,248,990	-	-	-	-	-	5,270,781	1,054,157
35%	-	-	-	-	-	-	4,958,585	-	-	-	4,958,585	1,735,505
50%	-	-	205,512	-	101,315	12,359	2,558,423	-	-	-	2,877,609	1,438,805
75%	-	-	-	-	-	14,459,163	1,064,779	-	-	-	15,523,942	11,642,956
100%	-	-	-	7,670	10,683,510	151,413	64,972	-	401,473	127,687	11,436,725	11,436,725
150%	-	-	-	-	20,787	72,127	-	11,067	-	13,424	117,405	176,107
Total exposures	9,008,007	-	3,222,158	7,670	13,582,308	14,695,062	8,646,759	11,067	704,025	141,111	50,018,167	27,484,255
Risk-weighted assets by exposures	1,029	-	706,086	7,670	11,215,146	11,110,155	3,878,272	16,600	401,473	147,824	27,484,255	
Average risk-weight	-	-	22%	100%	83%	76%	45%	150%	57%	105%	55%	
Deduction from Capital base	-	-	-	-	-	-	-	-	-	-	-	

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3.0 Credit Risk (cont'd)

3.4 Assignment of Risk-Weights for Portfolio Under the Standardised Approach (cont'd)

For the purpose of determining counterparty risk-weights, the Group uses external credit assessments from Rating Agency Malaysia ("RAM"), Malaysian Rating Corporation ("MARC"), Standard and Poor ("S&P"), and Moody's and Fitch. In the context of the Group's portfolio, external credit assessments are mainly applicable to banks/financial institutions and rated corporations. The Group follows the process prescribed under BNM's Capital Adequacy Framework to map the ratings to the relevant risk-weights. The ratings are monitored and updated regularly to ensure that the latest and most appropriate risk-weights are applied in the capital computation.

The following tables show the rated exposures according to rating by Eligible Credit Assessment Institutions ("ECAIs"):

Bank
2015

Exposure Class	Ratings by Approved ECAIs						Total
	Moody's	Aaa to Aa3/ P-1	A1 to A3/ P-2	Baa1 to Ba3/ P-3	B1 to C/ Others	Unrated	
	S&P	AAA to AA-/ A-1	A+ to A-/ A-2	BBB+ to BB-/ A-3	B+ to D/ Others	Unrated	
	Fitch	AAA to AA-/ F1+, F1	A+ to A-/ A-2	BBB+ to BB-/ F3	B+ to D	Unrated	
	RAM	AAA to AA3/ P-1	A+ to A3/ P-2	BBB1+ to BB3/ P-3	B to D/ NP	Unrated	
	MARC	AAA to AA-/ MARC-1	A+ to A-/ MARC-2	BBB+ to BB-/ MARC-3	B+ to D/ MARC-4	Unrated	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures							
(i) Exposures risk-weighted using Sovereigns and Central Banks rating							
Sovereigns and Central Banks (See Note 1)		-	6,735,295	-	-	-	6,735,295
Corporates		-	424,190	-	-	-	424,190
		-	7,159,485	-	-	-	7,159,485
(ii) Exposures risk-weighted using Banking Institutions long term rating							
Banks, MDBs and FDIs		413,096	1,348,998	180,048	-	1,467,349	3,409,491
Exposures risk-weighted using Banking Institutions short term rating							
Banks, MDBs and FDIs		-	-	-	-	-	-
		413,096	1,348,998	180,048	-	1,467,349	3,409,491
(iii) Exposures risk-weighted using Corporate long term rating							
Public Sector Entities		40,618	-	-	-	-	40,618
Corporates		1,752,367	-	300	-	11,686,929	13,439,596
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	32,203	32,203
Exposures risk-weighted using Corporate short term rating							
Public Sector Entities		-	-	-	-	-	-
Corporates		-	-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	-	-
		1,792,985	-	300	-	11,719,132	13,512,417

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3.0 Credit Risk (cont'd)

3.4 Assignment of Risk-Weights for Portfolio Under the Standardised Approach (cont'd)

Group
2015

Exposure Class	Ratings by Approved ECAIs						Total
	Moody's	Aaa to Aa3/ P-1	A1 to A3/ P-2	Baa1 to Ba3/ P-3	B1 to C/ Others	Unrated	
	S&P	AAA to AA-/ A-1	A+ to A-/ A-2	BBB+ to BB-/ A-3	B+ to D/ Others	Unrated	
	Fitch	AAA to AA-/ F1+, F1	A+ to A-/ A-2	BBB+ to BB-/ F3	B+ to D	Unrated	
	RAM	AAA to AA3/ P-1	A+ to A3/ P-2	BBB1+ to BB3/ P-3	B to D/ NP	Unrated	
	MARC	AAA to AA-/ MARC-1	A+ to A-/ MARC-2	BBB+ to BB-/ MARC-3	B+ to D/ MARC-4	Unrated	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
On and Off Balance-Sheet Exposures							
(i) Exposures risk-weighted using Sovereigns and Central Banks rating							
Sovereigns and Central Banks (See Note 1)		-	9,252,594	-	-	-	9,252,594
Corporates		-	576,824	-	-	-	576,824
		-	9,829,418	-	-	-	9,829,418
(ii) Exposures risk-weighted using Banking Institutions long term rating							
Banks, MDBs and FDIs		1,100,314	1,655,621	180,048	-	388,810	3,324,794
Exposures risk-weighted using Banking Institutions short term rating							
Banks, MDBs and FDIs		-	-	-	-	-	-
		1,100,314	1,655,621	180,048	-	388,810	3,324,794
(iii) Exposures risk-weighted using Corporate long term rating							
Public Sector Entities		40,618	-	-	-	-	40,618
Corporates		2,198,757	-	300	-	13,742,112	15,941,170
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	51,583	51,583
Exposures risk-weighted using Corporate short term rating							
Public Sector Entities		-	-	-	-	-	-
Corporates		-	-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	-	-
		2,239,375	-	300	-	13,793,695	16,033,371

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3.0 Credit Risk (cont'd)

3.4 Assignment of Risk-Weights for Portfolio Under the Standardised Approach (cont'd)

Bank
2014

Exposure Class	Ratings by Approved ECAIs						Total
	Moody's	Aaa to Aa3/ P-1	A1 to A3/ P-2	Baa1 to Ba3/ P-3	B1 to C/ Others	Unrated	
	S&P	AAA to AA-/ A-1	A+ to A-/ A-2	BBB+ to BB-/ A-3	B+ to D/ Others	Unrated	
	Fitch	AAA to AA-/ F1+, F1	A+ to A-/ A-2	BBB+ to BB-/ F3	B+ to D	Unrated	
	RAM	AAA to AA3/ P-1	A+ to A3/ P-2	BBB1+ to BB3/ P-3	B to D/ NP	Unrated	
	MARC	AAA to AA-/ MARC-1	A+ to A-/ MARC-2	BBB+ to BB-/ MARC-3	B+ to D/ MARC-4	Unrated	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>**On and Off Balance-Sheet Exposures**</u>							
(i) Exposures risk-weighted using Sovereigns and Central Banks rating							
Sovereigns and Central Banks (See Note 1)		-	6,524,831	-	-	-	6,524,831
Corporates		-	380,300	-	-	-	380,300
		-	6,905,131	-	-	-	6,905,131
(ii) Exposures risk-weighted using Banking Institutions long term rating							
Banks, MDBs and FDIs		477,197	778,013	4,687	-	1,671,192	2,931,089
Exposures risk-weighted using Banking Institutions short term rating							
Banks, MDBs and FDIs		-	-	-	-	-	-
		477,197	778,013	4,687	-	1,671,192	2,931,089
(iii) Exposures risk-weighted using Corporate long term rating							
Public Sector Entities		-	-	-	-	-	-
Corporates		1,835,492	100,060	1,210	-	10,202,573	12,139,335
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	7,659	7,659
Exposures risk-weighted using Corporate short term rating							
Public Sector Entities		-	-	-	-	-	-
Corporates		-	-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	-	-
		1,835,492	100,060	1,210	-	10,210,232	12,146,994

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3.0 Credit Risk (cont'd)

3.4 Assignment of Risk-Weights for Portfolio Under the Standardised Approach (cont'd)

Group
2014

Exposure Class		Ratings by Approved ECAIs					Total
	Moody's	Aaa to Aa3/ P-1	A1 to A3/ P-2	Baa1 to Ba3/ P-3	B1 to C/ Others	Unrated	
	S&P	AAA to AA-/ A-1	A+ to A-/ A-2	BBB+ to BB-/ A-3	B+ to D/ Others	Unrated	
	Fitch	AAA to AA-/ F1+, F1	A+ to A-/ A-2	BBB+ to BB-/ F3	B+ to D	Unrated	
	RAM	AAA to AA3/ P-1	A+ to A3/ P-2	BBB1+ to BB3/ P-3	B to D/ NP	Unrated	
	MARC	AAA to AA-/ MARC-1	A+ to A-/ MARC-2	BBB+ to BB-/ MARC-3	B+ to D/ MARC-4	Unrated	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>On and Off Balance-Sheet Exposures</u>							
(i) Exposures risk-weighted using Sovereigns and Central Banks rating							
Sovereigns and Central Banks (See Note 1)		-	9,008,007	-	-	-	9,008,007
Corporates		-	527,706	-	-	-	527,706
		-	9,535,713	-	-	-	9,535,713
(ii) Exposures risk-weighted using Banking Institutions long term rating							
Banks, MDBs and FDIs		1,056,182	1,334,706	4,687	-	826,583	3,222,158
Exposures risk-weighted using Banking Institutions short term rating							
Banks, MDBs and FDIs		-	-	-	-	-	-
		1,056,182	1,334,706	4,687	-	826,583	3,222,158
(iii) Exposures risk-weighted using Corporate long term rating							
Public Sector Entities		-	-	-	-	-	-
Corporates		2,248,720	100,060	1,210	-	11,852,607	14,202,597
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	7,670	7,670
Exposures risk-weighted using Corporate short term rating							
Public Sector Entities		-	-	-	-	-	-
Corporates		-	-	-	-	-	-
Insurance Cos, Securities Firms & Fund Managers		-	-	-	-	-	-
		2,248,720	100,060	1,210	-	11,860,277	14,210,267

Note 1: The Federal Government and Central Bank of Malaysia are accorded 0% risk-weight as provided under the Capital Adequacy Framework.

*Upper Range = Long Term Rating, Lower Range = Short Term Rating

<u>Note:</u>
There is no outstanding securitisation contract at the Bank that required disclosure of ratings and short term rating of securitisation by approved ECAIs.

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3.0 Credit Risk (cont'd)

3.5 Credit Risk Mitigation ("CRM")

As a practical approach towards mitigating credit risk, the Group accepts a wide range of collaterals. Main types of collateral acceptable to the Group include cash, guarantees, commercial and residential real estate, and physical collateral/financial collateral, e.g. motor vehicles or shares. Guarantees are accepted only when the financial standing of the guarantors have been ascertained.

However, for capital computation purposes, Basel II adopts more restrictive rules on collaterals that qualify as credit mitigants. As a result, not all of the collaterals accepted by the Group can be used to reduce our capital adequacy requirement.

The following tables represent the Bank's/Group's credit exposure including off-balance sheet items under the standardised approach, the total exposure (after, where applicable, eligible netting benefits) that is covered by eligible guarantees and credit derivatives; and eligible collateral after haircuts, allowed under the Capital Adequacy Framework.

Bank 2015 Exposure Class	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	6,735,295	-	-	-
Public sector entities	40,618	-	-	-
Banks, DFIs and MDBs	3,253,470	-	-	-
Insurance companies, securities firms and fund managers	32,191	-	-	-
Corporates	11,652,264	-	970,276	-
Regulatory retail	12,653,987	-	1,143,115	-
Residential mortgages	7,345,901	-	6,761	-
Higher risk assets	2,232	-	10	-
Other assets	584,711	-	-	-
Equity exposure	94,386	-	-	-
Defaulted exposures	173,309	-	1,288	-
Total on-balance sheet exposures	42,568,364	-	2,121,450	-
Off-balance sheet exposures:				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	4,427,330	-	7,823	-
Defaulted exposures	9,607	-	-	-
Total off-balance sheet exposures	4,436,937	-	7,823	-
Total on and off-balance sheet exposures	47,005,301	-	2,129,273	-

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3.0 Credit Risk (cont'd)

3.5 Credit Risk Mitigation ("CRM") (cont'd)

The following tables represent the Bank's/Group's credit exposure including off-balance sheet items under the standardised approach, the total exposure (after, where applicable, eligible netting benefits) that is covered by eligible guarantees and credit derivatives; and eligible collateral after haircuts, allowed under the Capital Adequacy Framework (cont'd):

Group 2015 Exposure Class	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	9,192,594	-	-	-
Public sector entities	40,618	-	-	-
Banks, DFIs and MDBs	3,168,773	-	-	-
Insurance companies, securities firms and fund managers	40,237	-	-	-
Corporates	13,908,413	-	1,128,929	-
Regulatory retail	16,061,231	-	1,199,385	-
Residential mortgages	8,952,218	-	7,202	-
Higher risk assets	2,250	-	10	-
Other assets	785,633	-	-	-
Equity exposure	140,222	-	-	-
Defaulted exposures	207,684	-	1,418	-
Total on-balance sheet exposures	52,499,873	-	2,336,944	-
Off-balance sheet exposures:				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	5,088,659	-	10,114	-
Defaulted exposures	15,468	-	10	-
Total off-balance sheet exposures	5,104,127	-	10,124	-
Total on and off-balance sheet exposures	57,604,000	-	2,347,068	-

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3.0 Credit Risk (cont'd)

3.5 Credit Risk Mitigation ("CRM") (cont'd)

The following tables represent the Bank's/Group's credit exposure including off-balance sheet items under the standardised approach, the total exposure (after, where applicable, eligible netting benefits) that is covered by eligible guarantees and credit derivatives; and eligible collateral after haircuts, allowed under the Capital Adequacy Framework (cont'd):

Bank 2014 Exposure Class	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	6,519,686	-	-	-
Public sector entities	-	-	-	-
Banks, DFIs and MDBs	2,779,818	-	-	-
Insurance companies, securities firms and fund managers	3,456	-	-	-
Corporates	10,639,608	-	941,749	-
Regulatory retail	10,740,445	-	1,193,594	-
Residential mortgages	7,096,161	-	7,939	-
Higher risk assets	6,086	-	10	-
Other assets	574,333	-	-	-
Equity exposure	100,122	-	-	-
Defaulted exposures	181,562	-	220	-
Total on-balance sheet exposures	38,641,277	-	2,143,512	-
Off-balance sheet exposures:				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	4,465,585	-	6,896	-
Defaulted exposures	5,220	-	-	-
Total off-balance sheet exposures	4,470,805	-	6,896	-
Total on and off-balance sheet exposures	43,112,082	-	2,150,408	-

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3.0 Credit Risk (cont'd)

3.5 Credit Risk Mitigation ("CRM") (cont'd)

The following tables represent the Bank's/Group's credit exposure including off-balance sheet items under the standardised approach, the total exposure (after, where applicable, eligible netting benefits) that is covered by eligible guarantees and credit derivatives; and eligible collateral after haircuts, allowed under the Capital Adequacy Framework (cont'd):

Group 2014 Exposure Class	Exposures before CRM RM'000	Exposures covered by guarantees/ credit derivatives RM'000	Exposures covered by eligible financial collateral RM'000	Exposures covered by other eligible collateral RM'000
Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	8,942,862	-	-	-
Public sector entities	-	-	-	-
Banks, DFIs and MDBs	3,070,885	-	-	-
Insurance companies, securities firms and fund managers	3,467	-	-	-
Corporates	12,571,696	-	1,144,930	-
Regulatory retail	13,121,711	-	1,237,144	-
Residential mortgages	8,568,240	-	8,523	-
Higher risk assets	6,129	-	10	-
Other assets	704,025	-	-	-
Equity exposure	141,111	-	-	-
Defaulted exposures	226,522	-	252	-
Total on-balance sheet exposures	47,356,648	-	2,390,859	-
Off-balance sheet exposures:				
Off-balance sheet exposures other than OTC derivatives or credit derivatives	5,054,627	-	8,134	-
Defaulted exposures	5,886	-	-	-
Total off-balance sheet exposures	5,060,513	-	8,134	-
Total on and off-balance sheet exposures	52,417,161	-	2,398,993	-

3.6 Off-Balance Sheet Exposures and Counterparty Credit Risk

Counterparty Credit Risk ("CCR") is the risk that the counterparty to a transaction involving financial instruments such as foreign exchange and derivatives, could default before the final settlement of the transaction's cash flows. Unlike a loan where the credit risk is unilateral i.e. only the lending bank faces the risk of loss, CCR on derivatives creates bilateral risk of loss. This means either party of the transaction can incur losses depending on the market value of the derivative, which can vary over time with the movement of underlying market factors.

For derivatives, the Group is not exposed to credit risk for the full face value of the contracts. The CCR is limited to the potential cost of replacing the cash-flow if the counterparty defaults. As such, the credit equivalent amount will depend, inter alia, on the maturity of the contract and on the volatility of the rates underlying that type of instrument.

Derivatives are mainly utilised for hedging purposes with minimal trading exposures. CCR is managed via counterparty limits which is set based on the counterparty's size and credit rating. These limits are monitored daily by Group Risk Management.

BASEL II
PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

3.0 Credit Risk (cont'd)

3.6 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd)

CCR is further mitigated via netting agreements, e.g. under the International Swaps and Derivatives Association ("ISDA") master agreement. The ISDA agreement contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement if either party defaults or other predetermined events occur.

CCR is measured via the current exposure method whereby the credit equivalent exposure for derivatives is the sum of the mark-to-market exposure plus the potential future exposure (add-on factor multiplied by the notional amount). The add-on factors are as stipulated by BNM.

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

Bank 2015	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk-Weighted Assets RM'000
Credit-related exposures				
Direct credit substitutes	714,754	-	714,754	714,754
Transaction-related contingent items	596,203	-	298,101	298,101
Short-term self-liquidating trade-related contingencies	140,377	-	28,075	28,075
Irrevocable commitments to extent credit:				
- maturity exceeding one year	3,589,874	-	1,794,937	1,434,673
- maturity not exceeding one year	5,335,806	-	1,067,161	955,738
Unutilised credit card lines	1,457,307	-	291,461	228,952
	11,834,321	-	4,194,489	3,660,293
Derivative financial instruments				
Foreign exchange related contracts:				
- one year or less	4,794,524	128,181	173,550	113,541
- over one year to three years	69,675	234	4,415	883
- over three years	31,515	-	3,467	1,733
Interest rate related contracts:				
- one year or less	2,085,000	2,205	4,890	1,655
- over one year to three years	828,153	1,030	14,593	3,957
- over three years	1,012,269	810	39,103	11,828
Equity related contracts:				
- one year or less	23,460	-	1,408	637
- over one year to three years	12,780	-	1,022	511
	8,857,376	132,460	242,448	134,745
	20,691,697	132,460	4,436,937	3,795,038

BASEL II
PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

3.0 Credit Risk (cont'd)

3.6 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd)

Group 2015	**Principal Amount RM'000**	**Positive Fair Value of Derivative Contracts RM'000**	**Credit Equivalent Amount RM'000**	**Risk-Weighted Assets RM'000**
Credit-related exposures				
Direct credit substitutes	789,038	-	789,038	789,038
Transaction-related contingent items	653,199	-	326,599	326,599
Short-term self-liquidating trade-related contingencies	164,832	-	32,966	32,966
Irrevocable commitments to extent credit:				
- maturity exceeding one year	4,189,365	-	2,094,682	1,698,086
- maturity not exceeding one year	6,634,666	-	1,326,933	1,131,797
Unutilised credit card lines	1,457,307	-	291,461	228,952
	13,888,407	-	4,861,679	4,207,438
Derivative financial instruments				
Foreign exchange related contracts:				
- one year or less	4,794,524	128,181	173,550	113,541
- over one year to three years	69,675	234	4,415	883
- over three years	31,515	-	3,467	1,733
Interest rate related contracts:				
- one year or less	2,085,000	2,205	4,890	1,655
- over one year to three years	828,153	1,030	14,593	3,957
- over three years	1,012,269	810	39,103	11,828
Equity related contracts:				
- one year or less	23,460	-	1,408	637
- over one year to three years	12,780	-	1,022	511
	8,857,376	132,460	242,448	134,745
	22,745,783	132,460	5,104,127	4,342,183

BASEL II
PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

3.0 Credit Risk (cont'd)

3.6 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd)

Bank 2014	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk-Weighted Assets RM'000
Credit-related exposures				
Direct credit substitutes	425,631	-	425,631	425,631
Transaction-related contingent items	553,277	-	276,638	276,638
Short-term self-liquidating trade-related contingencies	138,220	-	27,644	27,188
Irrevocable commitments to extent credit:				
- maturity exceeding one year	4,502,888	-	2,251,444	1,779,146
- maturity not exceeding one year	5,146,454	-	1,029,291	918,737
Unutilised credit card lines	1,415,598	-	283,120	223,570
	12,182,068	-	4,293,768	3,650,910
Derivative financial instruments				
Foreign exchange related contracts:				
- one year or less	6,859,251	31,700	103,465	34,619
- over one year to three years	32,835	293	2,955	591
- over three years	31,515	-	4,097	819
Interest rate related contracts:				
- one year or less	250,000	161	485	97
- over one year to three years	2,135,000	5,178	27,028	5,406
- over three years	798,376	1,475	34,497	18,167
Equity related contracts:				
- over one year to three years	57,582	870	4,510	3,045
	10,164,559	39,677	177,037	62,744
	22,346,627	39,677	4,470,805	3,713,654

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PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

3.0 Credit Risk (cont'd)

3.6 Off-Balance Sheet Exposures and Counterparty Credit Risk (cont'd)

Group 2014	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk-Weighted Assets RM'000
Credit-related exposures				
Direct credit substitutes	471,930	-	471,930	471,930
Transaction-related contingent items	590,667	-	295,334	295,334
Short-term self-liquidating trade-related contingencies	169,493	-	33,899	33,442
Irrevocable commitments to extent credit:				
- maturity exceeding one year	5,108,092	-	2,554,046	2,023,308
- maturity not exceeding one year	6,225,736	-	1,245,147	1,065,474
Unutilised credit card lines	1,415,598	-	283,120	223,570
	13,981,516	-	4,883,476	4,113,058
Derivative financial instruments				
Foreign exchange related contracts:				
- one year or less	6,859,251	31,700	103,465	34,619
- over one year to three years	32,835	293	2,955	591
- over three years	31,515	-	4,097	819
Interest rate related contracts:				
- one year or less	250,000	161	485	97
- over one year to three years	2,135,000	5,178	27,028	5,406
- over three years	798,376	1,475	34,497	18,167
Equity related contracts:				
- over one year to three years	57,582	870	4,510	3,045
	10,164,559	39,677	177,037	62,744
	24,146,075	39,677	5,060,513	4,175,802

BASEL II
PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

4.0 Market Risk

Market Risk is the risk of loss of earnings arising from changes in interest rates, foreign exchange rates, equity prices, commodity prices and in their implied volatilities.

Market Risk Management

The governance structure for market risk management starts with the Board of Directors which has the overall oversight on market risk management and defines the risk philosophy, principles and core policies. The Board is in turn assisted by the Group Risk Management Committee ("GRMC") which is principally responsible for providing oversight on the risk management activities. Its responsibilities include reviewing and approving risk management policies, risk exposures and limits whilst ensuring the necessary infrastructure and resources are in place. At Senior Management level, the Group Assets and Liabilities Management Committee ("GALCO") manages the Group's market risk by reviewing and recommending market risk frameworks and policies; ensuring that market risk limits and parameters are within the approved thresholds; and aligning market risk management with business strategy and planning.

Organisationally, market risks are managed collectively via the Three Lines of Defence concept. Financial Markets as the risk taking unit assumes ownership of the risk and manages the risk within the approved policies, risk limits and parameters as set by the GRMC or GALCO. The risk control function is undertaken by Group Risk Management which provides independent monitoring, valuation and reporting of the market exposures. This is supplemented by periodic audit checking/sampling by Internal Audit.

For the Group, market risk is managed on an integrated approach which involves the following processes:

(i) Identification of market risk in new products and changes in risk profiles of existing exposures.

(ii) Assessment of the type and magnitude of market risks which takes into account the activity and market role undertaken.

(iii) Adoption of various market risk measurement tools and techniques to quantify market risk exposures.

(iv) Adoption of the Three Lines of Defence concept for monitoring of market risk; Business Units forming the 1st Line, Group Market Risk Management as the 2nd Line and Internal Audit functioning as the 3rd Line.

(v) Scheduled and exception reporting on market risk exposures.

Market risk exists in the Group's activities in bonds, foreign exchange and interest rate swaps, which are transacted primarily by Financial Markets (treasury) department. Trading positions are held intentionally for short-term resale and with the intent of benefiting from actual or expected short-term price movements while banking book positions are held until maturity or as available-for-sale. Hence, these positions are susceptible to market movements.

These exposures are governed by approved policies, risk limits and parameters which are set vis-a-vis the Group's risk appetite and strategy. Besides that, treasury activities are monitored and reported independently by Group Market Risk on a daily basis. Any limit breaches or exceptions are reported to GALCO and GRMC.

Hedging Policies and Strategies

The Group had established a hedging policy which outlines the broad principles and policies governing hedging activities by the Group. Generally, the Group enters into hedges to manage or reduce risk exposures. All hedging strategies are approved by the GALCO and monitored independently by Group Market Risk. Further, all hedging strategies are designated upfront and recorded separately under the hedging portfolios. Hedging positions and effectiveness are monitored and reported monthly to management.

Market risk capital charge

For the Group, the market risk charge is computed on the standardised approach and the capital charges are mainly on the bond, foreign exchange and equities trading portfolios if any.

BASEL II
PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

4.0 Market Risk (cont'd)

Regulatory capital requirements

The risk-weighted assets and capital requirements for the various categories of risk under market risk are as follows:

	Bank		Group	
2015	**Risk-Weighted Assets RM'000**	**Capital Requirements RM'000**	**Risk-Weighted Assets RM'000**	**Capital Requirements RM'000**
Interest rate risk				
- General interest rate risk	3,064	245	3,064	245
- Specific interest rate risk	1,264	101	1,264	101
	4,328	346	4,328	346
Foreign exchange risk	121,450	9,716	121,450	9,716
	125,778	10,062	125,778	10,062
2014				
Interest rate risk				
- General interest rate risk	27,050	2,164	27,050	2,164
- Specific interest rate risk	639	51	639	51
	27,689	2,215	27,689	2,215
Foreign exchange risk	173,925	13,914	173,925	13,914
	201,614	16,129	201,614	16,129

5.0 Operational Risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.

Operational Risk Management

Management, escalation and reporting of operational risks are instituted through the Group Operational Risk Management Committee, Group Risk Management Committee as well as the Board. The responsibilities of the Committees and Board include the following:

(i) Oversight and implementation of the Operational Risk Management ("ORM") Framework;
(ii) Establishment of risk appetite and the provision of strategic and specific directions;
(iii) Regular review of operational risks initiatives, reports and profiles;
(iv) Addressing operational risk issues; and
(v) Ensuring compliance with regulatory and internal requirements including disclosures.

The Group practices operational risk management as outlined in the ORM Framework, in accordance with Basel and regulatory guidelines. The Group applies operational risk tools and methodologies in the identification, assessment, measurement, control and monitoring of operational risks. Other efforts by the Group include the ORM awareness training which is given to all staff, and regular business continuity and disaster recovery plans.

The Group adopts the Basic Indicator Approach for computation of operational RWA.

BASEL II
PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

6.0 Equity Exposures in Banking Book

The Bank and the Group holds equity positions in banking books as a result of debt to equity conversion, for social-economic purposes, or to maintain strategic relationships. All equities are held at fair value. For quoted equities, fair value is estimated based on quoted or observable market price at the end of the reporting period. For unquoted equities, the fair value is estimated using approved valuation techniques.

The returns from these equities holdings are credited to the Statement of Comprehensive Income and any gains or losses arising from a change in fair value are recognised directly in other comprehensive income or in equity through the Statement of Changes in Equity.

The following table shows the equity exposures in banking book:

	Bank		Group	
2015	**Gross credit exposures RM'000**	**Risk-weighted assets RM'000**	**Gross credit exposures RM'000**	**Risk-weighted assets RM'000**
Publicly traded				
Holding of equity investments	11	17	11	17
Privately held				
For socio-economic purposes	94,372	94,372	140,208	140,208
Not for socio-economic purposes	3	5	3	5
	94,386	94,394	140,222	140,230
2014				
Publicly traded				
Holding of equity investments	11	17	11	17
Privately held				
For socio-economic purposes	86,697	86,697	127,687	127,687
Not for socio-economic purposes	13,413	20,120	13,413	20,120
	100,121	106,834	141,111	147,824

BASEL II
PILLAR 3 DISCLOSURE
for the financial year ended 31 March 2015

6.0 Equity Exposures in Banking Book (cont'd)

Gains and losses on equity exposures in the banking book

The table below present the gains and losses on equity exposures in banking book:

	Bank		Group	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Realised gains/(losses) recognised in the statement of comprehensive income				
- Publicly traded equity investments	-	-	-	-
- Privately held equity investments	11,224	12,509	11,224	12,509
	11,224	12,509	11,224	12,509
Unrealised gains/(losses) recognised in revaluation reserve				
- Publicly traded equity investments	-	2	-	2
- Privately held equity investments	(2,870)	3,852	1,976	6,921
	(2,870)	3,854	1,976	6,923

7.0 Interest Rate Risk/Rate of Return Risk in the Banking Book

Interest rate risk/rate of return risk in the banking book ("IRR/RORBB") arises from exposure of banking book positions to interest rate/profit rate movements. Changes in interest rate/profit rate affects the Group's earnings by changing its net interest/profit income and the level of other interest/profit rate sensitive income and expenses. It also affects the underlying value of banking assets, liabilities and off-balance sheet instruments as the present value of future cash flows change when interest rate/profit rate change.

Risk Governance

IRR/RORBB is managed collectively by GALCO, Financial Markets, Group Finance and Group Risk Management. Each of the above parties has clearly defined roles and responsibilities to provide oversight and manage IRR/RORBB within the defined framework and structure as approved by the Board of Directors/GRMC. GALCO assumes the overall responsibility in managing IRR/RORBB by setting the directions, strategy and risk limits/parameters for the Bank/Group. Financial Markets is tasked to execute the approved strategy by managing the asset liabilities as well as the funding and liquidity needs of the Bank/Group. Group Finance and Group Risk Management provide support in respect of risk monitoring and reporting of the banking book exposures; and ensuring regulatory as well as accounting requirements are met.

IRR/RORBB Management

The guiding principles in managing IRR/RORBB include:

(i) Adopting a prudent approach to manage IRR/RORBB in ways that commensurate with the Group's size and business activities. This is achieved via establishing robust IRR/RORBB policies, measures and strategies which is complemented by regular monitoring and reporting.

(ii) Checking to ensure that IRR/RORBB are accurately measured and any mismatches identified, reviewed and reported monthly to GALCO.

(iii) Setting of proper gapping limits and the limits monitored closely.

(iv) Practicing of comprehensive IRR/RORBB reporting and review process, which provide aggregate information and sufficient supporting details to enable assessment of the Group's sensitivity to changes in market conditions.

BASEL II PILLAR 3 DISCLOSURE

for the financial year ended 31 March 2015

7.0 Interest Rate Risk/Rate of Return Risk in the Banking Book (cont'd)

IRR/RORBB Management (cont'd)

The Group uses a range of tools, including the following primary measures to quantify and monitor IRR/RORBB:

(i) Repricing gap analysis to measure interest rate/profit rate from the earnings perspective i.e. impact of interest rate/profiit rate changes to earnings in the short-term.

(ii) Net interest income/profit income simulation to assess the impact of interest rate/profit rate changes on short term earnings volatility.

(iii) Economic value of equity ("EVE") simulation which measures long term interest rate/profit rate exposure through deterioration in capital base based on adverse interest rate/profit rate movements.

Group Risk Management performs independent monitoring of the interest rate/profit rate benchmarks to ensure compliance. Any exceptions are reported and appropriate remedial actions are taken, where necessary. Schedule reporting via risk dashboards are provided to senior management and Board committees periodically. The risk dashboards provide a gauge on the IRR/RORBB of the Group.

The Group is guided by BNM's guidelines and Basel standards on management of IRR/RORBB.

The following tables present the Bank's projected sensitivity to a 100 basis point parallel shock to interest rates across all maturities applied on the Bank's interest sensitivity gap as at reporting date.

	Bank		Group	
	- 100 bps	+ 100 bps	- 100 bps	+ 100 bps
	Increase/(Decrease)		Increase/(Decrease)	
2015	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Impact on net interest income ("NII")				
Ringgit Malaysia	(45,937)	45,937	(49,375)	49,375
Impact on Economic Value ("EV")				
Ringgit Malaysia	(124,570)	124,570	(119,237)	119,237
2014				
Impact on net interest income ("NII")				
Ringgit Malaysia	(30,862)	30,862	(30,433)	30,433
Impact on Economic Value ("EV")				
Ringgit Malaysia	(181,027)	181,027	(158,484)	158,484

Note:
The foreign currency impact on NII/EV are consider insignificant as the exposure is less than 5% of Banking Book assets/liabilities.

8.0 Shariah Governance Disclosures and Profit Sharing Investment Account ("PSIA")

The disclosures under this section can be referred to Note 7.0 of Alliance Islamic Bank Berhad's Pillar 3 report.

LIST OF PROPERTIES

as at 31 March 2015

Location	Current Use	Year of Purchase[1]	Tenure	Remaining Lease Period (Expiry Year)	Age of Property (Years)[2]	Built-Up Area (Sq Ft)[3]	Net Book Value (RM'000)[4]
1, Jalan Tembaga SD5/2A Bandar Sri Damansara 52100 Kepong, Kuala Lumpur	Alliance Bank's branch/office premises	1991	Freehold	-	22	9,305	693
150 - 152, Jalan Cerdas Taman Connaught 56000 Kuala Lumpur	Alliance Bank's branch/office premises	1997	Leasehold 99 years	63 years 2078	36	11,704	2,322
43 & 45, Jalan Bunga Tanjung 6A Taman Putra 68000 Ampang, Selangor	Alliance Bank's branch/office premises	1998	Leasehold 99 years	66 years 2081	33	8,120	1,158
1960 E & F, Jalan Stadium 05100 Alor Setar, Kedah	Alliance Bank's branch/office premises	1979	Leasehold 60 years	24 years 2039	36	5,814	426
Ground & Mezzanine Floor Wisma Malvest 20 & 20A Jalan Tun Dr Awang Sungai Nibong Kecil 11900 Bayan Lepas, Pulau Pinang	Alliance Bank's branch/office premises	1994	Freehold	-	21	6,103	1,506
70 & 71, Block 10 Jalan Laksamana Cheng Ho 93200 Kuching, Sarawak	Alliance Bank's branch/office premises	2007	Leasehold 60 years	54 years 2069	9	9,405	2,090
B-400, Jalan Beserah 25300 Kuantan, Pahang	Alliance Bank's branch/office premises	1996	Freehold	-	24	6,688	405
LG134/LG135/G128/F89 Holiday Plaza Jalan Dato Sulaiman 80250 Johor Bharu, Johor	Alliance Bank's branch/office premises	1984	Freehold	-	31	5,414	835
Lot 1 & 3, Jalan Permas Jaya 10/2 Bandar Baru Permas Jaya Pelentong 81750 Masai, Johor Bahru, Johor	Alliance Bank's branch/office premises	1994	Freehold	-	22	24,334	1,564
3 & 5, Jalan Bentara 1 Tun Aminah 81300 Johor Bahru, Johor	Alliance Bank's branch/office premises	1996	Freehold	-	32	5,412	925

Location	Current Use	Year of Purchase[1]	Tenure	Remaining Lease Period (Expiry Year)	Age of Property (Years)[2]	Built-Up Area (Sq Ft)[3]	Net Book Value (RM'000)[4]
Unit 01-G & 01-1, Seremban City Jalan Tunku Munawir 70000 Seremban, Negeri Sembilan	Alliance Bank's branch/office premises	1997	Freehold	-	16	7,277	1,592
101 & 103, Jalan Melaka Raya 24 Taman Melaka Raya 75000 Melaka	Alliance Bank's branch/office premises	1995	Leasehold 99 years	79 years 2094	18	8,640	573
Lot 7 & 9, Block D Nountun Industrial Estate 89350 Inanam Kota Kinabalu, Sabah	Alliance Bank's branch/office premises	1995	Leasehold 999 years	908 years 2923	15	7,495	920
Lot 4-6, Block K Sinsuran Complex 88000 Kota Kinabalu, Sabah	Alliance Bank's branch/office premises	1980	Leasehold 99 years	56 years 2071	37	12,892	523
Lot 1086, Jalan Utara W.D.T. 127 91009 Tawau, Sabah	Alliance Bank's branch/office premises	1981	Leasehold 99 years	45 years 2060	52	14,948	555
Lot 8, Block A Beaufort Jaya Commercial Centre 89808 Beaufort, Sabah	Alliance Bank's branch/office premises	1984	Leasehold 999 years	886 years 2901	29	4,500	229
Lot 1, Block C Mile 4 1/2 Jalan Utara Bandar Kim Fung 90307 Sandakan, Sabah	Alliance Bank's branch/office premises	1992	Leasehold 99 years	65 years 2080	30	4,800	402
1 & 2, Block A, Jalan Jungkat Pangie Light Industrial Complex 89909 Tenom, Sabah	Alliance Bank's branch/office premises	1993	Leasehold 999 years	909 years 2924	21	7,085	303
17, 19 & 21, Jalan USJ 9/5 47620 Subang Jaya, Selangor	Alliance Bank's branch/office premises	1996	Freehold	-	19	13,860	2,424
2 & 3 Block A, Phase III Luyang Commercial Centre Damai Plaza, Jalan Damai 88300 Kota Kinabalu, Sabah	Alliance Bank's branch/office premises	1992	Leasehold 99 years	66 years 2081	19	9,667	905

LIST OF PROPERTIES

as at 31 March 2015 (cont'd)

Location	Current Use	Year of Purchase[1]	Tenure	Remaining Lease Period (Expiry Year)	Age of Property (Years)[2]	Built-Up Area (Sq Ft)[3]	Net Book Value (RM'000)[4]
59-61, Jalan Tiga 90702 Sandakan, Sabah	Alliance Bank's branch/office premises	1963	Leasehold 999 years	874 years 2889	57	9,900	703
Lot B1 & B2, 6th Floor Block 45, Church Road 90702 Sandakan, Sabah	Vacant	1985	Leasehold 999 years	880 years 2895	43	1,500	46
MPWPL U 0072 & 0073 Jalan Merdeka 87008 Labuan	Alliance Bank's branch/office premises	1979	Leasehold 99 years	42, 48 years 2057, 2063	49 49	5,800	659
Lot 84, Jalan Gaya 88000 Kota Kinabalu, Sabah	Alliance Bank's branch/office premises	1985	Leasehold 999 years	867 years 2882	57	10,040	1,730
45, Jalan Sungai Besi Indah 1/21 43300 Balakong, Selangor	Alliance Bank's branch/office premises	2001	Leasehold 99 years	76 years 2091	14	9,706	1,326
3, Jalan SS 15/2A, Wisma Projass 47500 Subang Jaya, Selangor	Alliance Bank's branch/office premises	2005	Freehold	-	30	35,926	6,771

Note:
1. The Year of Purchase is based on Sale & Purchase Agreement. In the event that Sale & Purchase Agreement is not available, it is based on the date of registration of ownership specified in the title document.
2. The Age of Property is based on Certificate of Fitness for Occupation. In the event that the Certificate of Fitness for Occupation is not available, it is based on the issuance date of the title document.
3. The Built-Up Area is based on the valuation report conducted in March 2012.
4. Net Book Value as at 31 March 2015.

DIRECTORY

as at 31 May 2015

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Tel : 04-262 8100
Fax : 04-261 3300

Bukit Mertajam
Ground & 1st Floor
Wisma Ng Ah Yan
42, Lebuh Nangka 2
Taman Mutiara
14000 Bukit Mertajam, Pulau Pinang
Tel : 04-530 3130
Fax : 04-530 7433

Butterworth
4105-4107, Jalan Bagan Luar
12000 Butterworth, Pulau Pinang
Tel : 04-331 4863/64
Fax : 04-331 3904

Sungai Nibong Kecil
Ground & Mezzanine Floor
Wisma Malvest, 20 & 20A
Jalan Tun Dr Awang
Sungai Nibong Kecil
11900 Bayan Lepas, Pulau Pinang
Tel : 04-642 5918
Fax : 04-642 5924

PERAK

Ipoh
40 & 42, Persiaran Greenhill
30450 Ipoh, Perak
Tel : 05-241 2342/3
05-241 2346/8
Fax : 05-241 2355

Sitiawan
23 & 24, Jalan Raja Omar
Taman Selamat
32000 Sitiawan, Perak
Tel : 05-691 1212
Fax : 05-691 7975

SELANGOR

Aman Suria Damansara
J-G-23 & J-G-25, Block J
Jalan PJU 1/43, PJU1
Aman Suria Damansara
47301 Petaling Jaya, Selangor
Tel : 03-7880 8842
Fax : 03-7880 4299

Ampang Point
Ground & Mezzanine Floor
65, Jalan Mamanda 9
Ampang Point
Taman Dato Ahmad Razali
68000 Ampang, Selangor
Tel : 03-4252 3822
Fax : 03-4252 3877

DIRECTORY
as at 31 May 2015 (cont'd)

SELANGOR (cont'd)

Balakong
45, Jalan Sungai Besi Indah 1/21
Taman Sungai Besi Indah
43300 Seri Kembangan, Selangor
Tel : 03-8948 6972
Fax : 03-8948 9530

Bandar Bukit Tinggi
56, Lorong Batu Nilam 4B
Bandar Bukit Tinggi
41200 Klang, Selangor
Tel : 03-3324 1122
Fax : 03-3324 3311

Bandar Puteri Puchong
11 & 13, Jalan Puteri 2/1
Bandar Puteri Puchong
47100 Puchong, Selangor
Tel : 03-8063 2833
Fax : 03-8063 2711

CP Tower, Petaling Jaya
Unit 1-2, Right Wing
Level 1, CP Tower
11, Jalan 16/11
Off Jalan Damansara
46350 Petaling Jaya, Selangor
Tel : 03-7957 3366
Fax : 03-7957 3360

Damansara Uptown
Unit 102 & 103
Level 1, Uptown 2
2, Jalan SS21/37
Damansara Uptown
47400 Petaling Jaya, Selangor
Tel : 03-7660 9798
Fax : 03-7660 9799

Kajang
Lot 4 & 5, Jalan Jeloh 3
Off Jalan Bukit
43000 Kajang, Selangor
Tel : 03-8733 5966
Fax : 03-8736 4004

Klang
Ground Floor
1, Lorong Kasawari 4B
Taman Eng Ann
41150 Klang, Selangor
Tel : 03-3345 3700
Fax : 03-3345 3733

Kota Damansara
7-G & 9-G, Jalan PJU 5/20
Pusat Perdagangan Kota Damansara
PJU5 Kota Damansara
47810 Petaling Jaya, Selangor
Tel : 03-6142 8632
Fax : 03-6142 8732

Mutiara Damansara
G19, IKANO Power Centre
2, Jalan PJU 7/2
Mutiara Damansara
47800 Petaling Jaya, Selangor
Tel : 03-7727 1041
Fax : 03-7727 1478

Pandan Indah
Ground & Mezzanine Floor
11 & 13, Jalan Pandan Indah 4/34
Pandan Indah
55100 Selangor
Tel : 03-4295 7300
Fax : 03-4296 4107

Puchong Jaya
11, Jalan Kenari 5
Bandar Puchong Jaya
47100 Puchong Jaya, Selangor
Tel : 03-8075 9185
Fax : 03-8075 9200

Rawang
71, Jalan Bandar Rawang 2
Bandar Baru Rawang
48000 Rawang, Selangor
Tel : 03-6091 7622
Fax : 03-6091 7922

Seri Kembangan
31-1 & 31-2
Jalan Serdang Perdana 2/1
Taman Serdang Perdana
43300 Seri Kembangan, Selangor
Tel : 03-8941 6610
Fax : 03-8941 6620

Shah Alam
Ground & 1st Floor
2, Jalan Murni 25/61
Taman Sri Muda, Seksyen 25
40400 Shah Alam, Selangor
Tel : 03-5121 9336
Fax : 03-5121 9373

Sri Damansara
1, Jalan Tembaga SD 5/2A
Bandar Sri Damansara
52100 Selangor
Tel : 03-6275 0144/0529/0684
Fax : 03-6275 0457
03-6272 1732

SS2, Petaling Jaya
53 & 55, Jalan SS2/55
47300 Petaling Jaya, Selangor
Tel : 03-7875 8255
Fax : 03-7874 0973

Subang Jaya
3 Alliance
3, Jalan SS15/2A
47500 Subang Jaya, Selangor
Tel : 03-5634 2870
Fax : 03-5634 1128

Taman Putra
43-45, Jalan Bunga Tanjung 6A
Taman Putra
68000 Ampang, Selangor
Tel : 03-4291 7740
Fax : 03-4296 1250

USJ, Subang Jaya
Ground & 1st Floor
17, 19 & 21, Jalan USJ 9/5N
47620 UEP Subang Jaya, Selangor
Tel : 03-8024 1300
Fax : 03-8023 4379

KUALA LUMPUR

Bangsar
No. 1, Jalan Telawi 5
Bangsar Baru
59100 Kuala Lumpur
Tel : 03-2284 8633
Fax : 03-2284 9616

Capital Square
Ground Floor
Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03-2604 3333
Fax : 03-2694 6867

KUALA LUMPUR (cont'd)

GTower, Jalan Tun Razak
Lot No G-06, Ground Floor
GTower, No. 199, Jalan Tun Razak
50400 Kuala Lumpur
Tel : 03-2164 8240
Fax : 03-2168 8390

Jalan Ipoh
41 & 43, Jalan Ipoh
51200 Kuala Lumpur
Tel : 03-4041 2288
Fax : 03-4041 3868

Jalan Mega Mendung
116, Jalan Mega Mendung
Bandar Park
Off Jalan Klang Lama
58200 Kuala Lumpur
Tel : 03-7983 1177
Fax : 03-7987 3511

Jalan Sultan Ismail
Mezzanine Floor
Menara Prudential
10, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-2070 4477
Fax : 03-2070 4900

Kepong
Ground Floor, 52, Jalan Prima
Vista Magna, Metro Prima Kepong
52100 Kuala Lumpur
Tel : 03-6257 9997
Fax : 03-6257 9996

Kuchai Entrepreneurs Park
1, Jalan 1/116B
Kuchai Entrepreneurs Park
58200 Kuala Lumpur
Tel : 03-7984 8800
Fax : 03-7981 6486

Mid Valley
15-G & 15-1
The Boulevard Offices
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : 03-2283 1849
Fax : 03-2282 4430

Mont'Kiara
Unit A-0G-02, Block A
Plaza Mont'Kiara
2, Jalan Kiara, Mont'Kiara
50480 Kuala Lumpur
Tel : 03-6203 1543
Fax : 03-6201 2607

Segambut
Ground & 1st Floor
22, Wisma Sin Hoh Huat
Persiaran Segambut Tengah
51200 Kuala Lumpur
Tel : 03-6257 2105
Fax : 03-6257 2680

Selayang
71 & 73, Jalan 2/3A
Pusat Bandar Utara Selayang
KM 12, Jalan Ipoh
68100 Batu Caves, Kuala Lumpur
Tel : 03-6135 1800
Fax : 03-6135 1787

Setapak
No. D-1-2, D-2-2 & D-3-2
StarParc Point
Taman Danau Ibu Kota
Jalan Genting Klang, Setapak
53300 Kuala Lumpur
Tel : 03-4143 9643
Fax : 03-4143 9568

Taman Connaught
150-152, Jalan Cerdas
Taman Connaught
56000 Kuala Lumpur
Tel : 03-9102 3973
Fax : 03-9102 3740

Taman Maluri
254 & 254A, Jalan Mahkota
Taman Maluri, Cheras
55100 Kuala Lumpur
Tel : 03-9285 4133
Fax : 03-9283 1397

Taman Tun Dr Ismail
No. 6-3-0 & 6-3-1
Sinaran TTDI
Jalan Tun Mohd Fuad 3
Taman Tun Dr Ismail
60000 Kuala Lumpur
Tel : 03-7729 8239
Fax : 03-7729 8237

PUTRAJAYA

Putrajaya
Ground Floor, Menara Ikhlas (Boulevard Plaza)
No. 17, Persiaran Perdana
Presint 3
62100 Putrajaya
Wilayah Persekutuan Putrajaya
Tel : 03-8889 1788
Fax : 03-8889 1799

JOHOR

Batu Pahat
Ground, 1st & 2nd Floor
2 & 4, Jalan Kundang 3
Taman Bukit Pasir
83000 Batu Pahat, Johor
Tel : 07-431 4088
Fax : 07-434 0033

Bukit Bakri, Muar
88, Jalan Tepi Pasar
Bukit Bakri
84200 Muar, Johor
Tel : 06-986 7633
Fax : 06-986 6721

Holiday Plaza, Johor Bahru
Unit G128, Holiday Plaza
Jalan Dato Sulaiman
Century Garden
80250 Johor Bahru, Johor
Tel : 07-331 1200
Fax : 07-331 1207

Johor Jaya
50 & 52, Jalan Dedap 13
Taman Johor Jaya
81100 Johor Bahru, Johor
Tel : 07-353 5388
Fax : 07-355 7377

Kelapa Sawit, Kulai
16 & 17, Jalan Susur Satu
26th Mile, Jalan Air Hitam
Kelapa Sawit
81030 Kulai, Johor
Tel : 07-652 3704/5/7
Fax : 07-652 3706

Kluang
No. 73, Jalan Rambutan
86000 Kluang, Johor
Tel : 07-772 9911
Fax : 07-772 6611

DIRECTORY

as at 31 May 2015 (cont'd)

JOHOR (cont'd)

Permas Jaya
1 & 3, Jalan Permas Jaya 10/2
Bandar Baru Permas Jaya
81750 Johor Bahru, Johor
Tel : 07-386 2480
Fax : 07-386 2478

Segamat
No. 109A & 109B
Jalan Genuang
85000 Segamat, Johor
Tel : 07-931 1170
Fax : 07-931 2727

Sri Gading, Batu Pahat
1 & 2, Jalan Ria 1
Taman Ria Jaya, Sri Gading
83000 Batu Pahat, Johor
Tel : 07-455 9406
Fax : 07-455 9411

Taman Molek
1 & 1-01, Jalan Molek 1/29
Taman Molek
81100 Johor Bahru, Johor
Tel : 07-355 6577
Fax : 07-355 4677

Taman Nusa Bestari
1-G & 1-01, Jalan Bestari 6/2
Taman Nusa Bestari
81300 Skudai, Johor
Tel : 07-237 8626
Fax : 07-237 8621

Taman Pelangi
Ground Floor, Shoplot Nos. 1 & 3
Jalan Perang, Taman Pelangi
80400 Johor Bahru, Johor
Tel : 07-332 7016
Fax : 07-333 7411

Tun Aminah
3 & 5, Jalan Bentara 1
Taman Ungku Tun Aminah
81300 Skudai, Johor
Tel : 07-554 0031
Fax : 07-554 2494

Ulu Tiram
Ground Floor, Lots 34 & 36,
Jalan Johar 3, Desa Cemerlang
81800 Ulu Tiram, Johor
Tel : 07-861 5143
Fax : 07-861 5157

MELAKA

Melaka
99, 101 & 103
Jalan Melaka Raya 24
Taman Melaka Raya
75000 Melaka
Tel : 06-284 9249
Fax : 06-284 9248

Taman Desa Cheng Perdana
G-1, Ground Floor, Bangunan KK
Jalan Cheng Perdana 1/1A
Taman Desa Cheng Perdana 1
75260 Melaka
Tel : 06-336 5111
Fax : 06-336 5110

NEGERI SEMBILAN

Seremban
1G & 1-1, Seremban City Centre
Jalan Tuanku Munawir
70000 Seremban, Negeri Sembilan
Tel : 06-762 5610/21
Fax : 06-762 5612

PAHANG

Kuantan
B400, Jalan Beserah
25300 Kuantan, Pahang
Tel : 09-567 2508
Fax : 09-567 9044

TERENGGANU

Kuala Terengganu
Ground & Mezzanine Floor
Wisma Kam Choon
101, Jalan Kampong Tiong
20100 Kuala Terengganu, Terengganu
Tel : 09-623 5244
Fax : 09-623 6379

SABAH

Bandar Kim Fung, Sandakan
Lot 1, Block C, Bandar Kim Fung
Mile 41/2, Jalan Utara P.O. Box 163
Post Office, Mile 11/2, Jalan Utara
90307 Sandakan, Sabah
Tel : 089-275 020/21/22
Fax : 089-275 027

Beaufort
Lot B, Block A, Beaufort Jaya
Commercial Centre, P.O. Box 220
89808 Beaufort, Sabah
Tel : 087-211 721
Fax : 087-212 392

Donggongon
Wisma PPS
Donggongon New Township
W.D.T. No. 56
80509 Penampang, Sabah
Tel : 088-713 411/2
088-718 980
Fax : 088-718 634

Federal House, Kingfisher's Park, KK
(Service Centre)
Aras 1, Blok A,
Kompleks Pentadbiran Kerajaan
Persekutuan Sabah, Jalan UMS
88400 Kota Kinabalu, Sabah
Tel : 088-484 718
Fax : 088-484 712

Inanam, Kota Kinabalu
Ground, 1st & 2nd Floor
Lot 7 & 9, Block D
Nountun Industrial Estate
89350 Inanam, Kota Kinabalu, Sabah
Tel : 088-435 761
Fax : 088-435 770

Jalan Gaya
82 & 84, Jalan Gaya
88000 Kota Kinabalu, Sabah
Tel : 088-251 177
Fax : 088-223 629

Keningau
Lot No. 1, Block B-8
Jalan Arusap
89000 Keningau, Sabah
Tel : 087-330 301
Fax : 087-330 294

SABAH (cont'd)

Kota Marudu
Shoplot No. 8, Block E
Sedco Shophouses
P.O. Box 260
89108 Kota Marudu, Sabah
Tel : 088-661 104
Fax : 088-661 106

Kundasang
Shoplot No. 6, Block B
Sedco Shophouses
P.O. Box 152
89308 Ranau, Sabah
Tel : 088-889 679
Fax : 088-889 676

Lahad Datu
Lot 1 MDLD 4709
Jalan Kastam Lama
91100 Lahad Datu, Sabah
Tel : 089-883 911/5
Fax : 089-883 916

Luyang Damai
Ground & 1st Floor, Shoplot No. 2 & 3
Block A, Luyang Commercial Centre
Damai Plaza, Phase III, Jalan Damai
88300 Kota Kinabalu, Sabah
Tel : 088-249 073/084/085/109
Fax : 088-249 064

Sandakan
59-61 Block 20
Jalan Tiga, Bandar Sandakan
90000 Sandakan, Sabah
Tel : 089-275 193
089-216 771/089-222 693
Fax : 089-271 641

Sinsuran
Lot 4, 5, & 6, Block K
Sinsuran Complex
88000 Kota Kinabalu, Sabah
Tel : 088-237 762
Fax : 088-212 511

Tambunan
Lot 1, Block B
Sedco Shophouses, W.D.T. 55
89659 Tambunan, Sabah
Tel : 087-771 171
Fax : 087-771 157

Tawau
1086, Jalan Utara, W.D.T. 127
91009 Tawau, Sabah
Tel : 089-776 483
Fax : 089-763 287

Tenom
Ground & Mezzanine Floor
Shoplot Nos 1 & 2, Block A
Pangie Light Industrial Complex
Jalan Jungkat, Tenom New Township
P.O. Box 379
89909 Tenom, Sabah
Tel : 087-737 757
Fax : 087-737 762

SARAWAK

Bintulu
No. 24, Bintulu Parkcity Commerce Square
Phase 1, Jalan Tun Ahmad Zaidi
97000 Bintulu, Sarawak
Tel : 086-318 626
Fax : 086-318 621

Kuching
178, Jalan Chan Chin Ann
93100 Kuching, Sarawak
Tel : 082-257 129
Fax : 082-257 275

Laksamana
70 & 71, Block 10
Jalan Laksamana Cheng Ho
93200 Kuching, Sarawak
Tel : 082-230 888
Fax : 082-238 889

Miri
Ground & 1st Floor
Lot 353, Block 7
Miri Concession Land District
(Pelita Commercial Centre)
Jalan Miri Pujut
98000 Miri, Sarawak
Tel : 085-427 535
Fax : 085-425 362

Sibu
Ground Floor, 32
Jalan Bako
Brooke Drive 3
96000 Sibu, Sarawak
Tel : 084-317 628
Fax : 084-317 148

LABUAN

Labuan
MPWPL U 0072 & 0073
Jalan Merdeka, P.O. Box 396
87008 Labuan FT
Tel : 087-412 826
Fax : 087-415 446

ALLIANCE
INVESTMENT BANK

ALLIANCE INVESTMENT BANK BERHAD
(A participating organisation of Bursa Malaysia Securities Berhad)

HEAD OFFICE
19th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03-2604 3333
Fax : 03-2692 8787

www.allianceinvestmentbank.com.my

BRANCHES

KEDAH

Alor Setar
Lot T-30, 2nd Floor
Wisma PKNK
Jalan Sultan Badlishah
05000 Alor Setar, Kedah
Tel : 04-731 7088
Fax : 04-731 8428

DIRECTORY

as at 31 May 2015 (cont'd)

PULAU PINANG

Pulau Pinang
Ground & Mezzanine Floor
Bangunan Barkath
21, Lebuh Pantai
10300 Pulau Pinang
Tel : 04-261 1688
Fax : 04-261 6363

KUALA LUMPUR

Kuala Lumpur
17th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03-2604 3333
Fax : 03-2697 2929

JOHOR

Kluang
No. 73, Ground Floor & 1st Floor
Jalan Rambutan
86000 Kluang, Johor
Tel : 07-771 7922
Fax : 07-777 1079

PAHANG

Kuantan
Ground, Mezzanine & 1st Floor
B-400, Jalan Beserah
25300 Kuantan, Pahang
Tel : 09-566 0800
Fax : 09-566 0801

TERENGGANU

Kuala Terengganu
Ground & Mezzanine Floor
Wisma Kam Choon
101, Jalan Kampong Tiong
20100 Kuala Terengganu, Terengganu
Tel : 09-631 7922
Fax : 09-631 3255

ALLIANCEDBS RESEARCH

ALLIANCEDBS RESEARCH SDN BHD

HEAD OFFICE
19th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03-2604 3333
Fax : 03-2604 3921

www.allianceinvestmentbank.com.my

ALLIANCE TRUSTEE

ALLIANCE TRUSTEE BERHAD

HEAD OFFICE
18th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03-2604 3333
Fax : 03-2698 0393

ANALYSIS OF SHAREHOLDINGS

as at 29 May 2015

Class of securities	:	Ordinary shares of RM1.00 each
Authorised share capital	:	RM2,000,000,000
Issued and paid-up share capital	:	RM1,548,105,929
Voting rights	:	One vote per ordinary share

Shareholdings Distribution Schedule

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Less than 100	1,816	11.43	37,027	0.00
100 – 1,000	3,873	24.37	3,048,793	0.20
1,001 – 10,000	7,836	49.30	32,903,212	2.13
10,001 – 100,000	1,903	11.97	55,962,374	3.61
100,001 – less than 5% of issued shares	464	2.92	766,492,708	49.51
5% and above of issued shares	2	0.01	689,661,815	44.55
Total	**15,894**	**100.00**	**1,548,105,929**	**100.00**

Thirty (30) Largest Shareholders

	Name	No. of Shares Held	% of Issued Shares
1.	Maybank Nominees (Tempatan) Sdn Bhd - DBS Bank for Vertical Theme Sdn Bhd	449,857,775	29.06
2.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	239,804,040	15.49
3.	Malaysia Focus Investment Fund Limited	73,528,700	4.75
4.	Medimetro (M) Sdn Bhd	56,000,000	3.62
5.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for Bank Julius Baer & Co. Ltd (Singapore)	40,970,900	2.65
6.	Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad	34,311,000	2.22
7.	HSBC Nominees (Asing) Sdn Bhd - BNP Paribas SECS SVS LUX for Aberdeen Global	32,030,000	2.07
8.	Cartaban Nominees (Asing) Sdn Bhd - Exempt AN for State Street Bank & Trust Company	28,246,500	1.82
9.	Public Nominees (Tempatan) Sdn Bhd - PB Trustee Services Berhad (AFG ESS)	24,732,100	1.60
10.	HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	20,210,117	1.30
11.	Eden Engineering Sdn Bhd	19,700,000	1.27
12.	Cartaban Nominees (Tempatan) Sdn Bhd - Exempt AN for Eastspring Investments Berhad	17,747,400	1.15
13.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	15,907,300	1.03
14.	Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad for Public Regular Savings	14,867,700	0.96
15.	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt AN for AIA Bhd	12,188,300	0.79

ANALYSIS OF SHAREHOLDINGS

as at 29 May 2015 (cont'd)

	Name	No. of Shares Held	% of Issued Shares
16.	Cartaban Nominees (Asing) Sdn Bhd - GIC Private Limited for Government of Singapore (C)	11,665,100	0.75
17.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Aberdeen)	10,500,000	0.68
18.	Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	10,300,000	0.66
19.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association	9,897,200	0.64
20.	HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for Matthews Asia Small Companies	8,677,500	0.56
21.	Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for Citibank New York (Norges Bank 9)	7,541,000	0.49
22.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (F Templeton)	6,915,200	0.45
23.	HSBC Nominees (Asing) Sdn Bhd - HSBC Bk Plc for Abu Dhabi Investment Authority (AGUS)	6,430,500	0.41
24.	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Emerging Market Core Equity Portfolio DFA	6,313,800	0.41
25.	Lembaga Tabung Angkatan Tentera	5,782,800	0.37
26.	HSBC Nominees (Asing) Sdn Bhd - HSBC Bk Plc for Abu Dhabi Investment Authority (TRANG)	5,053,300	0.33
27.	Citigroup Nominees (Asing) Sdn Bhd - Legal & General Assurance (Pensions Management) Limited	5,045,047	0.33
28.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for The Bank of New York Mellon (Mellon Acct)	4,858,615	0.31
29.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AM INV)	4,755,400	0.31
30.	Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (Par 2)	4,424,900	0.28
	Total	**1,188,262,194**	**76.76**

SUBSTANTIAL SHAREHOLDERS

as at 29 May 2015

	No. of Ordinary Shares					
Name of Substantial Shareholder	Direct Interest	% of Issued Shares	Indirect Interest	% of Issued Shares	Total	% of Issued Shares
Vertical Theme Sdn Bhd	449,857,775	29.06	-	-	449,857,775	29.06
Langkah Bahagia Sdn Bhd	-	-	449,857,775[1]	29.06	449,857,775	29.06
Duxton Investments Pte Ltd	-	-	449,857,775[1]	29.06	449,857,775	29.06
Lutfiah Binti Ismail	-	-	449,857,775[2]	29.06	449,857,775	29.06
Fullerton Financial Holdings Pte Ltd	-	-	449,857,775[3]	29.06	449,857,775	29.06
Fullerton Management Pte Ltd	-	-	449,857,775[4]	29.06	449,857,775	29.06
Temasek Holdings (Private) Limited	-	-	449,993,675[5]	29.07	449,993,675	29.07
Minister for Finance of Singapore	-	-	449,993,675[6]	29.07	449,993,675	29.07
Employees Provident Fund Board	273,347,340	17.66	-	-	273,347,340	17.66

Notes:

1. Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Vertical Theme Sdn Bhd.
2. Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Langkah Bahagia Sdn Bhd.
3. Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Duxton Investments Pte Ltd.
4. Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Fullerton Financial Holdings Pte Ltd.
5. Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Fullerton Management Pte Ltd.
6. Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Temasek Holdings (Private) Limited.

DIRECTORS' SHAREHOLDINGS

as at 29 May 2015

	Direct Interest		Indirect Interest	
Shares held in the Company	No. of Shares	% of Issued Shares	No. of Shares	% of Issued Shares
Megat Dziauddin bin Megat Mahmud	3,000	negligible	-	-
Dato' Thomas Mun Lung Lee (held through spouse, Datin Teh Yew Kheng)	-	-	35,000	negligible

Other than as disclosed above, none of the other Directors have any interests in the Company or in any of the Company's related corporation.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 49th Annual General Meeting of Alliance Financial Group Berhad will be held at the Imperial Ballroom, Level G, One World Hotel, First Avenue, Bandar Utama City Centre, 47800 Petaling Jaya, Selangor on Tuesday, 21 July 2015 at 2.30 p.m. for the following purposes:

AGENDA

As Ordinary Business

1.	To receive the Audited Financial Statements for the financial year ended 31 March 2015 together with the Reports of the Directors and Auditors thereon.	Please refer to Explanatory Note (i)
2.	To approve the proposed increase of Directors' fees in respect of the financial year ended 31 March 2015.	Ordinary Resolution 1
3.	To re-elect Mr Lee Ah Boon who retires by rotation pursuant to Article 82 of the Company's Articles of Association.	Ordinary Resolution 2
4.	To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and authorise the Directors to fix their remuneration.	Ordinary Resolution 3

As Special Business

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions:

5. **Re-appointment of Directors pursuant to Section 129 of the Companies Act, 1965**

5.1	"THAT Mr Kung Beng Hong, a Director who retires pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."	Ordinary Resolution 4
5.2	"THAT Dato' Thomas Mun Lung Lee, a Director who retires pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."	Ordinary Resolution 5
5.3	"THAT Datuk Oh Chong Peng, a Director who retires pursuant to Section 129 of the Companies Act, 1965 be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."	Ordinary Resolution 6

6. **Retention of Independent Directors**

6.1	"THAT Datuk Oh Chong Peng who has served as an Independent Director of the Company for a cumulative term of more than 9 years be and is hereby retained as an Independent Director of the Company."	Ordinary Resolution 7
6.2	"THAT Dato' Thomas Mun Lung Lee who has served as an Independent Director of the Company for a cumulative term of more than 9 years be and is hereby retained as an Independent Director of the Company."	Ordinary Resolution 8
6.3	"THAT Tuan Haji Megat Dziauddin bin Megat Mahmud who has served as an Independent Director of the Company for a cumulative term of more than 9 years be and is hereby retained as an Independent Director of the Company."	Ordinary Resolution 9
6.4	"THAT Mr Stephen Geh Sim Whye who has served as an Independent Director of the Company for a cumulative term of more than 9 years be and is hereby retained as an Independent Director of the Company."	Ordinary Resolution 10

7. To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and/or the Companies Act, 1965.

BY ORDER OF THE BOARD

LEE WEI YEN (MAICSA 7001798)
Group Company Secretary

Kuala Lumpur
25 June 2015

Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead.
2. A proxy may but need not be a Member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. To be valid, the Form of Proxy, duly completed must be deposited at the registered office of the Company at 3rd Floor, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, not less than 48 hours before the time set for holding the meeting.
4. A Member who is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. A Member other than an Exempt Authorised Nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
6. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
7. If the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.
8. A Member whose name appears in the General Meeting Record of Depositors as at 9 July 2015 shall be regarded as a Member entitled to attend, speak and vote at the meeting or appoint a proxy or proxies to attend and/or vote in his stead.

EXPLANATORY NOTES

(i) Item 1 on the Agenda is meant for discussion only. The provision of Section 169 (1) of the Companies Act, 1965 requires that the Audited Financial Statements be laid before the Company at its Annual General Meeting and does not require a formal approval of the shareholders. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

(ii) Ordinary Resolution 1 – Proposed increase of Directors' fees

It is proposed that the Director's fee for Datuk Oh Chong Peng, the Independent Non-Executive Chairman be increased from RM160,000 to RM176,000 per annum whilst the Director's fee for Mr Stephen Geh Sim Whye, an Independent Non-Executive Director be increased from RM80,000 to RM88,000 per annum. The fees for the remaining Non-Executive Directors of the Company who also sit on the Board of Alliance Bank Malaysia Berhad ("the Bank") and/or its subsidiaries be increased from RM60,000 to RM66,000 per annum.

Amongst the Board members of the Company, only Datuk Oh Chong Peng and Mr Stephen Geh Sim Whye are not holding any other directorship in the Bank and/or its subsidiaries.

The rationale for the proposed higher Directors' fees to the Directors who are not on the Board of the Bank and/or its subsidiaries is to compensate for the additional efforts required for them to perform their duties.

The proposed increase of Directors' fees will enhance the Board's ability to attract and retain Directors of the highest calibre to help drive the Group's continued success. The increase will also bring the Company's Directors' fees into line with current market rates in the financial services industry.

(iii) Ordinary Resolutions 4, 5 and 6 - Re-appointment of Directors pursuant to Section 129 of the Companies Act, 1965

Mr Kung Beng Hong, Dato' Thomas Mun Lung Lee and Datuk Oh Chong Peng who are over the age of seventy (70) years, shall retire pursuant to Section 129 of the Companies Act, 1965 at the conclusion of the forthcoming 49th Annual General Meeting.

The proposed re-appointment of Mr Kung Beng Hong, Dato' Thomas Mun Lung Lee and Datuk Oh Chong Peng will require a resolution each passed by a majority of not less than three-fourth (3/4) of the members of the Company who are entitled to vote at the forthcoming 49th Annual General Meeting. The proposed resolutions will enable Mr Kung Beng Hong, Dato' Thomas Mun Lung Lee and Datuk Oh Chong Peng to hold office until the conclusion of the next Annual General Meeting of the Company.

(iv) Ordinary Resolutions 7, 8, 9 and 10 – Retention of Independent Directors

Datuk Oh Chong Peng, Dato' Thomas Mun Lung Lee, Tuan Haji Megat Dziauddin bin Megat Mahmud and Mr Stephen Geh Sim Whye, have served the Company as Independent Directors for a cumulative term of more than 9 years.

The Board has conducted an assessment on the independence of each of them as Independent Directors of the Company. Apart from meeting the independence criteria as set out in Paragraph 1.01 of the Main Market Listing Requirements, the Board found that they have been able to demonstrate their independence and exercise of objective judgement during board meetings. The Board is confident that they will continue to bring independent and objective judgement to the Board deliberations and decision making process notwithstanding their length of service.

The proposed resolutions which are in line with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2012, will enable Datuk Oh Chong Peng, Dato' Thomas Mun Lung Lee, Tuan Haji Megat Dziauddin bin Megat Mahmud and Mr Stephen Geh Sim Whye, to hold office as Independent Directors until the conclusion of the next Annual General Meeting of the Company.

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ALLIANCE FINANCIAL GROUP

Alliance Financial Group Berhad (6627-X)
(Incorporated in Malaysia)

Form of Proxy

Shareholding represented by Proxy

I/We (full name in block letters) ____________________

identity card no./company registration no. ____________________

of ____________________

being a Member/Members of ALLIANCE FINANCIAL GROUP BERHAD hereby appoint ____________________

____________________(NRIC No.) ____________________

of ____________________

or failing him ____________________(NRIC No.) ____________________

of ____________________

as my/our proxy/proxies to vote for me/us on my/our behalf at the 49th Annual General Meeting of the Company to be held at the Imperial Ballroom, Level G, One World Hotel, First Avenue, Bandar Utama City Centre, 47800 Petaling Jaya, Selangor on Tuesday, 21 July 2015 at 2.30 p.m. and at any adjournment thereof.

No.	Ordinary Resolutions	*For	*Against
1.	To approve the proposed increase of Directors' fees in respect of the financial year ended 31 March 2015		
2.	To re-elect Mr Lee Ah Boon as Director pursuant to Article 82 of the Company's Articles of Association		
3.	To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and authorise the Directors to fix their remuneration		
4.	To re-appoint Mr Kung Beng Hong pursuant to Section 129 of the Companies Act, 1965		
5.	To re-appoint Dato' Thomas Mun Lung Lee pursuant to Section 129 of the Companies Act, 1965		
6.	To re-appoint Datuk Oh Chong Peng pursuant to Section 129 of the Companies Act, 1965		
7.	To retain Datuk Oh Chong Peng as an Independent Director		
8.	To retain Dato' Thomas Mun Lung Lee as an Independent Director		
9.	To retain Tuan Haji Megat Dziauddin bin Megat Mahmud as an Independent Director		
10.	To retain Mr Stephen Geh Sim Whye as an Independent Director		

* Please indicate with an "X" on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

As witness my/our hand(s) this _________ day of ____________________ 2015.

Seal of Corporation

____
Signature(s) of Member

Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead.
2. A proxy may but need not be a Member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
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fold this flap for sealing

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Affix Stamp

Group Company Secretary
Alliance Financial Group Berhad
3rd Floor, Menara Multi-Purpose
Capital Square, No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur, Malaysia.

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Alliance Financial Group Berhad (6627-X)

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Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur, Malaysia

Tel : 03-2604 3333
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