

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements

Unaudited Statements of Financial Position as at 30 September 2012

	Note	BANK			GROUP		
		30 September 2012	31 March 2012 (Restated)	1 April 2011 (Restated)	30 September 2012	31 March 2012 (Restated)	1 April 2011 (Restated)
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Cash and short-term funds		759,409	1,730,290	958,111	934,394	1,876,072	912,112
Deposits and placements with banks and other financial institutions		93,124	143,461	954,610	84,672	93,438	100,228
Balances due from clients and brokers	A13	-	-	-	39,650	61,764	80,543
Financial assets held-for-trading	A14	1,030,776	1,342,302	1,176,190	1,345,472	1,491,995	1,938,250
Financial investments available-for-sale	A15	7,673,161	7,419,911	6,329,994	9,493,590	9,123,201	9,259,940
Financial investments held-to-maturity	A16	101,779	228,622	633,521	608,098	795,256	940,726
Derivative financial assets	A31	32,012	23,712	32,047	32,012	23,712	32,047
Loans, advances and financing	A17	21,269,051	19,812,605	17,794,354	26,120,419	24,488,832	21,893,950
Other assets	A18	133,025	79,901	103,509	86,412	77,799	87,008
Tax recoverable		-	-	-	-	-	2,442
Statutory deposits with Bank Negara Malaysia		1,012,350	901,250	225,300	1,299,866	1,162,983	291,008
Investments in subsidiaries		792,820	801,664	801,664	-	-	-
Investments in associates		30,230	30,230	30,230	24,924	27,035	29,038
Property, plant and equipment		88,242	87,696	100,847	89,626	89,778	104,553
Deferred tax assets		-	-	56,294	12,144	15,038	83,792
Intangible assets		240,104	238,588	241,141	354,283	354,902	357,682
		33,256,083	32,840,232	29,437,812	40,525,562	39,681,805	36,113,319
Non-current assets and subsidiary held for sale	A19	8,844	3,814	-	40,556	3,814	-
TOTAL ASSETS		33,264,927	32,844,046	29,437,812	40,566,118	39,685,619	36,113,319
LIABILITIES AND EQUITY							
Deposits from customers	A20	26,214,460	26,958,903	23,418,868	32,159,397	32,215,611	29,042,734
Deposits and placements of banks and other financial institutions	A21	2,086,401	1,186,730	1,390,331	2,860,575	2,161,005	1,952,200
Balances due to clients and brokers	A22	-	-	-	19,762	20,626	46,987
Bills and acceptances payable		75	131	111,140	110	178	111,159
Derivative financial liabilities	A31	20,555	26,241	33,347	20,555	26,241	33,347
Amount due to Cagamas Berhad		18,986	22,044	125,776	18,986	22,044	125,776
Other liabilities	A23	796,626	720,819	663,533	922,602	860,849	804,813
Provision for taxation		51,147	7,281	35,206	56,253	24,527	40,507
Deferred tax liabilities		21,638	12,191	-	30,011	23,012	6,190
Subordinated obligations		611,942	611,615	600,000	611,942	611,615	600,000
		29,821,830	29,545,955	26,378,201	36,700,193	35,965,708	32,763,713
Liabilities directly associated with non-current assets and subsidiary held for sale	A19	-	-	-	24,803	-	-
TOTAL LIABILITIES		29,821,830	29,545,955	26,378,201	36,724,996	35,965,708	32,763,713
Share capital		600,517	600,517	600,517	600,517	600,517	600,517
Reserves		2,842,580	2,697,574	2,459,094	3,235,908	3,114,489	2,744,601
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNER OF THE PARENT		3,443,097	3,298,091	3,059,611	3,836,425	3,715,006	3,345,118
Non-controlling interests		-	-	-	4,697	4,905	4,488
TOTAL EQUITY		3,443,097	3,298,091	3,059,611	3,841,122	3,719,911	3,349,606
TOTAL LIABILITIES AND EQUITY		33,264,927	32,844,046	29,437,812	40,566,118	39,685,619	36,113,319
COMMITMENTS AND CONTINGENCIES	A30	16,951,082	16,775,305	14,758,344	18,768,671	18,741,373	15,909,028

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank and the Group for the financial year ended 31 March 2012.

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the Financial Period Ended 30 September 2012

	Note	2nd Quarter Ended		Six Months Ended	
		30 September	30 September	30 September	30 September
		2012	2011	2012	2011
			(Restated)		(Restated)
BANK		RM'000	RM'000	RM'000	RM'000
Interest income	A24	346,450	323,997	678,418	628,977
Interest expense	A25	(163,516)	(156,913)	(328,268)	(307,448)
Net interest income		182,934	167,084	350,150	321,529
Other operating income	A27	137,784	86,312	210,636	156,815
Net income		320,718	253,396	560,786	478,344
Other operating expenses	A28	(110,924)	(102,528)	(232,198)	(205,215)
Operating profit before allowance		209,794	150,868	328,588	273,129
Write-back of/(allowance for) losses on loans, advances and financing and other losses	A29	14,806	(12,194)	26,076	(1,488)
Write-back of impairment		-	188	-	1,059
Profit before taxation		224,600	138,862	354,664	272,700
Taxation		(47,461)	(36,518)	(80,074)	(70,173)
Net profit after taxation		177,139	102,344	274,590	202,527
Other comprehensive (expense)/income:					
Revaluation reserve on financial investments available-for-sale					
- Net (loss)/gain from change in fair value		(30,809)	48,785	(1,296)	80,769
- Transfer from/(to) deferred tax		7,702	(12,196)	324	(20,192)
Other comprehensive (expense)/income, net of tax		(23,107)	36,589	(972)	60,577
Total comprehensive income for the period		154,032	138,933	273,618	263,104
Earnings per share attributable to owner of the parent					
- Basic (sen)		29.7	17.2	46.0	34.0
- Diluted (sen)		22.2	12.8	34.5	25.4

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank and the Group for the financial year ended 31 March 2012.

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Consolidated Statements of Comprehensive Income
for the Financial Period Ended 30 September 2012

GROUP	Note	2nd Quarter Ended		Six Months Ended	
		30 September	30 September	30 September	30 September
		2012	2011	2012	2011
			(Restated)		(Restated)
		RM'000	RM'000	RM'000	RM'000
Interest income	A24	364,690	341,943	713,280	668,118
Interest expense	A25	(174,531)	(167,096)	(349,317)	(326,309)
Net interest income		190,159	174,847	363,963	341,809
Net income from Islamic banking business	A26	61,321	65,673	124,411	127,550
		251,480	240,520	488,374	469,359
Other operating income	A27	86,958	73,083	169,328	152,288
Net income		338,438	313,603	657,702	621,647
Other operating expenses	A28	(153,797)	(142,284)	(314,169)	(285,442)
Operating profit before allowance		184,641	171,319	343,533	336,205
Write-back of/(allowance for) losses on loans, advances and financing and other losses	A29	7,291	(2,976)	16,077	7,983
Write-back of impairment		-	188	473	1,059
Operating profit after allowance		191,932	168,531	360,083	345,247
Share of results of associates		(1,003)	(231)	(2,111)	(926)
Profit before taxation and zakat		190,929	168,300	357,972	344,321
Taxation and zakat		(48,871)	(42,896)	(90,641)	(86,900)
Net profit after taxation and zakat		142,058	125,404	267,331	257,421
Other comprehensive (expense)/income:					
Revaluation reserve on financial investments available-for-sale					
- Net (loss)/gain from change in fair value		(37,355)	67,033	(22,824)	112,268
- Transfer from/(to) deferred tax		9,339	(16,758)	5,706	(28,067)
Other comprehensive (expense)/income, net of tax		(28,016)	50,275	(17,118)	84,201
Total comprehensive income for the period		114,042	175,679	250,213	341,622
Profit for the period attributable to:					
Owner of the parent		142,074	125,290	267,302	257,098
Non-controlling interests		(16)	114	29	323
Net profit after taxation and zakat		142,058	125,404	267,331	257,421

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

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Consolidated Statements of Comprehensive Income****for the Financial Period Ended 30 September 2012 (contd.)**

<u>GROUP</u>	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
		(Restated)		(Restated)
	RM'000	RM'000	RM'000	RM'000
Total comprehensive income for the period attributable to:				
Owner of the parent	114,058	175,565	250,184	341,299
Non-controlling interests	(16)	114	29	323
Total comprehensive income for the period	114,042	175,679	250,213	341,622
Earnings per share attributable to owner of the parent				
- Basic (sen)	23.8	21.0	44.8	43.1
- Diluted (sen)	17.8	15.7	33.6	32.3

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank and the Group for the financial year ended 31 March 2012.

ALLIANCE BANK MALAYSIA BERHAD
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Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity for the Financial Half Year Ended 30 September 2012

			Non-distributable reserves			Distributable reserves		
	Ordinary shares	Iredeemable (Non-cumulative) Convertible Preference Shares ("ICPS")	Share premium	Statutory reserve	Revaluation reserves	Equity contribution from parent	Retained profits	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
BANK								
At 1 April 2012								
- As previously stated	596,517	4,000	597,517	601,561	88,334	12,274	1,333,979	3,234,182
- Effect of change in accounting policy	-	-	-	-	-	-	63,909	63,909
As restated	596,517	4,000	597,517	601,561	88,334	12,274	1,397,888	3,298,091
Net profit after taxation	-	-	-	-	-	-	274,590	274,590
Other comprehensive expense	-	-	-	-	(972)	-	-	(972)
Total comprehensive (expense)/income for the period	-	-	-	-	(972)	-	274,590	273,618
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	3,822	-	3,822
Payment for ESS recharged from parent	-	-	-	-	-	(4,034)	-	(4,034)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	179	(179)	-
Transfer to retained profits on share options lapsed	-	-	-	-	-	(2,174)	2,174	-
Dividends paid	-	-	-	-	-	-	(128,400)	(128,400)
At 30 September 2012	596,517	4,000	597,517	601,561	87,362	10,067	1,546,073	3,443,097
At 1 April 2011								
- As previously stated	596,517	4,000	597,517	601,561	43,051	11,803	1,148,228	3,002,677
- Effect of change in accounting policy	-	-	-	-	-	-	56,934	56,934
As restated	596,517	4,000	597,517	601,561	43,051	11,803	1,205,162	3,059,611
Net profit after taxation	-	-	-	-	-	-	202,527	202,527
Other comprehensive income	-	-	-	-	60,577	-	-	60,577
Total comprehensive income for the period	-	-	-	-	60,577	-	202,527	263,104
Share-based payment under ESS	-	-	-	-	-	2,564	-	2,564
Payment for ESS recharged from parent	-	-	-	-	-	(3,161)	-	(3,161)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	156	(156)	-
Transfer to retained profits on share options lapsed	-	-	-	-	-	(2,479)	2,479	-
Dividends paid	-	-	-	-	-	-	(99,767)	(99,767)
At 30 September 2011	596,517	4,000	597,517	601,561	103,628	8,883	1,310,245	3,222,351

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank and the Group for the financial year ended 31 March 2012.

ALLIANCE BANK MALAYSIA BERHAD
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Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity for the Financial Half Year Ended 30 September 2012 (contd.)

GROUP	Attributable to owner of the parent										Non-controlling interests	Total equity
	Ordinary shares	ICPS	Share premium	Statutory reserve	Other reserves	Revaluation reserves	Equity contribution from parent	Profit Equalisation Reserve ("PER")	Retained profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2012												
- As previously stated	596,517	4,000	597,517	842,167	10,018	132,769	13,733	1,033	1,420,731	3,618,485	4,905	3,623,390
- Effect of change in accounting policy	-	-	-	-	-	-	-	-	96,521	96,521	-	96,521
As restated	596,517	4,000	597,517	842,167	10,018	132,769	13,733	1,033	1,517,252	3,715,006	4,905	3,719,911
Net profit after taxation and zakat	-	-	-	-	-	-	-	-	267,302	267,302	29	267,331
Other comprehensive expense	-	-	-	-	-	(17,118)	-	-	-	(17,118)	-	(17,118)
Total comprehensive (expense)/income for the period	-	-	-	-	-	(17,118)	-	-	267,302	250,184	29	250,213
Share-based payment under ESS	-	-	-	-	-	-	4,051	-	-	4,051	-	4,051
Payment for ESS recharged from parent	-	-	-	-	-	-	(4,416)	-	-	(4,416)	-	(4,416)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	200	-	(200)	-	-	-
Transfer to retained profits on share options lapsed	-	-	-	-	-	-	(2,544)	-	2,544	-	-	-
Transfer to statutory reserve	-	-	-	23,481	-	-	-	-	(23,481)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(128,400)	(128,400)	(237)	(128,637)
At 30 September 2012	596,517	4,000	597,517	865,648	10,018	115,651	11,024	1,033	1,635,017	3,836,425	4,697	3,841,122
At 1 April 2011												
- As previously stated	596,517	4,000	597,517	786,406	10,018	68,620	13,544	1,033	1,194,222	3,271,877	4,488	3,276,365
- Effect of change in accounting policy	-	-	-	-	-	-	-	-	73,241	73,241	-	73,241
As restated	596,517	4,000	597,517	786,406	10,018	68,620	13,544	1,033	1,267,463	3,345,118	4,488	3,349,606
Net profit after taxation and zakat	-	-	-	-	-	-	-	-	257,098	257,098	323	257,421
Other comprehensive income	-	-	-	-	-	84,201	-	-	-	84,201	-	84,201
Total comprehensive income for the period	-	-	-	-	-	84,201	-	-	257,098	341,299	323	341,622
Share-based payment under ESS	-	-	-	-	-	-	2,780	-	-	2,780	-	2,780
Payment for ESS recharged from parent	-	-	-	-	-	-	(3,558)	-	-	(3,558)	-	(3,558)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	172	-	(172)	-	-	-
Transfer to retained profits on share options lapsed	-	-	-	-	-	-	(2,919)	-	2,919	-	-	-
Transfer to statutory reserve	-	-	-	26,233	-	-	-	-	(26,233)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(99,767)	(99,767)	(67)	(99,834)
At 30 September 2011	596,517	4,000	597,517	812,639	10,018	152,821	10,019	1,033	1,401,308	3,585,872	4,744	3,590,616

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank and the Group for the financial year ended 31 March 2012.

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

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 30 September 2012**

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2012	30 September 2011 (Restated)	30 September 2012	30 September 2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
Profit before taxation and zakat	354,664	272,700	357,972	344,321
Adjustments for non-cash items	(252,655)	(131,739)	(199,861)	(148,116)
Operating profit before changes in working capital	102,009	140,961	158,111	196,205
Changes in working capital	(1,014,435)	209,478	(908,061)	288,942
Taxation and zakat paid	(19,938)	(77,303)	(43,312)	(92,195)
Net cash (used in)/generated from operating activities	(932,364)	273,136	(793,262)	392,952
Net cash generated from/(used in) investing activities	104,304	389,026	(5,358)	271,398
Net cash used in financing activities	(142,821)	(134,687)	(143,058)	(134,755)
Net changes in cash and cash equivalents	(970,881)	527,475	(941,678)	529,595
Cash and cash equivalents at beginning of the year	1,730,290	958,111	1,876,072	912,112
Cash and cash equivalents at end of the period	759,409	1,485,586	934,394	1,441,707
Cash and cash equivalents comprise:				
Cash and short-term funds	759,409	1,485,586	934,394	1,441,707

The Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank and the Group for the financial year ended 31 March 2012.

Explanatory Notes

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

A1 Basis of Preparation

The unaudited condensed interim financial statements for the 2nd quarter and financial half year ended 30 September 2012 have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and BNM's Revised Guidelines on Financial Reporting for Banking Institutions ("revised BNM/GP8").

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of Alliance Bank Malaysia Berhad ("the Bank") and the Group for the financial year ended 31 March 2012. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Bank and the Group since the financial year ended 31 March 2012.

These unaudited condensed interim financial statements are the Bank's and the Group's first MFRS condensed interim financial statements for part of the period covered by the Bank's and the Group's first MFRS annual financial statements for the year ending 31 March 2013. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2012, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2012:

- MFRS 124 (revised) "Related party disclosure"
- MFRS 139 "Financial instruments: Recognition and measurement"
- Amendments to MFRS 1 "First time adoption on fixed dates and hyperinflation"
- Amendments to MFRS 7 "Financial instruments: Disclosures on transfer of financial assets"
- Amendments to MFRS 112 "Income taxes"
- IC Interpretation 19 "Extinguishing financial liabilities with equity instruments"

The adoption of the above accounting standards, amendments to published accounting standards and interpretations to existing accounting standards does not give rise to any material financial effects to the Bank and the Group, except for the adoption of MFRS 139 and FRSIC 18.

Previously, the Bank and the Group applied the Amendment to FRS 139, which included an additional transitional arrangement for financial sectors, whereby BNM may prescribed the use of an alternative basis for collective assessment of impairments on loans, advances and financing. This transitional arrangement is prescribed in BNM's Guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010, whereby banking institutions are required to maintain collective assessment allowance of at least 1.5% of total outstanding loans/financing, net of individual impairment allowance under the transitional provisions in the guidelines.

With effect from 1 January 2012, BNM has removed the transitional provision for banking institution on collective evaluation of loan impairment assessment and loan loss provisioning to comply with MFRS 139 requirements. Exposures not individually known to be impaired are placed into pools of similar assets with similar risk characteristics to be collectively assessed for losses that have been incurred but not identified yet. The required loan loss allowance is estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the collective pool. The historical loss experience is adjusted based on current observable data.

A1 Basis of Preparation (contd.)

The change in accounting policies mentioned above have been accounted for retrospectively by re-measuring the relevant financial assets, as appropriate, and recording any adjustments to the previous carrying amounts to the Bank's and the Group's opening retained profits. As such, comparatives have been restated to conform with current year's presentation. The principal effects of the changes in accounting policies arising from the adoption of MFRS 139 are disclosed in Note A36.

The following revised MFRSs, new IC Interpretations and Amendments to MFRSs have been issued by the MASB and are effective for annual periods commencing on or after 1 April 2013, and have yet to be adopted by the Bank and the Group:

- MFRS 9 "Financial instruments - Classifications and measurement of financial assets and financial liabilities" (effective 1 January 2015)
- MFRS 10 "Consolidated financial statements" (effective 1 January 2013)
- MFRS 11 "Joint arrangements" (effective 1 January 2013)
- MFRS 12 "Disclosures of interests in other entities" (effective 1 January 2013)
- MFRS 13 "Fair value measurement" (effective 1 January 2013)
- MFRS 127 (revised) "Separate financial statements" (effective 1 January 2013)
- MFRS 128 (revised) "Investments in associates and joint ventures" (effective 1 January 2013)
- Amendment to MFRS 7 "Financial instruments: Disclosures" (effective 1 January 2013)
- Amendment to MFRS 101 "Presentation of items of other comprehensive income" (effective 1 July 2012)
- Amendment to MFRS 119 "Employee benefits" (effective 1 January 2013)
- Amendment to MFRS 132 "Financial instruments: Presentations" (effective 1 January 2014)

The preparation of unaudited condensed interim financial statements in conformity with the Malaysian Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Bank and Group's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ.

A2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the annual financial statements for the financial year ended 31 March 2012 was not subject to any qualification.

A3 Seasonality or Cyclicity of Operations

The operations of the Bank and the Group were not materially affected by any seasonal or cyclical fluctuations in the financial half year ended 30 September 2012.

A4 Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank and the Group in the financial half year ended 30 September 2012.

A5 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the financial half year ended 30 September 2012.

A6 Issuance and Repayment of Debt and Equity Securities

There were no issuance or repayment of debt and equity securities during the financial half year ended 30 September 2012.

A7 Dividend Paid

A final dividend of 28.7 sen, less 25% taxation on 596,517,043 ordinary shares amounting to approximately RM128,400,000 (gross dividend: RM171,200,000) in respect of the financial year ended 31 March 2012, was paid on 20 July 2012.

A8 Significant Events

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

On 6 July 2012, Alliance Financial Group Berhad, the holding company of the Bank offered/awarded the following share options and share grants to Directors and employees of the Company and its subsidiaries who have met the criteria of eligibility for the participation in the ESS:

- (i) 13,021,400 share options under the Share Option Plan at an option price of RM4.22 per share which will be vested subject to the achievement of performance conditions.
- (ii) 1,705,300 share grants under the Share Grant Plan. The first 50% of the share grants are to be vested at the end of the 2nd year and the remaining 50% of the share grants are to be vested at the end of the 3rd year from the date on which an award is made.

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

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

- (b) On 25 September 2012, an announcement was made to Bursa Malaysia on the proposed disposal by the Bank, its 70% equity interest in Alliance Investment Management Berhad for a total consideration of RM12,250,000.

The proposed disposal, which is subject to the approval of the Securities Commission is not expected to have any material effect on the net assets per share, earning per share and gearing of the Bank for the financial year ending 31 March 2013.

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

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

A10 Related Party Transactions

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

A11 Proposed Dividends

The Directors of the Bank has proposed the following dividends:

(a) Preference Shares Dividend

A dividend of 5 sen per share on 400,000,000 preference shares amounting to RM20,000,000 in respect of financial year ending 31 March 2013.

(b) Ordinary Shares Dividend

An interim dividend of 26.2 sen, less 25% taxation on 596,517,043 ordinary shares amounting to RM117,216,000 (gross dividend:RM156,287,000) in respect of financial year ending 31 March 2013.

A12 Material Litigation

A corporate borrower had issued a Writ of Summons in 2005 against an agent bank for a syndicate of lenders comprising three banks of which our Bank is one of them, claiming for general, special and exemplary damages alleging a breach of duty and contract. The credit facilities consist of a bridging loan of RM58.5 million and a revolving credit facility of RM4.0 million which were granted by the syndicate lenders of which the Bank's participation was RM18.5 million. In 2002, the credit facilities were restructured to a loan of RM30.0 million, of which the Bank's participation was RM8.31 million, payable over seven years. The syndicated lenders had also filed a suit against the corporate borrower for the recovery of the abovementioned loan.

The two suits were then consolidated and heard together. On 6 May 2009, judgment was delivered against the agent bank for special damages amounting to RM115.5 million together with interest at the rate of 6% per annum from date of disbursement to date of realisation with general damages to be assessed by the Court. The agent bank's solicitors has filed an appeal against the said decision. The High Court on 24 June 2009 granted the agent bank a stay of execution of the judgment pending disposal of its appeal at the Court of Appeal. The Court of Appeal has fixed the hearing of the appeal for 19 June 2012.

On 3 August 2012, the Court of Appeal had scheduled the appeal for continued hearing on 9 November 2012.

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

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A13 Balances Due From Clients And Brokers

	<u>GROUP</u>	
	30 September 2012	31 March 2012 (Restated)
	RM'000	RM'000
Due from clients	38,003	58,060
Due from brokers	2,910	4,900
	40,913	62,960
Less:		
Allowance for other losses	(1,263)	(1,196)
	39,650	61,764

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

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

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

	<u>GROUP</u>	
	30 September 2012	31 March 2012 (Restated)
	RM'000	RM'000
Classified as doubtful	209	165
Classified as bad	1,408	1,420
	1,617	1,585

The movements in allowance for other losses are as follows:

At beginning of year		
- As previously stated	1,262	15,799
- Effect of change in accounting policy	(66)	(24)
As restated	1,196	15,775
Allowance made during the period/year	126	1,405
Reversal of allowance	(59)	(1,534)
Amount written-off	-	(14,450)
At end of period/year	1,263	1,196

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A14 Financial Assets Held-for-trading

	BANK		GROUP	
	30 September	31 March	30 September	31 March
	2012	2012	2012	2012
At fair value	RM'000	RM'000	RM'000	RM'000
<u>Money market instruments:</u>				
Bank Negara Malaysia bills	980,092	1,222,003	1,294,788	1,371,696
Malaysian Government securities	-	20,053	-	20,053
Malaysian Government investment certificates	50,684	100,246	50,684	100,246
Total financial assets held-for-trading	1,030,776	1,342,302	1,345,472	1,491,995

A15 Financial Investments Available-for-sale

	BANK		GROUP	
	30 September	31 March	30 September	31 March
	2012	2012	2012	2012
At fair value	RM'000	RM'000	RM'000	RM'000
<u>Money market instruments:</u>				
Malaysian Government securities	1,801,685	1,894,220	2,148,491	2,316,772
Malaysian Government investment certificates	1,524,590	1,132,121	2,238,801	1,833,967
Negotiable instruments of deposits	1,304,059	1,344,854	1,027,932	884,535
Bankers' acceptances	1,359,681	1,532,859	1,761,320	1,944,074
Cagamas bonds	-	20,137	-	35,254
<u>Quoted securities in Malaysia:</u>				
Shares	10	13	10	4,212
Debt securities	3,574	4,768	3,574	4,768
<u>Unquoted securities:</u>				
Shares	95,313	94,895	133,233	135,888
Debt securities and medium term notes	1,584,249	1,396,044	2,180,229	1,963,731
Total financial investments available-for-sale	7,673,161	7,419,911	9,493,590	9,123,201

A16 Financial Investments Held-to-maturity

	BANK		GROUP	
	30 September	31 March	30 September	31 March
	2012	2012	2012	2012
At amortised cost	RM'000	RM'000	RM'000	RM'000
<u>Money market instruments:</u>				
Malaysian Government securities	101,374	227,177	152,705	328,639
Malaysian Government investment certificates	-	-	439,120	439,463
<u>Unquoted securities:</u>				
Debt securities	16,862	18,858	62,031	74,283
	118,236	246,035	653,856	842,385
Accumulated impairment	(16,457)	(17,413)	(45,758)	(47,129)
Total financial investments held-to-maturity	101,779	228,622	608,098	795,256

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A17 Loans, Advances and Financing

	BANK		GROUP	
	30 September	31 March	30 September	31 March
	2012	2012	2012	2012
		(Restated)		(Restated)
	RM'000	RM'000	RM'000	RM'000
Overdrafts	1,724,093	1,689,325	1,924,564	1,854,599
Term loans/financing				
- Housing loans/financing	8,273,426	7,769,654	10,061,870	9,269,933
- Syndicated term loans/financing	459,588	464,662	467,629	475,520
- Hire purchase receivables	385,893	310,514	671,761	654,393
- Other term loans/financing	6,401,335	5,710,639	8,225,860	7,729,424
Bills receivables	275,429	308,453	275,739	308,770
Trust receipts	186,221	184,050	210,409	207,515
Claims on customers under acceptance credits	1,894,999	1,947,273	2,338,427	2,337,986
Staff loans [including loans to Directors of a subsidiary of RMNil (31.03.12: RM92,000)]	26,673	28,602	53,511	54,567
Credit/charge card receivables	611,864	623,563	611,864	623,563
Revolving credits	925,409	844,824	1,112,739	1,044,595
Other loans	497,511	357,647	661,128	451,282
Gross loans, advances and financing	21,662,441	20,239,206	26,615,501	25,012,147
Add: Sales commissions and handling fees	38,547	38,007	23,741	28,523
Less: Allowance for impairment on loans, advances and financing				
- Individual assessment allowance	(121,732)	(132,263)	(151,574)	(157,966)
- Collective assessment allowance	(310,205)	(332,345)	(367,249)	(393,872)
Total net loans, advances and financing	21,269,051	19,812,605	26,120,419	24,488,832

A17a By type of customers:

	BANK		GROUP	
	30 September	31 March	30 September	31 March
	2012	2012	2012	2012
		(Restated)		(Restated)
	RM'000	RM'000	RM'000	RM'000
Domestic non-bank financial institutions				
- Stockbroking companies	10,003	-	10,003	-
- Others	189,936	136,428	261,965	207,164
Domestic business enterprises				
- Small and medium enterprises	5,115,360	4,682,227	5,946,951	5,474,004
- Others	4,300,181	4,209,083	5,094,090	4,975,449
Government and statutory bodies	11,521	12,477	11,521	12,618
Individuals	11,193,352	10,393,832	14,360,066	13,469,972
Other domestic entities	255,248	247,403	255,479	247,679
Foreign entities	586,840	557,756	675,426	625,261
Gross loans, advances and financing	21,662,441	20,239,206	26,615,501	25,012,147

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A17 Loans, Advances and Financing (contd.)

A17b By interest/profit rate sensitivity:

	BANK		GROUP	
	30 September	31 March	30 September	31 March
	2012	2012	2012	2012
		(Restated)		(Restated)
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Housing loans/financing	18,741	20,472	86,840	90,842
- Hire purchase receivables	385,893	310,515	671,761	654,394
- Other fixed rate loans/financing	724,784	679,678	1,821,864	1,997,715
Variable rate				
- Base lending rate plus	15,389,548	14,453,299	18,136,799	16,761,836
- Cost plus	4,908,485	4,493,636	5,649,680	5,203,667
- Other variable rates	234,990	281,606	248,557	303,693
Gross loans, advances and financing	21,662,441	20,239,206	26,615,501	25,012,147

A17c By economic purposes:

	BANK		GROUP	
	30 September	31 March	30 September	31 March
	2012	2012	2012	2012
		(Restated)		(Restated)
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	541,577	362,378	705,193	456,014
Purchase of transport vehicles	296,823	212,087	588,806	561,821
Purchase of landed property	11,958,651	11,195,180	14,171,779	13,116,463
of which: - Residential	8,888,798	8,327,146	10,611,794	9,761,038
- Non-residential	3,069,853	2,868,034	3,559,985	3,355,425
Purchase of fixed assets				
excluding land & buildings	108,424	115,605	109,536	117,110
Personal use	918,828	866,287	2,008,504	2,147,220
Credit card	611,864	623,563	611,864	623,563
Construction	294,991	236,719	306,479	249,710
Mergers and acquisition	192,835	207,265	192,835	207,265
Working capital	5,501,092	5,508,272	6,394,121	6,338,755
Others	1,237,356	911,850	1,526,384	1,194,226
Gross loans, advances and financing	21,662,441	20,239,206	26,615,501	25,012,147

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A17 Loans, Advances and Financing (contd.)

A17d By geographical distribution:

	BANK		GROUP	
	30 September	31 March	30 September	31 March
	2012	2012	2012	2012
		(Restated)		(Restated)
	RM'000	RM'000	RM'000	RM'000
Northern region	1,638,388	1,646,984	1,920,214	1,915,373
Central region	16,254,895	15,062,479	20,141,804	18,846,423
Southern region	1,823,786	1,694,344	2,275,979	2,102,419
East Malaysia region	1,945,372	1,835,399	2,277,504	2,147,932
Gross loans, advances and financing	21,662,441	20,239,206	26,615,501	25,012,147

A17e By residual contractual maturity:

	BANK		GROUP	
	30 September	31 March	30 September	31 March
	2012	2012	2012	2012
		(Restated)		(Restated)
	RM'000	RM'000	RM'000	RM'000
Within one year	6,254,743	6,085,546	7,352,439	7,038,788
One year to three years	724,651	549,249	957,049	823,437
Three years to five years	848,405	726,074	1,334,317	1,253,739
Over five years	13,834,642	12,878,337	16,971,696	15,896,183
Gross loans, advances and financing	21,662,441	20,239,206	26,615,501	25,012,147

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

	BANK		GROUP	
	30 September	31 March	30 September	31 March
	2012	2012	2012	2012
		(Restated)		(Restated)
	RM'000	RM'000	RM'000	RM'000
At beginning of year				
- As previously stated	511,985	592,458	601,135	741,324
- Effect of change in accounting policy	23,927	30,608	28,101	34,157
As restated	535,912	623,066	629,236	775,481
Impaired during the period/year	200,310	338,213	261,347	435,383
Reclassified as non-impaired during the period/year	(132,303)	(268,690)	(153,540)	(361,159)
Recoveries	(70,868)	(75,220)	(94,114)	(106,986)
Amount written-off	(30,022)	(81,457)	(42,670)	(113,483)
At end of period/year	503,029	535,912	600,259	629,236
Gross impaired loans as a percentage of gross loans, advances and financing	2.3%	2.6%	2.3%	2.5%

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A17 Loans, Advances and Financing (contd.)**A17g Impaired loans by economic purposes:**

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2012	31 March 2012 (Restated)	30 September 2012	31 March 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	4,922	4,085	6,273	5,436
Purchase of transport vehicles	2,361	2,733	5,420	5,710
Purchase of landed property	230,495	235,940	266,524	266,682
of which: - Residential	173,221	173,008	197,616	191,394
- Non-residential	57,274	62,932	68,908	75,288
Purchase of fixed assets excluding land & buildings	204	190	204	190
Personal use	20,955	20,156	34,585	31,130
Credit card	9,433	9,908	9,433	9,908
Construction	12,093	11,869	12,208	11,870
Working capital	186,569	214,981	227,095	256,919
Others	35,997	36,050	38,517	41,391
Gross impaired loans	503,029	535,912	600,259	629,236

A17h Impaired loans by geographical distribution:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2012	31 March 2012 (Restated)	30 September 2012	31 March 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
Northern region	99,589	113,654	125,898	139,407
Central region	310,639	316,587	372,937	378,774
Southern region	42,748	48,921	49,875	53,056
East Malaysia region	50,053	56,750	51,549	57,999
Gross impaired loans	503,029	535,912	600,259	629,236

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A17 Loans, Advances and Financing (contd.)

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

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2012	31 March 2012 (Restated)	30 September 2012	31 March 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
Individual assessment allowance				
At beginning of year				
- As previously stated	225,092	273,141	266,349	328,375
- Transfers to collective assessment allowance	(92,829)	(132,557)	(108,383)	(148,952)
As restated	132,263	140,584	157,966	179,423
Allowance made during the period/year (net)	5,406	11,734	9,497	3,108
Amount written-off	(16,081)	(20,055)	(16,092)	(24,565)
Transfers from collective assessment allowance	144	-	203	-
At end of period/year	121,732	132,263	151,574	157,966

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2012	31 March 2012 (Restated)	30 September 2012	31 March 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
Collective assessment allowance				
At beginning of year				
- As previously stated	300,801	270,378	386,017	339,636
- Effect of change in accounting policy	(61,285)	(45,304)	(100,528)	(63,474)
- Transfers from individual assessment allowance	92,829	132,557	108,383	148,952
As restated	332,345	357,631	393,872	425,114
(Write-back)/allowance made during the period/year (net)	(8,056)	29,027	159	49,582
Amount written-off	(13,940)	(54,313)	(26,579)	(80,824)
Transfers to individual assessment allowance	(144)	-	(203)	-
At end of period/year	310,205	332,345	367,249	393,872

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A18 Other Assets

	<u>BANK</u>		<u>GROUP</u>	
	30 September	31 March	30 September	31 March
	2012	2012	2012	2012
	RM'000	RM'000	RM'000	RM'000
Other receivables, deposits and prepayment	106,776	89,703	109,251	95,756
Trade receivables	-	-	1	2,475
Amount due from subsidiaries	41,385	2,891	-	-
Amount due from holding company	-	358	-	358
	148,161	92,952	109,252	98,589
Less:				
Allowance for other losses	(15,136)	(13,051)	(22,840)	(20,790)
	133,025	79,901	86,412	77,799

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

(a) Property, plant and equipment

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2012 RM'000	31 March 2012 RM'000	30 September 2012 RM'000	31 March 2012 RM'000
Freehold land	-	1,009	-	1,009
Leasehold land	-	352	-	352
Buildings	-	2,453	-	2,453
	<u>-</u>	<u>3,814</u>	<u>-</u>	<u>3,814</u>

The disposal exercise on the above property, plant and equipment which have been identified as non-current assets held for sales has been completed.

(b) Subsidiary held for sale

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2012 RM'000	31 March 2012 RM'000	30 September 2012 RM'000	31 March 2012 RM'000
ASSETS				
Cash and short-term funds	-	-	5,816	-
Deposits and placements with banks and other financial institutions	-	-	8,624	-
Other assets	-	-	23,565	-
Tax recoverable	-	-	114	-
Investments in subsidiaries	8,844	-	-	-
Property, plant and equipment	-	-	13	-
Deferred tax assets	-	-	234	-
Computer software	-	-	83	-
	<u>8,844</u>	<u>-</u>	<u>38,449</u>	<u>-</u>
Goodwill	-	-	2,107	-
Total Assets of subsidiary held for sale	<u>8,844</u>	<u>-</u>	<u>40,556</u>	<u>-</u>
LIABILITIES				
Other liabilities	-	-	24,803	-
Total liabilities of subsidiary held for sale	<u>-</u>	<u>-</u>	<u>24,803</u>	<u>-</u>

The assets and liabilities of the above subsidiary held for sale is related to Alliance Investment Management Berhad ("AIMB"), a 70% owned subsidiary of the Bank. On 25 September 2012, an announcement was made to Bursa Malaysia on the proposed disposal by the Bank, its 70% equity interest in Alliance Investment Management Berhad for a total consideration of RM12,250,000. The disposal is expected to be completed in this financial year.

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A20 Deposits from Customers

	<u>BANK</u>		<u>GROUP</u>	
	30 September	31 March	30 September	31 March
	2012	2012	2012	2012
	RM'000	RM'000	RM'000	(Restated) RM'000
A20a By type of deposits:				
Demand deposits	7,868,225	7,581,985	9,428,291	9,141,235
Savings deposits	1,348,967	1,378,296	1,650,281	1,700,686
Fixed/investment deposits	13,354,174	13,773,745	15,530,861	15,617,675
Money market deposits	2,978,900	2,922,394	4,586,441	4,153,719
Negotiable instruments of deposits	481,816	1,107,512	781,145	1,407,325
Structured deposits [Note]	182,378	194,971	182,378	194,971
	26,214,460	26,958,903	32,159,397	32,215,611

Note

- (a) Structured deposits represent foreign currency time deposits with embedded foreign exchange, gold commodity linked options and interest rate index linked placements.
- (b) The Bank and the Group has undertaken a fair value hedge on the interest rate risk of the structured deposits amounting to RM85,909,000 (31.03.12: RM14,115,000) using interest rate swaps.

	<u>BANK</u>		<u>GROUP</u>	
	30 September	31 March	30 September	31 March
	2012	2012	2012	2012
	RM'000	RM'000	RM'000	RM'000
Structured deposits	85,909	14,115	85,909	14,115
Fair value changes arising from fair value hedges	(1,503)	(423)	(1,503)	(423)
	84,406	13,692	84,406	13,692

The fair value loss of the interest rate swap in this hedge transaction as at financial period ended 30 September 2012 is RM1,503,000 (31.03.12: RM423,000).

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A20 Deposits from Customers (contd.)

A20b By type of customers:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2012	31 March 2012	30 September 2012	31 March 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
Domestic financial institutions	485,458	1,111,825	784,787	1,411,638
Government and statutory bodies	1,033,394	951,889	1,343,680	1,396,323
Business enterprises	9,279,854	9,349,112	12,071,103	11,868,424
Individuals	14,591,159	14,240,778	15,945,283	15,707,697
Others	824,595	1,305,299	2,014,544	1,831,529
	26,214,460	26,958,903	32,159,397	32,215,611

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

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2012	31 March 2012	30 September 2012	31 March 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
Due within six months	13,253,312	13,985,773	16,753,065	16,551,893
Six months to one year	3,480,898	3,726,121	3,957,053	4,532,514
One year to three years	61,823	71,826	168,492	72,776
Three years to five years	18,857	19,931	19,837	21,536
	16,814,890	17,803,651	20,898,447	21,178,719

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A21 Deposits and Placements of Banks and Other Financial Institutions

	<u>BANK</u>		<u>GROUP</u>	
	30 September	31 March	30 September	31 March
	2012	2012	2012	2012
	RM'000	RM'000	RM'000	RM'000
Licensed banks	1,179,716	495,393	1,649,916	976,450
Licensed Investment banks	290,890	-	340,902	180,036
Licensed Islamic banks	-	-	130,626	245,468
Bank Negara Malaysia	615,795	691,337	689,119	759,051
Other financial institutions	-	-	50,012	-
	<u>2,086,401</u>	<u>1,186,730</u>	<u>2,860,575</u>	<u>2,161,005</u>

A22 Balances Due To Clients And Brokers

	<u>GROUP</u>	
	30 September	31 March
	2012	2012
	RM'000	(Restated) RM'000
Due to clients	19,762	20,626
	<u>19,762</u>	<u>20,626</u>

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

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

A23 Other Liabilities

	<u>BANK</u>		<u>GROUP</u>	
	30 September	31 March	30 September	31 March
	2012	2012	2012	2012
	RM'000	(Restated) RM'000	RM'000	(Restated) RM'000
Other payable and accruals	794,862	704,243	905,584	845,327
Remisier's accounts	-	-	15,088	15,522
Amount due to holding company	1,764	16,576	1,930	-
	<u>796,626</u>	<u>720,819</u>	<u>922,602</u>	<u>860,849</u>

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A24 Interest Income

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
		(Restated)		(Restated)
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
Loans, advances and financing	254,633	223,763	489,154	427,824
Money at call and deposit placements with financial institutions	2,378	9,803	6,907	23,940
Financial assets held-for-trading	888	1,480	2,168	2,246
Financial investments available-for-sale	54,447	58,255	109,056	114,640
Financial investments held-to-maturity	1,301	6,582	3,319	12,818
Others	402	852	777	1,934
	314,049	300,735	611,381	583,402
Accretion of discount less amortisation of premium	32,401	23,262	67,037	45,575
	346,450	323,997	678,418	628,977
<u>GROUP</u>				
Loans, advances and financing	262,286	233,958	506,009	452,132
Money at call and deposit placements with financial institutions	2,351	725	6,702	4,192
Financial assets held-for-trading	888	1,481	2,168	2,311
Financial investments available-for-sale	58,029	72,565	117,517	143,016
Financial investments held-to-maturity	6,122	8,539	9,055	16,710
Others	402	852	777	1,934
	330,078	318,120	642,228	620,295
Accretion of discount less amortisation of premium	34,612	23,823	71,052	47,823
	364,690	341,943	713,280	668,118

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A25 Interest Expense

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
Deposits and placements of banks and other financial institutions	10,159	8,932	19,029	18,475
Deposits from customers	144,985	138,837	292,619	265,265
Loans sold to Cagamas Berhad	-	895	-	1,780
Subordinated obligations	7,451	7,446	14,747	19,772
Others	921	803	1,873	2,156
	163,516	156,913	328,268	307,448
<u>GROUP</u>				
Deposits and placements of banks and other financial institutions	14,321	10,377	27,393	22,544
Deposits from customers	151,803	147,544	305,238	279,996
Loans sold to Cagamas Berhad	-	895	-	1,780
Subordinated obligations	7,451	7,446	14,747	19,772
Others	956	834	1,939	2,217
	174,531	167,096	349,317	326,309

A26 Net Income from Islamic Banking Business

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	(Restated)	RM'000	(Restated)
	RM'000	RM'000	RM'000	RM'000
<u>GROUP</u>				
Income derived from investment of depositors' funds and others	83,217	85,862	166,509	168,261
Income derived from investment of Islamic Banking funds	8,262	8,024	17,056	15,603
Income attributable to depositors and financial institutions	(37,864)	(34,778)	(74,320)	(69,498)
	53,615	59,108	109,245	114,366
Add: Income due to head office eliminated at Group level	7,706	6,565	15,166	13,184
	61,321	65,673	124,411	127,550

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A27 Other Operating Income

	2nd Quarter Ended		Six Months Ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
<u>BANK</u>				
(a) <u>Fee income:</u>				
Commissions	17,499	13,691	35,388	26,899
Service charges and fees	5,530	6,473	14,404	14,054
Guarantee fees	2,130	2,176	4,208	4,167
Processing fees	756	1,129	1,413	4,168
Commitment fees	3,747	3,566	7,380	6,984
Other fee income	4,777	2,497	7,040	6,597
	<u>34,439</u>	<u>29,532</u>	<u>69,833</u>	<u>62,869</u>
(b) <u>Investment income:</u>				
(Loss)/gain arising from sale/redemption of:				
- Financial assets held-for-trading	(832)	3,393	(134)	4,129
- Financial investments available-for-sale	12,624	19,439	25,557	21,968
- Financial investments held-to-maturity	1,467	-	1,487	11,994
Unrealised (loss)/gain on revaluation of:				
- Financial assets held-for-trading	(222)	(755)	(77)	(1,084)
- Derivative instruments	(1,442)	(1,888)	12,453	(3,053)
Realised gain on revaluation of derivative instruments	6,589	3,190	14,022	14,582
Gross dividend income from:				
- Financial investments available-for-sale	21	15	2,357	3,364
- Subsidiaries	62,822	22,905	62,822	22,905
	<u>81,027</u>	<u>46,299</u>	<u>118,487</u>	<u>74,805</u>
(c) <u>Other income:</u>				
Unrealised foreign exchange translation gain	12,295	5,623	5,428	8,415
Rental income	57	68	140	150
Gain on disposal of property, plant and equipment	5,854	8	7,508	88
Others	4,112	4,782	9,240	10,488
	<u>22,318</u>	<u>10,481</u>	<u>22,316</u>	<u>19,141</u>
Total other operating income	<u>137,784</u>	<u>86,312</u>	<u>210,636</u>	<u>156,815</u>

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A27 Other Operating Income (contd.)

GROUP	2nd Quarter Ended		Six Months Ended	
	30 September 2012 RM'000	30 September 2011 RM'000	30 September 2012 RM'000	30 September 2011 RM'000
(a) <u>Fee income:</u>				
Commissions	17,514	13,464	35,342	26,448
Service charges and fees	5,922	6,769	15,206	14,777
Portfolio management fees	1,626	1,777	3,404	3,578
Corporate advisory fees	1,364	2,431	3,257	4,538
Brokerage fees	2,726	3,460	5,409	6,942
Guarantee fees	2,130	2,176	4,208	4,430
Processing fees	1,115	1,440	1,961	4,733
Commitment fees	3,747	3,566	7,380	6,984
Underwriting commissions	674	191	692	191
Other fee income	4,779	2,767	7,043	7,137
	41,597	38,041	83,902	79,758
(b) <u>Investment income:</u>				
(Loss)/gain arising from sale/redemption of:				
- Financial assets held-for-trading	(832)	3,394	(134)	4,260
- Financial investments available-for-sale	16,360	20,757	31,547	23,148
- Financial investments held-to-maturity	2,379	-	2,399	11,994
Unrealised (loss)/gain on revaluation of:				
- Financial assets held-for-trading	(215)	(717)	(70)	(1,082)
- Derivative instruments	(1,442)	(1,889)	12,453	(3,054)
Realised gain on revaluation of derivative instruments	6,589	3,190	14,022	14,582
Gross dividend income from:				
- Financial investments available-for-sale	20	31	2,642	3,650
	22,859	24,766	62,859	53,498
(c) <u>Other income :</u>				
Unrealised foreign exchange translation gain	12,371	5,701	5,575	8,539
Gain/(loss) on disposal of property, plant and equipment	5,842	(11)	7,420	71
Others	4,289	4,586	9,572	10,422
	22,502	10,276	22,567	19,032
Total other operating income	86,958	73,083	169,328	152,288

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A28 Other Operating Expenses

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
Personnel costs				
- Salaries, allowances and bonuses	54,507	48,374	117,166	101,561
- Contribution to EPF	8,920	8,339	18,869	16,860
- Share options/grants under ESS	1,849	1,270	3,822	2,564
- Others	5,519	5,575	10,814	8,973
	<u>70,795</u>	<u>63,558</u>	<u>150,671</u>	<u>129,958</u>
Establishment costs				
- Depreciation of property, plant and equipment	6,284	6,793	13,493	13,480
- Amortisation of computer software	4,708	4,423	9,606	8,396
- Rental of premises	5,316	5,421	10,477	9,953
- Water and electricity	1,237	1,299	2,472	2,909
- Repairs and maintenance	2,132	1,984	3,742	3,163
- Information technology expenses	8,452	6,138	16,263	11,816
- Others	(600)	549	(1,253)	3,745
	<u>27,529</u>	<u>26,607</u>	<u>54,800</u>	<u>53,462</u>
Marketing expenses				
- Promotion and advertisement	1,395	1,922	3,739	3,290
- Branding and publicity	1,433	1,025	2,259	1,902
- Others	995	880	2,034	1,678
	<u>3,823</u>	<u>3,827</u>	<u>8,032</u>	<u>6,870</u>
Administration and general expenses				
- Communication expenses	2,221	2,083	4,809	4,849
- Printing and stationery	738	810	1,420	925
- Insurance	1,759	1,756	3,512	2,349
- Professional fees	2,052	2,235	4,048	4,333
- Others	2,007	1,652	4,906	2,469
	<u>8,777</u>	<u>8,536</u>	<u>18,695</u>	<u>14,925</u>
Total other operating expenses	<u>110,924</u>	<u>102,528</u>	<u>232,198</u>	<u>205,215</u>

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A28 Other Operating Expenses (contd.)

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
GROUP				
Personnel costs				
- Salaries, allowances and bonuses	78,110	68,330	161,894	141,624
- Contribution to EPF	12,609	11,499	25,953	23,264
- Share options/grants under ESS	2,067	1,517	4,051	2,780
- Others	7,899	7,624	15,153	13,915
	100,685	88,970	207,051	181,583
Establishment costs				
- Depreciation of property, plant and equipment	6,482	7,480	13,799	14,909
- Amortisation of computer software	4,769	4,509	9,736	8,574
- Rental of premises	7,306	7,274	14,395	13,458
- Water and electricity	1,491	1,484	2,940	3,261
- Repairs and maintenance	2,812	2,650	5,082	4,635
- Information technology expenses	11,571	8,453	21,912	15,629
- Others	2,565	4,469	5,090	11,214
	36,996	36,319	72,954	71,680
Marketing expenses				
- Promotion and advertisement	1,869	2,209	4,860	4,769
- Branding and publicity	1,436	1,030	2,262	1,916
- Others	1,307	1,187	2,635	2,286
	4,612	4,426	9,757	8,971
Administration and general expenses				
- Communication expenses	2,894	3,052	6,306	6,567
- Printing and stationery	958	1,129	1,918	1,587
- Insurance	2,043	1,893	4,040	2,152
- Professional fees	2,982	3,174	6,079	6,036
- Others	2,627	3,321	6,064	6,866
	11,504	12,569	24,407	23,208
Total other operating expenses	153,797	142,284	314,169	285,442

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

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2012	2011	2012	2011
		(Restated)		(Restated)
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
(Write-back of)/allowance for impaired loans and financing:				
(a) Individual assessment allowance				
- write-back during the period (net)	7,466	4,479	5,406	884
(b) Collective assessment allowance				
- (write-back)/allowance made during the period (net)	(2,879)	18,007	(8,056)	19,192
(c) Bad debts on loans and financing				
- Recovered	(25,387)	(11,148)	(33,822)	(21,048)
- Written-off	4,961	62	7,942	218
	(15,839)	11,400	(28,530)	(754)
Write-back of commitments and contingencies	-	(542)	-	(592)
Allowance for other assets	1,033	1,336	2,454	2,834
	(14,806)	12,194	(26,076)	1,488
<u>GROUP</u>				
(Write-back of)/allowance for impaired loans and financing:				
(a) Individual assessment allowance				
- allowance made/(write-back) during the period (net)	13,121	2,049	9,497	(1,990)
(b) Collective assessment allowance				
- allowance made during the period (net)	398	16,076	159	18,333
(c) Bad debts on loans and financing				
- Recovered	(28,983)	(20,811)	(39,897)	(37,156)
- Written-off	7,099	5,062	11,603	10,647
	(8,365)	2,376	(18,638)	(10,166)
Write-back of commitments and contingencies	(105)	(912)	(105)	(962)
Allowance for other assets	1,179	1,512	2,666	3,145
	(7,291)	2,976	(16,077)	(7,983)

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A30 Commitments and Contingencies

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

	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Bank</u>				
30 September 2012				
<u>Credit-related exposures</u>				
Direct credit substitutes	333,414	-	333,414	333,414
Transaction-related contingent items	508,848	-	254,424	254,424
Short-term self-liquidating trade-related contingencies	115,682	-	23,136	23,136
Irrevocable commitments to extent credit:				
- maturity exceeding one year	4,409,473	-	2,204,736	1,815,852
- maturity not exceeding one year	4,525,862	-	905,173	832,001
unutilised credit card lines	2,078,487	-	415,697	326,164
	<u>11,971,766</u>	<u>-</u>	<u>4,136,580</u>	<u>3,584,991</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	2,882,498	26,508	59,726	35,028
Interest rate related contracts:				
- one year or less	740,000	1,225	2,880	576
- over one year to three years	925,000	507	12,506	2,501
- over three years	431,818	3,772	22,573	9,327
	<u>4,979,316</u>	<u>32,012</u>	<u>97,685</u>	<u>47,432</u>
	<u>16,951,082</u>	<u>32,012</u>	<u>4,234,265</u>	<u>3,632,423</u>
<u>Group</u>				
30 September 2012				
<u>Credit-related exposures</u>				
Direct credit substitutes	378,145	-	378,145	378,145
Transaction-related contingent items	546,436	-	273,218	273,218
Short-term self-liquidating trade-related contingencies	142,133	-	28,427	28,427
Irrevocable commitments to extent credit:				
- maturity exceeding one year	5,154,862	-	2,577,431	2,110,970
- maturity not exceeding one year	5,489,292	-	1,097,858	955,256
unutilised credit card lines	2,078,487	-	415,697	326,164
	<u>13,789,355</u>	<u>-</u>	<u>4,770,776</u>	<u>4,072,180</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	2,882,498	26,508	59,726	35,028
Interest rate related contracts:				
- one year or less	740,000	1,225	2,880	576
- over one year to three years	925,000	507	12,506	2,501
- over three years	431,818	3,772	22,573	9,327
	<u>4,979,316</u>	<u>32,012</u>	<u>97,685</u>	<u>47,432</u>
	<u>18,768,671</u>	<u>32,012</u>	<u>4,868,461</u>	<u>4,119,612</u>

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A30 Commitments and Contingencies

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

	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Bank</u>				
31 March 2012				
<u>Credit-related exposures</u>				
Direct credit substitutes	354,758	-	354,758	354,758
Transaction-related contingent items	515,510	-	257,755	257,755
Short-term self-liquidating trade-related contingencies	126,778	-	25,356	25,356
Irrevocable commitments to extent credit:				
- maturity exceeding one year	3,645,632	-	1,822,816	1,518,664
- maturity not exceeding one year	4,675,582	-	935,116	858,102
unutilised credit card lines	2,188,661	-	437,732	340,525
	<u>11,506,921</u>	<u>-</u>	<u>3,833,533</u>	<u>3,355,160</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	3,147,488	17,730	64,522	38,478
Interest rate related contracts:				
- one year or less	587,000	130	912	182
- over one year to three years	1,110,000	2,592	14,192	2,838
- over three years	423,896	3,260	20,055	6,467
	<u>5,268,384</u>	<u>23,712</u>	<u>99,681</u>	<u>47,965</u>
	<u>16,775,305</u>	<u>23,712</u>	<u>3,933,214</u>	<u>3,403,125</u>
<u>Group</u>				
31 March 2012				
<u>Credit-related exposures</u>				
Direct credit substitutes	397,029	-	397,029	397,029
Transaction-related contingent items	549,766	-	274,883	274,883
Short-term self-liquidating trade-related contingencies	153,561	-	30,712	30,712
Obligation under on-going underwriting agreement	70,122	-	35,061	35,061
Irrevocable commitments to extent credit:				
- maturity exceeding one year	4,320,657	-	2,160,328	1,786,192
- maturity not exceeding one year	5,793,193	-	1,158,639	1,004,648
unutilised credit card lines	2,188,661	-	437,732	340,525
	<u>13,472,989</u>	<u>-</u>	<u>4,494,384</u>	<u>3,869,050</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	3,147,488	17,730	64,522	38,478
Interest rate related contracts:				
- one year or less	587,000	130	912	182
- over one year to three years	1,110,000	2,592	14,192	2,838
- over three years	423,896	3,260	20,055	6,467
	<u>5,268,384</u>	<u>23,712</u>	<u>99,681</u>	<u>47,965</u>
	<u>18,741,373</u>	<u>23,712</u>	<u>4,594,065</u>	<u>3,917,015</u>

A31 Derivative Financial Assets/(Liabilities)

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

BANK/GROUP	As at 30 September 2012			As at 31 March 2012		
	Principal RM'000	Fair value Assets RM'000	Liabilities RM'000	Principal RM'000	Fair value Assets RM'000	Liabilities RM'000
Foreign exchange and commodity contracts						
Currency forwards						
- one year or less	1,045,569	4,048	(9,970)	859,253	4,792	(6,243)
Currency swaps						
- one year or less	1,113,425	19,157	(1,871)	1,690,284	9,774	(8,784)
Currency spots						
- one year or less	500,826	607	(622)	258,209	185	(150)
Currency options						
- one year or less	109,495	368	(230)	122,204	467	(324)
Gold options						
- one year or less	113,183	2,328	(2,089)	217,538	2,512	(1,102)
	2,882,498	26,508	(14,782)	3,147,488	17,730	(16,603)
Interest rate derivatives						
Interest rate swap	2,010,909	5,504	(4,270)	2,106,781	5,982	(9,215)
- one year or less	740,000	1,225	(599)	587,000	130	(105)
- over one year to three years	925,000	507	(2,208)	1,110,000	2,592	(2,030)
- over three years	345,909	3,772	(1,463)	409,781	3,260	(7,080)
Hedging Derivatives						
Interest rate swap						
- over three years	85,909	-	(1,503)	14,115	-	(423)
Total derivatives assets/(liabilities)	4,979,316	32,012	(20,555)	5,268,384	23,712	(26,241)

The credit risk, market risk and liquidity risk associated with the derivatives and the policies in place for mitigating or controlling the risks with these derivatives are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2012.

Forwards

Forwards are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

Swaps

Swaps are contractual agreements between two parties to exchange exposures in foreign currency or interest rates.

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

Spots

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

Options

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

Related accounting policies

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

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

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A32 Interest Rate Risk

<u>BANK</u> As at 30 September 2012	Non-Trading Book						Non-interest sensitive	Trading book	Total	Effective interest rate %
	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Assets										
Cash and short-term funds	260,748	-	-	-	-	-	498,661	-	759,409	2.75
Deposits and placements with banks and other financial institutions	-	60,794	31,997	-	-	-	333	-	93,124	3.89
Financial assets held-for-trading	-	-	-	-	-	-	-	1,030,776	1,030,776	3.06
Financial investments available-for-sale	844,952	877,243	225,481	325,412	2,353,412	2,891,340	155,321	-	7,673,161	3.44
Financial investments held-to-maturity	-	37	-	-	101,197	-	545	-	101,779	4.47
Derivative financial assets										
- Trading derivatives	-	-	-	-	-	-	-	32,012	32,012	-
Loans, advances and financing	17,210,750	837,550	254,097	593,992	977,552	1,324,018	71,092 *	-	21,269,051	5.17
Other non-interest sensitive balances	-	-	-	-	-	-	2,305,615	-	2,305,615	-
Total assets	18,316,450	1,775,624	511,575	919,404	3,432,161	4,215,358	3,031,567	1,062,788	33,264,927	
Liabilities										
Deposits from customers	11,918,343	2,919,526	2,812,017	3,514,795	80,660	84,406	4,884,713	-	26,214,460	2.19
Deposits and placements of banks and other financial institutions	1,048,920	312,067	156,006	100,702	459,891	-	8,815	-	2,086,401	1.96
Bills and acceptances payable	1	19	55	-	-	-	-	-	75	3.23
Derivative financial liabilities										
- Trading derivatives	-	-	-	-	-	-	-	19,052	19,052	-
- Hedging derivatives	-	-	-	-	-	1,503	-	-	1,503	n/a
Amount due to Cagamas Berhad	2,331	6,408	-	-	10,247	-	-	-	18,986	4.54
Subordinated obligations	-	-	-	-	598,076	-	13,866	-	611,942	4.92
Other non-interest sensitive balances	-	-	-	-	-	-	869,411	-	869,411	-
Total liabilities	12,969,595	3,238,020	2,968,078	3,615,497	1,148,874	85,909	5,776,805	19,052	29,821,830	
Equity	-	-	-	-	-	-	3,443,097	-	3,443,097	-
Total liabilities and equity	12,969,595	3,238,020	2,968,078	3,615,497	1,148,874	85,909	9,219,902	19,052	33,264,927	
On-balance sheet interest sensitivity gap	5,346,855	(1,462,396)	(2,456,503)	(2,696,093)	2,283,287	4,129,449	(6,188,335)	1,043,736	-	

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

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A32 Interest Rate Risk (contd.)

GROUP As at 30 September 2012	Non-Trading Book							Trading book RM'000	Total RM'000	Effective Interest/ profit rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
Assets										
Cash and short-term funds	362,483	-	-	-	-	-	571,911	-	934,394	2.77
Deposits and placements with banks and other financial institutions	-	52,466	31,997	-	-	-	209	-	84,672	4.05
Balances due from clients and brokers	194	-	-	-	-	-	39,456	-	39,650	12.00
Financial assets held-for-trading	-	-	-	-	-	-	-	1,345,472	1,345,472	3.06
Financial investments available-for-sale	1,086,575	1,402,430	387,433	431,445	2,560,563	3,414,256	210,888	-	9,493,590	3.74
Financial investments held-to-maturity	-	10,664	-	-	538,739	51,014	7,681	-	608,098	3.80
Derivative financial assets										
- Trading derivatives	-	-	-	-	-	-	-	32,012	32,012	-
Loans, advances and financing	20,373,823	1,077,046	335,681	631,512	1,480,197	2,140,724	81,436 *	-	26,120,419	5.28
Other non-interest sensitive balances	-	-	-	-	-	-	1,907,811	-	1,907,811	
Total assets	21,823,075	2,542,606	755,111	1,062,957	4,579,499	5,605,994	2,819,392	1,377,484	40,566,118	
Liabilities										
Deposits from customers	15,582,176	4,083,583	3,334,802	3,985,620	168,786	84,406	4,920,024	-	32,159,397	2.26
Deposits and placements of banks and other financial institutions	1,748,920	314,919	156,006	103,784	527,013	-	9,933	-	2,860,575	2.21
Balances due to clients and brokers	-	-	-	-	-	-	19,762	-	19,762	-
Bills and acceptances payable	1	47	62	-	-	-	-	-	110	3.39
Derivative financial liabilities										
- Trading derivatives	-	-	-	-	-	-	-	19,052	19,052	-
- Hedging derivatives	-	-	-	-	-	1,503	-	-	1,503	n/a
Amount due to Cagamas Berhad	2,331	6,408	-	-	10,247	-	-	-	18,986	4.54
Subordinated obligations	-	-	-	-	598,076	-	13,866	-	611,942	4.92
Other non-interest sensitive balances	-	-	-	-	-	-	1,033,669	-	1,033,669	-
Total liabilities	17,333,428	4,404,957	3,490,870	4,089,404	1,304,122	85,909	5,997,254	19,052	36,724,996	
Equity	-	-	-	-	-	-	3,836,425	-	3,836,425	-
Non-controlling interests	-	-	-	-	-	-	4,697	-	4,697	-
Total liabilities and equity	17,333,428	4,404,957	3,490,870	4,089,404	1,304,122	85,909	9,838,376	19,052	40,566,118	
On-balance sheet interest sensitivity gap	4,489,647	(1,862,351)	(2,735,759)	(3,026,447)	3,275,377	5,520,085	(7,018,984)	1,358,432	-	

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

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A32 Interest Rate Risk (contd.)

<u>BANK</u> As at 31 March 2012 (Restated)	Non-Trading Book						Non-interest sensitive	Trading book	Total	Effective interest rate %
	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Assets										
Cash and short-term funds	1,292,323	-	-	-	-	-	437,967	-	1,730,290	3.01
Deposits and placements with banks and other financial institutions	-	143,138	-	-	-	-	323	-	143,461	2.49
Financial assets held-for-trading	-	-	-	-	-	-	-	1,342,302	1,342,302	3.00
Financial investments available-for-sale	633,474	1,522,660	86,863	38,602	2,390,021	2,599,499	148,792	-	7,419,911	3.47
Financial investments held-to-maturity	-	50,081	75,943	28	-	101,293	1,277	-	228,622	3.59
Derivative financial assets										
- Trading derivatives	-	-	-	-	-	-	-	23,712	23,712	-
Loans, advances and financing	16,192,162	848,676	280,215	559,845	906,070	954,333	71,304 *	-	19,812,605	5.20
Other non-interest sensitive balances	-	-	-	-	-	-	2,143,143	-	2,143,143	-
Total assets	18,117,959	2,564,555	443,021	598,475	3,296,091	3,655,125	2,802,806	1,366,014	32,844,046	
Liabilities										
Deposits from customers	12,355,332	3,180,174	2,126,444	4,403,520	91,742	40,278	4,761,413	-	26,958,903	2.30
Deposits and placements of banks and other financial institutions	154,255	171,662	226,140	61,340	564,482	-	8,851	-	1,186,730	1.36
Bills and acceptances payable	2	18	111	-	-	-	-	-	131	3.24
Derivative financial liabilities										
- Trading derivatives	-	-	-	-	-	-	-	25,818	25,818	-
- Hedging derivatives	-	-	-	-	-	423	-	-	423	n/a
Amount due to Cagamas Berhad	-	-	1,634	9,566	10,844	-	-	-	22,044	4.54
Subordinated obligations	-	-	-	-	597,829	-	13,786	-	611,615	4.92
Other non-interest sensitive balances	-	-	-	-	-	-	740,291	-	740,291	-
Total liabilities	12,509,589	3,351,854	2,354,329	4,474,426	1,264,897	40,701	5,524,341	25,818	29,545,955	
Equity	-	-	-	-	-	-	3,298,091	-	3,298,091	-
Total liabilities and equity	12,509,589	3,351,854	2,354,329	4,474,426	1,264,897	40,701	8,822,432	25,818	32,844,046	
On-balance sheet interest sensitivity gap	5,608,370	(787,299)	(1,911,308)	(3,875,951)	2,031,194	3,614,424	(6,019,626)	1,340,196	-	

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

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A32 Interest Rate Risk (contd.)

GROUP As at 31 March 2012 (Restated)	Non-Trading Book							Trading book RM'000	Total RM'000	Effective Interest/ profit rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
Assets										
Cash and short-term funds	1,385,813	-	-	-	-	-	490,259	-	1,876,072	3.04
Deposits and placements with banks and other financial institutions	-	93,138	165	-	-	-	135	-	93,438	2.42
Balances due from clients and brokers	1,631	-	-	-	-	-	60,133	-	61,764	12.00
Financial assets held-for-trading	-	-	-	-	-	-	-	1,491,995	1,491,995	3.00
Financial investments available-for-sale	953,177	1,910,031	150,485	88,717	2,493,255	3,314,235	213,301	-	9,123,201	3.79
Financial investments held-to-maturity	-	50,081	134,359	11,992	357,154	233,114	8,556	-	795,256	3.55
Derivative financial assets										
- Trading derivatives	-	-	-	-	-	-	-	23,712	23,712	-
Loans, advances and financing	18,988,098	1,013,570	338,603	608,585	1,485,718	1,976,860	77,398 *	-	24,488,832	5.46
Other non-interest sensitive balances	-	-	-	-	-	-	1,731,349	-	1,731,349	-
Total assets	21,328,719	3,066,820	623,612	709,294	4,336,127	5,524,209	2,581,131	1,515,707	39,685,619	
Liabilities										
Deposits from customers	16,010,992	3,716,695	2,369,875	5,203,955	87,647	40,278	4,786,169	-	32,215,611	2.32
Deposits and placements of banks and other financial institutions	771,753	462,662	226,140	61,329	628,462	-	10,659	-	2,161,005	2.02
Balances due to clients and brokers	-	-	-	-	-	-	20,626	-	20,626	2.90
Bills and acceptances payable	14	40	124	-	-	-	-	-	178	3.36
Derivative financial liabilities										
- Trading derivatives	-	-	-	-	-	-	-	25,818	25,818	-
- Hedging derivatives	-	-	-	-	-	423	-	-	423	n/a
Amount due to Cagamas Berhad	-	-	1,634	9,566	10,844	-	-	-	22,044	4.54
Subordinated obligations	-	-	-	-	597,829	-	13,786	-	611,615	4.92
Other non-interest sensitive balances	-	-	-	-	-	-	908,388	-	908,388	-
Total liabilities	16,782,759	4,179,397	2,597,773	5,274,850	1,324,782	40,701	5,739,628	25,818	35,965,708	
Equity	-	-	-	-	-	-	3,715,006	-	3,715,006	-
Non-controlling interests	-	-	-	-	-	-	4,905	-	4,905	-
Total liabilities and equity	16,782,759	4,179,397	2,597,773	5,274,850	1,324,782	40,701	9,459,539	25,818	39,685,619	
On-balance sheet interest sensitivity gap	4,545,960	(1,112,577)	(1,974,161)	(4,565,556)	3,011,345	5,483,508	(6,878,408)	1,489,889	-	

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

A33 Segment Information

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

The Group is organised into the following key operating segments:

(i) Consumer Banking

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

(ii) Business Banking

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

(iii) Financial Markets

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

(iv) Investment Banking

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

(v) Others

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

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A33 Segment information (contd.)

Group	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Investment Banking RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
2nd Quarter ended 30 September 2012								
Net interest income								
- External income	49,662	90,819	51,016	1,691	(2,945)	190,243	(84)	190,159
- inter-segment	20,943	(3,924)	(15,705)	(1,314)	-	-	-	-
	70,605	86,895	35,311	377	(2,945)	190,243	(84)	190,159
Net income from Islamic banking business	26,416	16,173	11,027	-	-	53,616	7,705	61,321
Other operating income	33,419	34,249	74,776	5,425	10,610	158,479	(71,521)	86,958
Net income	130,440	137,317	121,114	5,802	7,665	402,338	(63,900)	338,438
Other operating expenses	(65,763)	(52,017)	(10,551)	(9,401)	(6,452)	(144,184)	1,638	(142,546)
Depreciation and amortisation	(5,438)	(4,070)	(1,423)	(309)	(11)	(11,251)	-	(11,251)
Operating profit/(loss)	59,239	81,230	109,140	(3,908)	1,202	246,903	(62,262)	184,641
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(17,305)	24,233	324	39	-	7,291	-	7,291
Write-back of impairment	-	-	-	-	-	-	-	-
Segment result	41,934	105,463	109,464	(3,869)	1,202	254,194	(62,262)	191,932
Share of results of associates								(1,003)
Taxation and zakat								(48,871)
Net profit after taxation and zakat								142,058
Segment assets	15,033,210	11,119,405	15,465,600	221,146	76,269	41,915,630	(1,830,489)	40,085,141
Reconciliation of segment assets to consolidated assets:								
Investments in associates								24,924
Property, plant and equipment								89,626
Unallocated assets								12,144
Intangible assets								354,283
Total assets								40,566,118
Segment Liabilities	16,234,606	10,871,580	10,420,796	41,681	53,459	37,622,122	(983,390)	36,638,732
Unallocated liabilities								86,264
Total liabilities								36,724,996

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A33 Segment information (contd.)

Group	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Investment Banking RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
As at 30 September 2012								
Net interest income								
- External income	91,773	163,483	110,393	3,196	(4,364)	364,481	(518)	363,963
- inter-segment	44,222	(2,749)	(39,085)	(2,388)	-	-	-	-
	135,995	160,734	71,308	808	(4,364)	364,481	(518)	363,963
Net income from Islamic banking business	54,666	31,858	22,722	-	-	109,246	15,165	124,411
Other operating income	57,695	67,485	92,842	10,228	19,718	247,968	(78,640)	169,328
Net income	248,356	260,077	186,872	11,036	15,354	721,695	(63,993)	657,702
Other operating expenses	(134,988)	(108,001)	(22,576)	(16,045)	(12,523)	(294,133)	3,499	(290,634)
Depreciation and amortisation	(11,218)	(8,598)	(3,305)	(389)	(25)	(23,535)	-	(23,535)
Operating profit/(loss)	102,150	143,478	160,991	(5,398)	2,806	404,027	(60,494)	343,533
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(21,331)	37,259	160	(11)	-	16,077	-	16,077
Write-back of impairment	-	-	473	-	-	473	-	473
Segment result	80,819	180,737	161,624	(5,409)	2,806	420,577	(60,494)	360,083
Share of results of associates								(2,111)
Taxation and zakat								(90,641)
Net profit after taxation and zakat								267,331
Segment assets	15,033,210	11,119,405	15,465,600	221,146	76,269	41,915,630	(1,830,489)	40,085,141
Reconciliation of segment assets to consolidated assets:								
Investments in associates								24,924
Property, plant and equipment								89,626
Unallocated assets								12,144
Intangible assets								354,283
Total assets								40,566,118
Segment Liabilities	16,234,606	10,871,580	10,420,796	41,681	53,459	37,622,122	(983,390)	36,638,732
Unallocated liabilities								86,264
Total liabilities								36,724,996

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A33 Segment information (contd.)

Group	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Investment Banking RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
2nd Quarter ended 30 September 2011 (Restated)								
Net interest income								
- External income	38,396	77,317	59,319	1,125	-	176,157	(1,310)	174,847
- inter-segment	25,753	2,290	(27,115)	(928)	-	-	-	-
	64,149	79,607	32,204	197	-	176,157	(1,310)	174,847
Net income from Islamic banking business	29,618	17,300	12,190	-	-	59,108	6,565	65,673
Other operating income	23,593	26,890	37,649	6,256	14,657	109,045	(35,962)	73,083
Net income	117,360	123,797	82,043	6,453	14,657	344,310	(30,707)	313,603
Other operating expenses	(58,601)	(49,712)	(9,437)	(7,612)	(5,185)	(130,547)	252	(130,295)
Depreciation and amortisation	(5,842)	(3,985)	(1,500)	(644)	(18)	(11,989)	-	(11,989)
Operating profit/(loss)	52,917	70,100	71,106	(1,803)	9,454	201,774	(30,455)	171,319
Write-back of/(allowance for) impairment on loans, advances and financing and other losses	(1,687)	(384)	(903)	(2)	-	(2,976)	-	(2,976)
Write-back of/(allowance for) impairment	-	188	-	-	-	188	-	188
Segment result	51,230	69,904	70,203	(1,805)	9,454	198,986	(30,455)	168,531
Share of results of associates								(231)
Taxation and zakat								(42,896)
Net profit after taxation and zakat								125,404
Segment assets	12,486,003	10,586,882	16,184,432	231,855	41,448	39,530,620	(2,332,557)	37,198,063
Reconciliation of segment assets to consolidated assets:								
Investments in associates								28,112
Property, plant and equipment								99,100
Unallocated assets								73,510
Intangible assets								357,745
Total assets								37,756,530
Segment Liabilities	15,627,524	9,864,099	9,962,405	133,303	18,099	35,605,430	(1,496,250)	34,109,180
Unallocated liabilities								31,164
Total liabilities								34,140,344

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A33 Segment information (contd.)

Group	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Investment Banking RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
As at 30 September 2011 (Restated)								
Net interest income								
- External income	69,198	148,511	117,651	2,293	-	337,653	4,156	341,809
- inter-segment	51,003	853	(50,074)	(1,782)	-	-	-	-
	120,201	149,364	67,577	511	-	337,653	4,156	341,809
Net income from Islamic banking business	60,676	34,115	19,575	-	-	114,366	13,184	127,550
Other operating income	43,270	65,710	50,154	12,653	20,703	192,490	(40,202)	152,288
Net income	224,147	249,189	137,306	13,164	20,703	644,509	(22,862)	621,647
Other operating expenses	(121,086)	(97,899)	(19,346)	(14,550)	(9,775)	(262,656)	697	(261,959)
Depreciation and amortisation	(11,347)	(7,778)	(2,982)	(1,339)	(37)	(23,483)	-	(23,483)
Operating profit	91,714	143,512	114,978	(2,725)	10,891	358,370	(22,165)	336,205
Write-back of/(allowance for) impairment on loans, advances and financing and other losses	2,247	7,307	(1,598)	27	-	7,983	-	7,983
Write-back of/(allowance for) impairment	-	2,519	-	-	(1,460)	1,059	-	1,059
Segment result	93,961	153,338	113,380	(2,698)	9,431	367,412	(22,165)	345,247
Share of results of associates								(926)
Taxation and zakat								(86,900)
Net profit after taxation and zakat								257,421
Segment assets	12,486,003	10,586,882	16,184,432	231,855	41,448	39,530,620	(2,332,557)	37,198,063
Reconciliation of segment assets to consolidated assets:								
Investments in associates								28,112
Property, plant and equipment								99,100
Unallocated assets								73,510
Intangible assets								357,745
Total assets								37,756,530
Segment Liabilities	15,627,524	9,864,099	9,962,405	133,303	18,099	35,605,430	(1,496,250)	34,109,180
Unallocated liabilities								31,164
Total liabilities								34,140,344

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A34 Capital Adequacy

The capital adequacy ratios of the Bank and the Group are computed in accordance with BNM's revised Risk-Weighted Capital Adequacy Framework (RWCAF-Basel II). The Bank and the Group have adopted the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk. The minimum regulatory capital adequacy requirement is 8.0% (31.03.2012: 8.0%) for the risk-weighted capital ratio.

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

	BANK		GROUP	
	30 September 2012	31 March 2012 (Restated)	30 September 2012	31 March 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
<u>Before deducting proposed dividends</u>				
Core capital ratio	14.15%	14.23%	12.59%	12.37%
Risk-weighted capital ratio	14.18%	14.28%	15.69%	15.62%
<u>After deducting proposed dividends</u>				
Core capital ratio	13.53%	13.63%	12.08%	11.88%
Risk-weighted capital ratio	13.57%	13.68%	15.18%	15.13%

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

	BANK		GROUP	
	30 September 2012	31 March 2012 (Restated)	30 September 2012	31 March 2012 (Restated)
	RM'000	RM'000	RM'000	RM'000
<u>Tier I Capital (Core Capital)</u>				
Paid-up share capital	596,517	596,517	596,517	596,517
ICPS	4,000	4,000	4,000	4,000
Share premium	597,517	597,517	597,517	597,517
Retained profits	1,546,073	1,397,888	1,635,017	1,517,252
Statutory reserves	601,561	601,561	865,648	842,167
Other reserves	-	-	10,018	10,018
Non-controlling interests	-	-	4,697	4,905
	3,345,668	3,197,483	3,713,414	3,572,376
Less: Purchased goodwill/goodwill on consolidation	(186,272)	(186,272)	(302,065)	(302,065)
Deferred tax assets	-	-	(12,144)	(15,038)
Total Tier I capital	3,159,396	3,011,211	3,399,205	3,255,273
<u>Tier II Capital</u>				
Subordinated obligations	598,075	597,829	598,075	597,829
Collective assessment allowance	202,776	214,419	243,226	260,666
Total Tier II capital	800,851	812,248	841,301	858,495
Total Capital	3,960,247	3,823,459	4,240,506	4,113,768
Less: Investment in subsidiaries	(792,820)	(801,664)	(3,620)	(3,620)
Total Capital Base	3,167,427	3,021,795	4,236,886	4,110,148

The comparative capital adequacy ratios and components of capital base have been restated for the effects of the change in accounting policy on collective assessment allowance for loans, advances and financing during the financial period. Please refer to Note A36 Changes in Accounting Policies for a summary of the changes.

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A34 Capital Adequacy (contd.)

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

	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
30 September 2012		
<u>Before deducting proposed dividends</u>		
Core capital ratio	-	83.14%
Risk-weighted capital ratio	-	83.49%
<u>After deducting proposed dividends</u>		
Core capital ratio	12.57%	81.66%
Risk-weighted capital ratio	13.43%	82.00%
31 March 2012 (Restated)		
<u>Before deducting proposed dividends</u>		
Core capital ratio	13.00%	58.39%
Risk-weighted capital ratio	14.04%	58.51%
<u>After deducting proposed dividends</u>		
Core capital ratio	12.17%	57.13%
Risk-weighted capital ratio	13.21%	57.25%

Note

- (i) The capital adequacy ratios of Alliance Islamic Bank Berhad are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (CAFIB). The Bank has adopted the Standardised Approach for credit risk and market risk, and Basic Indicator Approach for operational risk. The minimum regulatory capital adequacy requirement is 8.0% (31.03.2012: 8.0%) for the risk-weighted capital ratio.
- (ii) The capital adequacy ratios of AIBB are computed in accordance with BNM's revised Risk-weighted Capital Adequacy Framework (RWCAF-Basel II). The Bank and the Group have adopted the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk. The minimum regulatory capital adequacy requirement is 8.0% (31.03.2012: 8.0%) for the risk-weighted capital ratio.
- (c) The breakdown of risk-weighted assets ("RWA") by exposures in each major risk category are as follows:

	BANK		GROUP	
	30 September 2012 RM'000	31 March 2012 RM'000	30 September 2012 RM'000	31 March 2012 RM'000
Credit risk	20,256,893	19,074,667	24,389,613	23,601,495
Market risk	81,684	157,119	86,703	265,432
Operational risk	1,991,033	1,925,797	2,528,756	2,445,524
Total RWA and capital requirements	22,329,610	21,157,583	27,005,072	26,312,451

A35 Credit Transactions And Exposures With Connected Parties

	BANK	
	30 September	31 March
	2012	2012
		(Restated)
	RM'000	RM'000
Outstanding credit exposures with connected parties	100,699	163,733
of which:		
Total credit exposure which is non-performing or in default	15	25
Total credit exposures	32,676,263	30,749,081
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	0.31%	0.53%
- which is non-performing or in default	0.00%	0.00%

A36 Change in Accounting Policies

(i) MFRS 139

During the current reporting period, the Bank and the Group adopted MFRS 139 "Financial Instruments: Recognition and Measurement" ("MFRS 139") - Accounting Policy on Collective Assessment Allowance for Loans, Advances and Financing ("loans/financing").

Prior to the transition of MFRS 139, the Bank and the Group had maintained collective assessment allowance at 1.5% of total outstanding loans/financing, net of individual assessment allowance, in line with Bank Negara Malaysia's transitional provisions under its Guidelines on Classification and Impairment Provisions for Loans/Financing. Upon the adoption of MFRS 139 on 1 January 2012, these transitional provisions, which were allowed under the previous FRS framework, were removed. The Bank and the Group have applied the requirements of MFRS 139 in the determination of collective assessment allowance.

Under MFRS 139, collective assessment is performed on loans/financing which are not individually significant based on the incurred loss approach. Loans/financing which are individually assessed and where there is no objective evidence of impairment are also included in the group of loans/financing for collective assessment. These loans/financing are pooled into groups with similar credit risk characteristics and the future cash flows for each group is estimated on the basis of the historical loss experience for such assets and discounted to present value. Collective assessment allowance is made on any shortfall in these discounted cash flows against the carrying value of the group of loans/financing.

This change in accounting policy has been accounted for retrospectively and has resulted in a decrease in the collective assessment allowance charged in the statements of comprehensive income and a write-back of collective assessment allowance to the opening retained profits and opening collective assessment allowance in the statements of financial position.

A36 Change in Accounting Policies (Contd.)

(ii) FRSIC 18 Consensus

During the current reporting period, the Group has changed its accounting policy in relation to the recognition of balances due to clients and brokers following the adoption of FRSIC 18 Consensus "Monies Held in Trust by Participating Organisation of Bursa Malaysia Securities Berhad", which was developed by the Financial Reporting Standards Implementation Committee ("FRSIC") and issued by the Malaysian Institute of Accountants ("MIA") on 18 September 2012.

Following the adoption of FRSIC 18 Consensus as mentioned in the preceding paragraph, the Group no longer recognises monies held in trust as the Group does not have any control over trust monies to obtain the future economic benefits embodied in the trust monies with the corresponding liability of balances due to clients and brokers as at the end of the reporting period as it does not have any contractual or statutory obligation to these balances that would result in an outflow of resources embodying economic benefits from it.

This change in accounting policy has been accounted for retrospectively and has resulted in a decrease of cash and short-term funds and balances due to clients and brokers as recorded in the statements of financial position of the Group.

A summary of the financial impact of the change in accounting policy on the financial statements of the Bank and the Group are as follows:

(a) Impact on the statements of financial position

As at 31 March 2012	As previously reported RM'000	Effect of change in accounting policy RM'000	As restated RM'000
<u>BANK</u>			
<u>ASSETS</u>			
Loans, advances and financing	19,727,393	85,212	19,812,605
- Gross loans, advances and financing	20,215,279	23,927	20,239,206
- Individual assessment allowance	(225,092)	92,829	(132,263)
- Collective assessment allowance	(300,801)	(31,544)	(332,345)
Tax recoverable	14,022	(14,022)	-
<u>LIABILITIES AND EQUITY</u>			
Provision for taxation	-	(7,281)	(7,281)
Retained profits	(1,333,979)	(63,909)	(1,397,888)

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A36 Change in Accounting Policies (Contd.)

A summary of the financial impact of the change in accounting policy on the financial statements of the Bank and the Group are as follows (contd.):

(a) Impact on the statements of financial position (contd.)

	As previously reported RM'000	Effect of change in accounting policy RM'000	As restated RM'000
As at 31 March 2012			
<u>GROUP</u>			
ASSETS			
Cash and short-term funds	1,874,332	1,740	1,876,072
Balances Due From Clients And Brokers	61,698	66	61,764
Loans, advances and financing	24,360,203	128,629	24,488,832
- Gross loans, advances and financing	24,984,046	28,101	25,012,147
- Individual assessment allowance	(266,349)	108,383	(157,966)
- Collective assessment allowance	(386,017)	(7,855)	(393,872)
Tax recoverable	15,019	(15,019)	-
LIABILITIES AND EQUITY			
Deposits from customers	(32,153,643)	(61,968)	(32,215,611)
Balances due to clients and brokers	(74,915)	54,289	(20,626)
Other liabilities	(866,788)	5,939	(860,849)
Provision for taxation	(7,372)	(17,155)	(24,527)
Retained profits	(1,420,731)	(96,521)	(1,517,252)
As at 1 April 2011			
<u>BANK</u>			
ASSETS			
Loans, advances and financing	17,718,442	75,912	17,794,354
- Gross loans, advances and financing	18,224,239	30,608	18,254,847
- Individual assessment allowance	(273,141)	132,557	(140,584)
- Collective assessment allowance	(270,378)	(87,253)	(357,631)
Deferred tax assets	75,272	(18,978)	56,294
LIABILITIES AND EQUITY			
Retained profits	(1,148,228)	(56,934)	(1,205,162)

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A36 Change in Accounting Policies (Contd.)

A summary of the financial impact of the change in accounting policy on the financial statements of the Bank and the Group are as follows (contd.):

(a) Impact on the statements of financial position (contd.)

	As previously reported RM'000	Effect of change in accounting policy RM'000	As restated RM'000
As at 1 April 2011			
<u>GROUP</u>			
ASSETS			
Cash and short-term funds	911,730	382	912,112
Balances Due From Clients And Brokers	80,519	24	80,543
Loans, advances and financing	21,796,319	97,631	21,893,950
- Gross loans, advances and financing	22,439,361	34,157	22,473,518
- Individual assessment allowance	(328,375)	148,952	(179,423)
- Collective assessment allowance	(339,636)	(85,478)	(425,114)
Deferred tax assets	108,808	(25,016)	83,792
LIABILITIES AND EQUITY			
Deposits from customers	(28,997,092)	(45,642)	(29,042,734)
Balances due to clients and brokers	(86,743)	39,756	(46,987)
Other liabilities	(810,317)	5,504	(804,813)
Deferred tax liabilities	(6,792)	602	(6,190)
Retained profits	(1,194,222)	(73,241)	(1,267,463)

(b) Impact on the statements of comprehensive income

	As previously reported RM'000	Effect of change in accounting policy RM'000	As restated RM'000
Six months ended 30 September 2011			
<u>BANK</u>			
Interest income	633,209	(4,232)	628,977
Write-back of/(allowance for) losses on loans, advances and financing and other losses	2,996	(4,484)	(1,488)
Profit before taxation	281,416	(8,716)	272,700
Taxation	(72,352)	2,179	(70,173)
Net profit after taxation	209,064	(6,537)	202,527
Earnings per share attributable to owner of the parent			
- Basic (sen)	35.0	(1.0)	34.0
- Diluted (sen)	26.2	(0.8)	25.4

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A36 Change in Accounting Policies (Contd.)

A summary of the financial impact of the change in accounting policy on the financial statements of the Bank and the Group are as follows (contd.):

(b) Impact on the statements of comprehensive income (contd.)

	As previously reported RM'000	Effect of change in accounting policy RM'000	As restated RM'000
Six months ended 30 September 2011			
<u>GROUP</u>			
Interest income	672,452	(4,334)	668,118
Net income from Islamic banking business	127,356	194	127,550
Allowance for losses on loans, advances and financing and other losses	(781)	8,764	7,983
Profit before taxation	339,697	4,624	344,321
Taxation	(85,744)	(1,156)	(86,900)
Net profit after taxation	253,953	3,468	257,421
Earnings per share attributable to owner of the parent			
- Basic (sen)	42.5	0.6	43.1
- Diluted (sen)	31.8	0.4	32.2
	As previously reported RM'000	Effect of change in accounting policy RM'000	As restated RM'000
2nd Quarter ended 30 September 2011			
<u>BANK</u>			
Interest income	325,486	(1,489)	323,997
Allowance for losses on loans, advances and financing and other losses	(11,812)	(382)	(12,194)
Profit before taxation	140,733	(1,871)	138,862
Taxation	(36,986)	468	(36,518)
Net profit after taxation	103,747	(1,403)	102,344
Earnings per share attributable to owner of the parent			
- Basic (sen)	17.4	(0.2)	17.2
- Diluted (sen)	13.0	(0.2)	12.8

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A36 Change in Accounting Policies (Contd.)

A summary of the financial impact of the change in accounting policy on the financial statements of the Bank and the Group are as follows (contd.):

(b) Impact on the statements of comprehensive income (contd.)

	As previously reported RM'000	Effect of change in accounting policy RM'000	As restated RM'000
2nd Quarter ended 30 September 2011			
<u>GROUP</u>			
Interest income	343,517	(1,574)	341,943
Net income from Islamic banking business	65,529	144	65,673
Allowance for losses on loans, advances and financing and other losses	(8,753)	5,777	(2,976)
Profit before taxation	163,953	4,347	168,300
Taxation	(41,808)	(1,088)	(42,896)
Net profit after taxation	122,145	3,259	125,404
Earnings per share attributable to owner of the parent			
- Basic (sen)	20.5	0.5	21.0
- Diluted (sen)	15.3	0.4	15.7

(c) Impact on capital adequacy

	<u>BANK</u>		<u>GROUP</u>	
	As previously reported RM'000	As restated RM'000	As previously reported RM'000	As restated RM'000
As at 31 March 2012				
<u>Before deducting proposed dividends</u>				
Core capital ratio	13.93%	14.23%	12.00%	12.37%
Risk-weighted capital ratio	14.37%	14.28%	15.71%	15.62%
<u>After deducting proposed dividends</u>				
Core capital ratio	13.32%	13.63%	11.52%	11.88%
Risk-weighted capital ratio	13.76%	13.68%	15.22%	15.13%
Total Tier I capital	2,947,302	3,011,211	3,158,752	3,255,273
Total Tier II capital	894,327	812,248	978,848	858,495
Total Capital Base	3,039,965	3,021,795	4,133,980	4,110,148

PART B - Review of Performance & Current Year Prospect

B1 Review of Performance

With effect from 1 April 2012, Alliance Bank and its subsidiaries ("the Group") had converged to the Malaysian Financial Reporting Standards ("MFRS") accounting framework, which is equivalent to the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board ("IASB"). The major impact of this transition to the MFRS framework on the results reported was from the adoption of MFRS 139, whereby the change in the accounting policy for loan loss provisioning was effected retrospectively.

As a result of the above change in accounting policy, the comparative profit before taxation for the 6 months ended 30 September 2011 have been restated from RM339.7 million to RM344.3 million.

The following analyses are based on the restated comparative results:

For the current quarter under review, the Group recorded profit before taxation of RM190.9 million, an increase of 13.4% compared to the corresponding quarter last year. For the 6 months ended 30 September 2012, the Group's profit before taxation was RM358.0 million, an increase of 4.0% compared to the corresponding period last year; the increase was due to higher net income and net bad debt write-back due to better asset quality and prudent credit risk management.

The Group net interest income, including Islamic financing income, grew by 4.1% on the back of 13.1% year-on-year loans growth. The total loans outstanding has risen from RM23.5 billion a year ago to RM26.6 billion as at end-September 2012; while customer deposits growth was 4.3% to RM32.1 billion. The loans-to-deposits ratio increased to 82.8% as at 30 September 2012, from 76.3% last year in line with the Bank's objective to ensure more effective utilisation of the balance sheet.

Other operating income registered an 11.2% growth mainly due to higher fee income and gains from treasury trading and investment activities. Accordingly, the non-interest income ratio has improved from 25.6% a year ago to 27.2%. Overhead expenses rose by 10.1% as the Group continues its investment in human capital and upgrading of technology and infrastructure to support the on-going business expansion. The Group's overheads to total income ratio has increased to 47.8%, from 45.9% a year ago.

Reflecting on the Group's on-going efforts to improve asset quality, the gross impaired ratio has improved further to 2.3%, as compared with 2.7% as of 30 September 2011. The risk-weighted capital ratio remained strong at 15.2%, with core capital ratio at 12.1%.

Performance by business segment

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

Consumer Banking provides a wide range of personal banking solutions covering mortgages, term loans, personal loans, hire purchase facilities, credit cards and wealth management. For the 6 months ended 30 September 2012, Consumer Banking registered profit before taxation of RM80.8 million, which is 14.0% lower compared to same period last year. This is due to the contraction in the net interest margins as well as higher collective provisions since loans growth has accelerated to 13.5%, from 2.3% in the corresponding period. Segment assets increased by 20.4% to RM15.0 billion as at 30 September 2012.

Business Banking covers Small-and-Medium Enterprise and Wholesale Banking. For the 6 months ended 30 September 2012, Business Banking registered a profit before taxation of RM180.7 million, 17.9% higher compared to RM153.3 million same period last year. The increase was mainly due to growth in net income as well as higher write-back of net bad debts. Segment assets grew by 5.0% to RM11.1 billion as at 30 September 2012.

B1 Review of Performance (Contd.)

Financial Markets provide foreign exchange, money market, hedging, and investment (capital market instruments) solutions for banking customers. For the 6 months ended 30 September 2012, Financial Markets recorded profit before taxation of RM161.6 million, an improvement of 42.6% compared to same period last year. The increase was mainly due to higher net income and capital gains from active portfolio management of the trading and available for sale securities.

Investment Banking covers stock broking activities and corporate advisory. It reported a loss before taxation of RM5.4 million, due to lower net income.

B2 Current Year Prospect

Against the background of GDP growth of 4.0% to 5.0% in 2012, the Group expects demand for financing and non-interest income business activities to be sustained. The Group will continue to focus on existing business opportunities in Consumer and Business Banking, while enhancing Treasury and Transaction Banking and developing the Wealth Management and Investment Banking business.

In FY2013, we expect sustainable loans growth in Consumer Banking, driven mainly by mortgage lending, hire purchase, personal loans, credit cards and share margin financing. It will also focus on growing non-interest income through further expansion of its wealth management, bancassurance and treasury business activities, and enhancing customer experience.

The Business Banking segment covers Small-and-Medium Enterprise ("SME") and Wholesale Banking. In FY2013, the lending activities of Business Banking are expected to grow moderately, in tandem with GDP growth and the continuing demand for credit by businesses, arising from the implementation of projects under the Economic Transformation Programme.

Business Banking will also continue to focus on cross-selling efforts to grow non-interest income in transaction banking, foreign exchange, investment banking and business platinum card by capitalising on technology advancements, such as the recent launch of the Alliance BizSmart solutions.

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

Capital markets are expected to remain competitive and volatile. The Group's investment banking will expand its business operations by leveraging on the Group's Business Banking customers. The segment will also continue to improve its brokerage business, both retail and institutional broking, by further strengthening its service delivery channels and research capabilities.

Conclusion

The Group expects to deliver a satisfactory performance for the financial year ending 31 March 2013.