

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Financial Position as at 30 June 2014

	Note	BANK		GROUP	
		30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
ASSETS					
Cash and short-term funds		1,632,158	1,842,996	2,104,246	2,129,759
Deposits and placements with banks and other financial institutions		931,138	655,305	931,138	655,305
Balances due from clients and brokers	A12	-	-	171,163	76,265
Financial assets held-for-trading	A13	-	110,172	299,331	110,172
Financial investments available-for-sale	A14	8,098,551	7,538,607	10,188,414	9,738,760
Financial investments held-to-maturity	A15	713,859	710,730	1,323,771	1,320,122
Derivative financial assets	A29	36,587	39,677	36,587	39,677
Loans, advances and financing	A16	27,332,851	26,582,780	32,821,626	31,818,991
Other assets	A17	300,015	138,429	113,996	94,337
Tax recoverable		8,537	-	9,481	52
Statutory deposits with Bank Negara Malaysia		1,336,650	1,291,950	1,636,409	1,584,144
Investments in subsidiaries		792,820	792,820	-	-
Investments in associates		230	230	503	501
Investments in joint venture		-	-	394	-
Property, plant and equipment		89,040	90,432	90,708	92,214
Deferred tax assets		4,806	18,036	18,157	32,343
Intangible assets		239,879	238,665	354,484	353,256
TOTAL ASSETS		41,517,121	40,050,829	50,100,408	48,045,898
LIABILITIES AND EQUITY					
Deposits from customers	A18	32,843,864	32,908,978	39,635,519	39,256,033
Deposits and placements of banks and other financial institutions	A19	3,432,954	2,070,046	4,527,184	3,059,357
Balances due to clients and brokers	A20	-	-	143,235	44,834
Derivative financial liabilities	A29	54,297	64,874	54,297	64,874
Amount due to Cagamas Berhad		13,424	14,014	13,424	14,014
Other liabilities	A21	936,912	722,234	1,011,861	857,348
Provision for taxation and zakat		-	8,155	3,397	10,811
Deferred tax liabilities		-	-	6,131	5,367
Subordinated obligations		605,605	612,718	605,605	612,718
TOTAL LIABILITIES		37,887,056	36,401,019	46,000,653	43,925,356
Share capital		600,517	600,517	600,517	600,517
Reserves		3,029,548	3,049,293	3,499,238	3,520,025
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNER OF THE PARENT		3,630,065	3,649,810	4,099,755	4,120,542
TOTAL LIABILITIES AND EQUITY		41,517,121	40,050,829	50,100,408	48,045,898
COMMITMENTS AND CONTINGENCIES	A28	21,126,178	22,346,627	22,917,876	24,146,075

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 2014.

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the Financial Period Ended 30 June 2014**

	Note	1st Quarter Ended		Three Months Ended	
		30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
BANK					
Interest income	A22	406,636	361,504	406,636	361,504
Interest expense	A23	(211,883)	(180,587)	(211,883)	(180,587)
Net interest income		194,753	180,917	194,753	180,917
Fee and commission income	A25	63,959	94,110	63,959	94,110
Fee and commission expense	A25	(22,908)	(21,379)	(22,908)	(21,379)
Investment income	A25	56,049	23,548	56,049	23,548
Other income	A25	3,138	20,784	3,138	20,784
Other operating income	A25	100,238	117,063	100,238	117,063
Net income		294,991	297,980	294,991	297,980
Other operating expenses	A26	(124,229)	(137,434)	(124,229)	(137,434)
Operating profit before allowance		170,762	160,546	170,762	160,546
Allowance for losses on loans, advances and financing and other losses	A27	(196)	(1,283)	(196)	(1,283)
Profit before taxation		170,566	159,263	170,566	159,263
Taxation		(35,472)	(39,310)	(35,472)	(39,310)
Net profit after taxation		135,094	119,953	135,094	119,953
Other comprehensive income/(expense):					
Items that may be reclassified subsequently to profit and loss:					
Revaluation reserve on financial investments available-for-sale					
- Net gain/(loss) from change in fair value		6,270	(31,044)	6,270	(31,044)
- Transfer (to)/from deferred tax		(3,027)	7,761	(3,027)	7,761
Other comprehensive income/(expense), net of tax		3,243	(23,283)	3,243	(23,283)
Total comprehensive income for the period		138,337	96,670	138,337	96,670
Earnings per share attributable to owner of the parent					
- Basic (sen)		22.6	20.1	22.6	20.1
- Diluted (sen)		17.0	15.1	17.0	15.1

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 2014.

ALLIANCE BANK MALAYSIA BERHAD

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(Incorporated in Malaysia)

**Condensed Interim Financial Statements
Unaudited Consolidated Statements of Comprehensive Income
for the Financial Period Ended 30 June 2014**

	Note	1st Quarter Ended		Three Months Ended	
		30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
GROUP					
Interest income	A22	423,485	374,931	423,485	374,931
Interest expense	A23	(224,252)	(190,690)	(224,252)	(190,690)
Net interest income		199,233	184,241	199,233	184,241
Net income from Islamic banking business	A24	53,674	53,857	53,674	53,857
		252,907	238,098	252,907	238,098
Fee and commission income	A25	74,385	106,833	74,385	106,833
Fee and commission expense	A25	(27,677)	(25,833)	(27,677)	(25,833)
Investment income	A25	33,136	26,016	33,136	26,016
Other income	A25	3,399	18,841	3,399	18,841
Other operating income	A25	83,243	125,857	83,243	125,857
Net income		336,150	363,955	336,150	363,955
Other operating expenses	A26	(161,104)	(173,890)	(161,104)	(173,890)
Operating profit before allowance		175,046	190,065	175,046	190,065
Allowance for losses on loans, advances and financing and other losses	A27	(1,752)	(6,014)	(1,752)	(6,014)
Operating profit after allowance		173,294	184,051	173,294	184,051
Share of results of associates		2	3	2	3
Profit before taxation and zakat		173,296	184,054	173,296	184,054
Taxation and zakat		(42,182)	(46,158)	(42,182)	(46,158)
Net profit after taxation and zakat		131,114	137,896	131,114	137,896
Other comprehensive income/(expense):					
Items that may be reclassified subsequently to profit and loss:					
Revaluation reserve on financial investments available-for-sale					
- Net gain/(loss) from change in fair value		10,079	(37,975)	10,079	(37,975)
- Transfer (to)/from deferred tax		(3,980)	9,494	(3,980)	9,494
Other comprehensive income/(expense), net of tax		6,099	(28,481)	6,099	(28,481)
Total comprehensive income for the period		137,213	109,415	137,213	109,415

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

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Condensed Interim Financial Statements**Unaudited Consolidated Statements of Comprehensive Income****for the Financial Period Ended 30 June 2014 (contd.)**

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
<u>GROUP</u>	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to:				
Owner of the parent	131,114	137,896	131,114	137,896
Total comprehensive income for the period attributable to:				
Owner of the parent	137,213	109,415	137,213	109,415
Earnings per share attributable to owner of the parent				
- Basic (sen)	22.0	23.1	22.0	23.1
- Diluted (sen)	16.5	17.3	16.5	17.3

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 2014.

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Condensed Interim Financial Statements

Unaudited Statements of Changes in Equity for the Financial Period Ended 30 June 2014

	Ordinary shares RM'000	Irredeemable (Non-cumulative) Convertible Preference Shares ("ICPS") RM'000	Non-distributable reserves			Distributable reserves		Total equity RM'000
			Share premium RM'000	Statutory reserve RM'000	Revaluation reserves RM'000	Equity contribution from parent RM'000	Retained profits RM'000	
BANK								
At 1 April 2014	596,517	4,000	597,517	601,561	(7,546)	17,377	1,840,384	3,649,810
Net profit after taxation	-	-	-	-	-	-	135,094	135,094
Other comprehensive income	-	-	-	-	3,243	-	-	3,243
Total comprehensive income for the period	-	-	-	-	3,243	-	135,094	138,337
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	2,675	-	2,675
Payment for ESS recharged from parent	-	-	-	-	-	(294)	-	(294)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	(19)	19	-
Dividends paid	-	-	-	-	-	-	(160,463)	(160,463)
At 30 June 2014	596,517	4,000	597,517	601,561	(4,303)	19,739	1,815,034	3,630,065
At 1 April 2013	596,517	4,000	597,517	601,561	85,257	13,495	1,641,549	3,539,896
Net profit after taxation	-	-	-	-	-	-	119,953	119,953
Other comprehensive expense	-	-	-	-	(23,283)	-	-	(23,283)
Total comprehensive (expense)/income for the period	-	-	-	-	(23,283)	-	119,953	96,670
Share-based payment under ESS	-	-	-	-	-	1,934	-	1,934
Payment for ESS recharged from parent	-	-	-	-	-	(204)	-	(204)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	(55)	55	-
At 30 June 2013	596,517	4,000	597,517	601,561	61,974	15,170	1,761,557	3,638,296

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 2014.

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Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity for the Financial Period Ended 30 June 2014 (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 2014	596,517	4,000	597,517	929,055	10,018	7,071	18,412	-	1,957,952	4,120,542	-	4,120,542
Net profit after taxation and zakat	-	-	-	-	-	-	-	-	131,114	131,114	-	131,114
Other comprehensive income	-	-	-	-	-	6,099	-	-	-	6,099	-	6,099
Total comprehensive income for the period	-	-	-	-	-	6,099	-	-	131,114	137,213	-	137,213
Share-based payment under ESS	-	-	-	-	-	-	2,761	-	-	2,761	-	2,761
Payment for ESS recharged from parent	-	-	-	-	-	-	(298)	-	-	(298)	-	(298)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	(27)	-	27	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(160,463)	(160,463)	-	(160,463)
At 30 June 2014	596,517	4,000	597,517	929,055	10,018	13,170	20,848	-	1,928,630	4,099,755	-	4,099,755
At 1 April 2013	596,517	4,000	597,517	885,744	10,018	115,397	14,368	1,033	1,749,256	3,973,850	4,747	3,978,597
Net profit after taxation and zakat	-	-	-	-	-	-	-	-	137,896	137,896	-	137,896
Other comprehensive expense	-	-	-	-	-	(28,481)	-	-	-	(28,481)	-	(28,481)
Total comprehensive (expense)/income for the period	-	-	-	-	-	(28,481)	-	-	137,896	109,415	-	109,415
Share-based payment under ESS	-	-	-	-	-	-	2,169	-	-	2,169	-	2,169
Payment for ESS recharged from parent	-	-	-	-	-	-	(204)	-	-	(204)	-	(204)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	(55)	-	55	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	(65)	-	-	(65)	(4,747)	(4,812)
At 30 June 2013	596,517	4,000	597,517	885,744	10,018	86,916	16,213	1,033	1,887,207	4,085,165	-	4,085,165

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 2014.

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

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Condensed Interim Financial Statements**Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 30 June 2014**

	BANK		GROUP	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit before taxation and zakat	170,566	159,263	173,296	184,054
Adjustments for non-cash items	(110,242)	(82,415)	(94,234)	(83,333)
Operating profit before changes in working capital	60,324	76,848	79,062	100,721
Changes in working capital	385,694	109,567	458,560	229,583
Taxation and zakat paid	(41,962)	(48,301)	(48,056)	(58,155)
Net cash generated from operating activities	404,056	138,114	489,566	272,149
Net cash (used in)/generated from investing activities	(440,011)	142,711	(340,196)	13,248
Net cash used in financing activities	(174,883)	(14,420)	(174,883)	(14,420)
Net changes in cash and cash equivalents	(210,838)	266,405	(25,513)	270,977
Cash and cash equivalents at beginning of the year	1,842,996	1,366,655	2,129,759	1,287,734
Cash and cash equivalents at end of the period	1,632,158	1,633,060	2,104,246	1,558,711
Cash and cash equivalents comprise:				
Cash and short-term funds	1,632,158	1,633,060	2,104,246	1,558,711

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 2014.

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Explanatory Notes

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

A1 Basis of Preparation

The unaudited condensed interim financial statements for the 1st financial quarter ended 30 June 2014 have been prepared under the historical cost convention, as modified by the available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss.

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

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of Alliance Bank Malaysia Berhad ("the Bank") and the Group for the financial year ended 31 March 2014. 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 2014.

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 2014, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2014:

- Amendment to MFRS 132 "Financial instruments: Presentation" (effective from 1 January 2014)
- Amendments to MFRS 10, MFRS 12 and MFRS 127 (effective from 1 January 2014)
- IC Interpretation 21, 'Levies' (effective from 1 January 2014)
- Amendment to MFRS 139 "Financial instruments: Recognition and measurement" – Novation of derivatives and continuation of hedge accounting (effective 1 January 2014)

The adoption of the above standards, amendments to published standards and interpretation to existing standards are not anticipated to have any significant impact on the financial statements of the Bank and the Group.

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

- MFRS 9 "Financial instruments - Classification and measurement of financial assets and financial liabilities" (effective 1 January 2017)

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 revenues 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 judgement 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 2014 was not subject to any qualification.

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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 1st financial quarter ended 30 June 2014.

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 1st financial quarter ended 30 June 2014.

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 1st financial quarter ended 30 June 2014.

A6 Issuance and Repayment of Debt and Equity Securities

There were no issuance or repayment of debt and equity securities during the 1st financial quarter ended 30 June 2014.

A7 Dividend Paid

A second interim dividend of 26.9 sen, tax exempt under the single tier tax system, on 596,517,043 ordinary shares amounting to approximately RM160,463,000 in respect of the financial year ended 31 March 2014, was paid on 22 May 2014.

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A8 Significant Events

- (a) Acquisition by Alliance Investment Bank Berhad of 1,275,000 ordinary shares of RM1.00 each representing 51% equity interest in AllianceDBS Research Sdn. Bhd. (formerly known as HwangDBS Vickers Research Sdn. Bhd.)

Alliance Investment Bank Berhad ("AIBB"), a wholly-owned subsidiary of the Bank has entered into a conditional Share Sale and Purchase Agreement with HwangDBS (Malaysia) Berhad ("HDBS") on 3 April 2014 for the acquisition of its 51% equity interest in HwangDBS Vickers Research Sdn. Bhd. ("HDBSV") comprising 1,275,000 ordinary shares of RM1.00 each fully paid for a total cash consideration of RM393,945 ("the Acquisition").

The Acquisition will enhance the Group's equity research capabilities and its institutional broking business by leveraging on DBS Vickers Securities Holdings Pte Ltd's ("DBS Vickers") network of overseas clients to execute their trades on Bursa Malaysia via AIBB, in order to further expand the Group's investment banking business, especially the stock broking institutional business. In addition to providing coverage on Malaysia equities, the Group will be able to leverage on the capabilities of HDBSV to provide coverage on the regional equities for its institutional clients.

The Acquisition is not expected to have any material effect on the net assets per share, earnings per share and gearing of the Bank for the financial year ending 31 March 2015.

Upon completion of the Acquisition, the entire business and operations of Alliance Research Sdn. Bhd. ("ARSB"), a wholly-owned subsidiary of AIBB, will be transferred to and integrated into HDBSV. Upon completion of the integration, the equities research business of the Group will be operated under HDBSV on a 51:49 joint-venture basis with DBS Vickers.

The Acquisition has received the approvals from Bank Negara Malaysia and the Securities Commission on 11 March 2014 and 1 April 2014 respectively. The Acquisition has been completed on 6 May 2014 and HDBSV has subsequently changed its name to AllianceDBS Research Sdn. Bhd.

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

On 23 June 2014, Alliance Financial Group Berhad, the holding company of the Bank awarded the share grants to employees of the Company and its subsidiaries who have met the criteria of eligibility for the participation in the ESS.

Total 2,143,600 shares were awarded under Share Grant Plan. The first 33.3% of the share grants are to be vested at the end of the first year; the second 33.3% are to be vested at the end of the second year; and the remaining 33.4% of the share grants are to be vested at the end of third year from the date on which an award is made.

The holding company operates an equity-settled, share-based compensation plan pursuant to the ESS. Under the MFRS2 Share-based Payment, the compensation expense relating to the share scheme is recognised in profit or loss over the vesting periods of the grants with a corresponding increase in equity.

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

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

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A10 Related Party Transactions

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

A11 Proposed Dividends

No dividend has been proposed or declared for the 1st financial quarter ended 30 June 2014.

A12 Balances Due From Clients And Brokers

	<u>GROUP</u>	
	30 June 2014 RM'000	31 March 2014 RM'000
Due from clients	95,804	77,459
Due from brokers	76,552	-
	172,356	77,459
Less:		
Allowance for other losses	(1,193)	(1,194)
	171,163	76,265

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

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

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

	<u>GROUP</u>	
	30 June 2014 RM'000	31 March 2014 RM'000
Classified as doubtful	48	102
Classified as bad	1,282	1,294
	1,330	1,396

The movements in allowance for other losses are as follows:

At beginning of year	1,194	1,215
Write-back during the period/year (net)	(1)	(21)
At end of period/year	1,193	1,194

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A13 Financial Assets Held-for-trading

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
At fair value				
<u>Money market instruments:</u>				
Bank Negara Malaysia bills	-	-	299,331	-
Malaysian Government securities	-	110,172	-	110,172
Total financial assets held-for-trading	-	110,172	299,331	110,172

A14 Financial Investments Available-for-sale

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government securities	2,466,346	2,464,690	2,852,388	2,897,516
Malaysian Government investment certificates	1,950,654	1,763,332	2,930,370	2,575,869
Negotiable instruments of deposits	1,340,199	854,611	1,280,339	861,808
Bankers' acceptances	-	41,649	199,027	361,979
Khazanah bonds	187,846	186,734	187,846	186,734
<u>Quoted securities in Malaysia:</u>				
Shares	22	22	22	22
<u>Unquoted securities:</u>				
Shares	94,233	101,576	136,663	145,505
Debt securities and medium term notes	2,196,407	2,263,149	2,842,894	2,951,962
	8,235,707	7,675,763	10,429,549	9,981,395
Accumulated impairment	(137,156)	(137,156)	(241,135)	(242,635)
Total financial investments available-for-sale	8,098,551	7,538,607	10,188,414	9,738,760

A15 Financial Investments Held-to-maturity

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government securities	581,671	579,703	705,176	702,507
Malaysian Government investment certificates	-	-	433,876	434,574
Khazanah bonds	131,843	130,689	179,092	177,514
<u>Unquoted securities:</u>				
Debt securities	5,346	5,339	39,830	39,730
	718,860	715,731	1,357,974	1,354,325
Accumulated impairment	(5,001)	(5,001)	(34,203)	(34,203)
Total financial investments held-to-maturity	713,859	710,730	1,323,771	1,320,122

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A16 Loans, Advances and Financing

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Overdrafts	1,715,229	1,709,067	1,960,252	1,960,984
Term loans/financing				
- Housing loans/financing	10,661,550	10,273,097	13,050,411	12,576,157
- Syndicated term loans/financing	431,397	417,062	459,103	472,331
- Hire purchase receivables	800,295	815,847	1,317,770	1,219,366
- Other term loans/financing	8,507,440	8,198,082	10,160,409	9,721,105
Bills receivables	170,971	208,385	172,509	208,765
Trust receipts	134,712	132,812	157,442	153,840
Claims on customers under acceptance credits	2,059,696	2,043,043	2,529,187	2,513,103
Staff loans [including loans to Directors of a subsidiary of RM179,000 (31.03.14: RM187,000)]	16,402	18,081	39,263	41,194
Credit/charge card receivables	625,215	601,297	625,215	601,297
Revolving credits	1,022,110	1,009,817	1,130,338	1,169,632
Share margin financing	1,475,096	1,444,926	1,595,257	1,561,622
Gross loans, advances and financing	27,620,113	26,871,516	33,197,156	32,199,396
Add: Sales commissions and handling fees	46,478	45,452	32,512	30,050
Less: Allowance for impairment on loans, advances and financing				
- Individual assessment allowance	(67,730)	(67,281)	(92,344)	(97,159)
- Collective assessment allowance	(266,010)	(266,907)	(315,698)	(313,296)
Total net loans, advances and financing	27,332,851	26,582,780	32,821,626	31,818,991

A16a By type of customers:

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Domestic non-bank financial institutions	465,275	460,364	535,655	530,796
Domestic business enterprises				
- Small and medium enterprises	5,396,491	5,119,106	6,312,302	5,899,643
- Others	5,295,908	5,349,205	6,144,862	6,283,048
Government and statutory bodies	9,286	9,653	9,286	9,653
Individuals	15,513,238	15,004,115	19,131,490	18,426,080
Other domestic entities	225,469	231,066	225,469	231,066
Foreign entities	714,446	698,007	838,092	819,110
Gross loans, advances and financing	27,620,113	26,871,516	33,197,156	32,199,396

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A16 Loans, Advances and Financing (contd.)**A16b By interest/profit rate sensitivity:**

	<u>BANK</u>		<u>GROUP</u>	
	30 June	31 March	30 June	31 March
	2014	2014	2014	2014
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Housing loans/financing	11,951	12,749	67,515	70,535
- Hire purchase receivables	800,295	815,847	1,317,770	1,219,366
- Other fixed rate loans/financing	1,335,116	1,329,394	2,052,165	2,038,485
Variable rate				
- Base lending rate plus	20,221,170	19,436,273	23,820,785	22,831,752
- Cost plus	5,117,645	5,103,363	5,789,550	5,850,762
- Other variable rates	133,936	173,890	149,371	188,496
Gross loans, advances and financing	<u>27,620,113</u>	<u>26,871,516</u>	<u>33,197,156</u>	<u>32,199,396</u>

A16c By economic purposes:

	<u>BANK</u>		<u>GROUP</u>	
	30 June	31 March	30 June	31 March
	2014	2014	2014	2014
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	1,507,882	1,490,585	1,628,042	1,607,281
Purchase of transport vehicles	684,721	706,781	1,209,522	1,117,797
Purchase of landed property	15,957,766	15,267,197	18,925,397	18,098,160
of which: - Residential	11,505,938	11,090,346	13,844,550	13,337,595
- Non-residential	4,451,828	4,176,851	5,080,847	4,760,565
Purchase of fixed assets excluding land & buildings	168,553	154,871	171,430	155,410
Personal use	1,286,762	1,259,841	2,081,918	2,047,339
Credit card	625,215	601,297	625,215	601,297
Construction	447,042	421,637	461,251	436,317
Mergers and acquisition	347,659	369,054	347,751	369,151
Working capital	5,406,788	5,447,213	6,303,512	6,379,804
Others	1,187,725	1,153,040	1,443,118	1,386,840
Gross loans, advances and financing	<u>27,620,113</u>	<u>26,871,516</u>	<u>33,197,156</u>	<u>32,199,396</u>

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A16 Loans, Advances and Financing (contd.)**A16d** By geographical distribution:

	BANK		GROUP	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Northern region	1,923,334	1,720,314	2,260,405	2,036,287
Central region	20,347,647	20,426,749	24,305,876	24,315,069
Southern region	2,843,917	2,528,747	3,636,359	3,217,794
Sabah region	2,043,352	1,811,643	2,440,273	2,175,692
Sarawak region	461,863	384,063	554,243	454,554
Gross loans, advances and financing	27,620,113	26,871,516	33,197,156	32,199,396

A16e By residual contractual maturity:

	BANK		GROUP	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Within one year	7,694,265	7,637,618	8,695,689	8,691,796
One year to three years	553,310	533,551	790,405	764,219
Three years to five years	1,633,015	1,400,758	1,942,194	1,685,425
Over five years	17,739,523	17,299,589	21,768,868	21,057,956
Gross loans, advances and financing	27,620,113	26,871,516	33,197,156	32,199,396

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

	BANK		GROUP	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
At beginning of year	353,880	472,533	442,781	579,233
Impaired during the period/year	137,212	419,962	167,573	555,392
Reclassified as non-impaired during the period/year	(75,531)	(293,999)	(92,235)	(381,732)
Recoveries	(31,479)	(181,176)	(53,620)	(225,534)
Amount written-off	(7,684)	(63,440)	(12,004)	(84,578)
At end of period/year	376,398	353,880	452,495	442,781
Individual allowance for impairment	(67,730)	(67,281)	(92,344)	(97,159)
Collective allowance for impairment (impaired portion)	(98,676)	(95,965)	(111,934)	(109,070)
Net impaired loans, advances and financing	209,992	190,634	248,217	236,552
Gross impaired loans as a percentage of gross loans, advances and financing	1.4%	1.3%	1.4%	1.4%

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A16 Loans, Advances and Financing (contd.)**A16g Impaired loans by economic purposes:**

	BANK		GROUP	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Purchase of securities	3,588	3,811	4,940	5,207
Purchase of transport vehicles	8,155	6,319	11,561	9,765
Purchase of landed property	233,109	220,305	265,623	254,194
of which: - Residential	211,330	196,983	241,807	222,781
- Non-residential	21,779	23,322	23,816	31,413
Purchase of fixed assets excluding land & buildings	100	96	100	96
Personal use	20,703	20,766	29,695	30,263
Credit card	9,669	7,847	9,669	7,847
Construction	13,351	7,225	13,351	7,225
Working capital	66,661	64,793	89,966	92,830
Others	21,062	22,718	27,590	35,354
Gross impaired loans	376,398	353,880	452,495	442,781

A16h Impaired loans by geographical distribution:

	BANK		GROUP	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Northern region	56,918	53,862	72,968	69,548
Central region	257,668	239,862	308,959	304,328
Southern region	30,631	27,758	37,170	34,124
Sabah region	28,049	29,543	29,834	31,703
Sarawak region	3,132	2,855	3,564	3,078
Gross impaired loans	376,398	353,880	452,495	442,781

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A16 Loans, Advances and Financing (contd.)

A16i Movements in the allowance for impairment on loans, advances and financing are as follows:

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Individual assessment allowance				
At beginning of year	67,281	95,282	97,159	128,471
(Write-back)/allowance made during the period/year (net)	(805)	4,626	(5,972)	5,613
Amount written-off	(88)	(27,572)	(88)	(30,655)
Transfers from/(to) collective assessment allowance	1,342	(5,055)	1,245	(6,270)
At end of period/year	<u>67,730</u>	<u>67,281</u>	<u>92,344</u>	<u>97,159</u>

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Collective assessment allowance				
At beginning of year	266,907	295,834	313,296	349,203
Allowance made/(write-back) during the period/year (net)	8,041	1,886	15,563	11,746
Amount written-off	(7,596)	(35,868)	(11,916)	(53,923)
Transfers (to)/from individual assessment allowance	(1,342)	5,055	(1,245)	6,270
At end of period/year	<u>266,010</u>	<u>266,907</u>	<u>315,698</u>	<u>313,296</u>

A17 Other Assets

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Other receivables, deposits and prepayment	138,304	119,303	142,502	122,387
Amount due from subsidiaries and related companies	182,228	39,047	225	2
	<u>320,532</u>	<u>158,350</u>	<u>142,727</u>	<u>122,389</u>
Less:				
Allowance for other losses	(20,517)	(19,921)	(28,731)	(28,052)
	<u>300,015</u>	<u>138,429</u>	<u>113,996</u>	<u>94,337</u>

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A18 Deposits from Customers

	<u>BANK</u>		<u>GROUP</u>	
	30 June	31 March	30 June	31 March
	2014	2014	2014	2014
	RM'000	RM'000	RM'000	RM'000
A18a <u>By type of deposits:</u>				
Demand deposits	9,900,573	9,950,079	11,982,826	11,559,044
Savings deposits	1,458,649	1,451,916	1,766,446	1,763,153
Fixed/investment deposits	15,195,518	15,432,535	17,856,531	18,643,374
Money market deposits	2,653,325	2,238,079	3,546,176	3,224,087
Negotiable instruments of deposits	3,269,590	3,507,778	4,117,331	3,737,784
Structured deposits [Note]	366,209	328,591	366,209	328,591
	32,843,864	32,908,978	39,635,519	39,256,033

Note

- (a) Structured deposits represent foreign currency time deposits with embedded foreign exchange, gold commodity linked options, equity 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 RM319,068,000 (31.03.14: RM269,952,000) using interest rate swaps.

	<u>BANK/GROUP</u>	
	30 June	31 March
	2014	2014
	RM'000	RM'000
Structured deposits	319,068	269,952
Fair value changes arising from fair value hedges	(17,775)	(15,186)
	301,293	254,766

The fair value loss of the interest rate swap in this hedge transaction as at financial period ended 30 June 2014 is RM17,775,000 (31.03.14: RM15,186,000).

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A18 Deposits from Customers (contd.)**A18b** By type of customers:

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Domestic financial institutions	3,389,912	3,638,352	4,237,653	3,868,358
Government and statutory bodies	1,381,609	1,612,213	2,468,613	3,002,636
Business enterprises	10,153,246	9,937,413	12,645,792	12,226,687
Individuals	16,377,375	16,238,979	17,694,310	17,564,502
Others	1,541,722	1,482,021	2,589,151	2,593,850
	<u>32,843,864</u>	<u>32,908,978</u>	<u>39,635,519</u>	<u>39,256,033</u>

A18c The maturity structure of fixed deposits, money market deposits and negotiable instruments of deposit are as follows:

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Due within six months	17,012,486	16,200,578	21,072,531	20,078,141
Six months to one year	4,043,391	4,912,583	4,381,472	5,458,515
One year to three years	55,360	56,134	58,817	59,470
Three years to five years	7,196	9,097	7,218	9,119
	<u>21,118,433</u>	<u>21,178,392</u>	<u>25,520,038</u>	<u>25,605,245</u>

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A19 Deposits and Placements of Banks and Other Financial Institutions

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Licensed banks	1,805,550	1,378,558	2,605,728	1,998,196
Licensed Investment banks	300,146	200,091	462,460	351,649
Licensed Islamic banks	-	-	50,119	145,017
Bank Negara Malaysia	1,177,226	391,389	1,258,845	464,487
Other financial institutions	150,032	100,008	150,032	100,008
	<u>3,432,954</u>	<u>2,070,046</u>	<u>4,527,184</u>	<u>3,059,357</u>

A20 Balances Due To Clients And Brokers

	<u>GROUP</u>	
	30 June 2014 RM'000	31 March 2014 RM'000
Due to clients	143,235	22,623
Due to brokers	-	22,211
	<u>143,235</u>	<u>44,834</u>

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

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

Following the issuance of FRSIC Consensus 18, the Group no longer recognises trust monies balances in the statement of financial position, as the Group does not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies. The trust monies maintained by the Group amounting to RM105,102,000 (31.3.14: RM128,020,000) have been excluded accordingly.

A21 Other Liabilities

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Other payable and accruals	923,499	710,289	978,941	824,419
Remisier's accounts	-	-	21,067	20,950
Finance lease liabilities	11,650	11,650	11,650	11,650
Amount due to subsidiaries	1,702	115	-	-
Amount due to holding company	61	180	203	329
	<u>936,912</u>	<u>722,234</u>	<u>1,011,861</u>	<u>857,348</u>

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A22 Interest Income

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
Loans, advances and financing	304,349	270,921	304,349	270,921
Money at call and deposit placements with financial institutions	6,707	5,155	6,707	5,155
Financial assets held-for-trading	214	683	214	683
Financial investments available-for-sale	72,456	58,715	72,456	58,715
Financial investments held-to-maturity	5,488	1,113	5,488	1,113
Others	2,330	230	2,330	230
	391,544	336,817	391,544	336,817
Accretion of discount less amortisation of premium	15,092	24,687	15,092	24,687
	406,636	361,504	406,636	361,504
<u>GROUP</u>				
Loans, advances and financing	312,447	279,379	312,447	279,379
Money at call and deposit placements with financial institutions	5,759	3,431	5,759	3,431
Financial assets held-for-trading	214	837	214	837
Financial investments available-for-sale	78,569	61,289	78,569	61,289
Financial investments held-to-maturity	6,755	1,659	6,755	1,659
Others	2,330	230	2,330	230
	406,074	346,825	406,074	346,825
Accretion of discount less amortisation of premium	17,411	28,106	17,411	28,106
	423,485	374,931	423,485	374,931

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A23 Interest Expense

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
Deposits and placements of banks and other financial institutions	13,879	6,195	13,879	6,195
Deposits from customers	186,813	166,001	186,813	166,001
Subordinated obligations	7,308	7,301	7,308	7,301
Others	3,883	1,090	3,883	1,090
	211,883	180,587	211,883	180,587
<u>GROUP</u>				
Deposits and placements of banks and other financial institutions	19,775	9,904	19,775	9,904
Deposits from customers	193,286	172,394	193,286	172,394
Subordinated obligations	7,308	7,302	7,308	7,302
Others	3,883	1,090	3,883	1,090
	224,252	190,690	224,252	190,690

A24 Net Income from Islamic Banking Business

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<u>GROUP</u>				
Income derived from investment of depositors' funds and others	83,227	74,870	83,227	74,870
Income derived from investment of Islamic Banking funds	8,051	8,026	8,051	8,026
Income attributable to depositors and financial institutions	(45,195)	(36,545)	(45,195)	(36,545)
	46,083	46,351	46,083	46,351
Add: Income due to head office eliminated at Group level	7,591	7,506	7,591	7,506
	53,674	53,857	53,674	53,857

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A25 Other Operating Income

	1st Quarter Ended		Three Months Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
<u>BANK</u>				
(a) <u>Fee and commission income:</u>				
Commissions	18,676	22,733	18,676	22,733
Service charges and fees	8,145	7,955	8,145	7,955
Guarantee fees	3,152	2,608	3,152	2,608
Processing fees	3,346	2,997	3,346	2,997
Commitment fees	3,731	3,588	3,731	3,588
Other fee income	26,909	54,229	26,909	54,229
	<u>63,959</u>	<u>94,110</u>	<u>63,959</u>	<u>94,110</u>
(b) <u>Fee and commission expense:</u>				
Commissions expense	(422)	(347)	(422)	(347)
Guarantee fees expense	(446)	(185)	(446)	(185)
Brokerage fees expense	(2)	-	(2)	-
Other fee expense	(22,038)	(20,847)	(22,038)	(20,847)
	<u>(22,908)</u>	<u>(21,379)</u>	<u>(22,908)</u>	<u>(21,379)</u>
(b) <u>Investment income:</u>				
(Loss)/gain arising from sale/redemption of:				
- Financial assets held-for-trading	(28)	(841)	(28)	(841)
- Financial investments available-for-sale	6,396	14,384	6,396	14,384
- Financial investments held-to-maturity	-	856	-	856
Marked-to-market revaluation of:				
- Financial assets held-for-trading	24	(139)	24	(139)
- Derivative instruments	11,419	3,165	11,419	3,165
Realised gain on revaluation of derivative instruments	13,132	2,513	13,132	2,513
Gross dividend income from:				
- Financial investments available-for-sale	1,613	3,610	1,613	3,610
- subsidiary companies	23,493	-	23,493	-
	<u>56,049</u>	<u>23,548</u>	<u>56,049</u>	<u>23,548</u>
(c) <u>Other income:</u>				
Foreign exchange (loss)/gain	(2,854)	13,238	(2,854)	13,238
Rental income	99	99	99	99
Gain/(loss) on disposal of property, plant and equipment	1	(5)	1	(5)
Gain from disposal of a subsidiary	-	3,361	-	3,361
Others	5,892	4,091	5,892	4,091
	<u>3,138</u>	<u>20,784</u>	<u>3,138</u>	<u>20,784</u>
Total other operating income	<u>100,238</u>	<u>117,063</u>	<u>100,238</u>	<u>117,063</u>

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A25 Other Operating Income (contd.)

GROUP	1st Quarter Ended		Three Months Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
(a) <u>Fee income:</u>				
Commissions	18,676	22,182	18,676	22,182
Service charges and fees	8,362	8,342	8,362	8,342
Portfolio management fees	7	7	7	7
Corporate advisory fees	165	1,293	165	1,293
Brokerage fees	9,550	8,740	9,550	8,740
Guarantee fees	3,417	2,877	3,417	2,877
Processing fees	3,541	5,569	3,541	5,569
Commitment fees	3,737	3,594	3,737	3,594
Other fee income	26,930	54,229	26,930	54,229
	74,385	106,833	74,385	106,833
(b) <u>Fee and commission expense:</u>				
Commissions expense	(422)	(347)	(422)	(347)
Guarantee fees expense	(446)	(185)	(446)	(185)
Brokerage fees expense	(4,771)	(4,454)	(4,771)	(4,454)
Other fee expense	(22,038)	(20,847)	(22,038)	(20,847)
	(27,677)	(25,833)	(27,677)	(25,833)
(b) <u>Investment income:</u>				
(Loss)/gain arising from sale/redemption of:				
- Financial assets held-for-trading	(28)	(841)	(28)	(841)
- Financial investments available-for-sale	6,976	16,436	6,976	16,436
- Financial investments held-to-maturity	-	1,002	-	1,002
Marked-to-market revaluation of:				
- Financial assets held-for-trading	24	(139)	24	(139)
- Derivative instruments	11,419	3,165	11,419	3,165
Realised gain on revaluation of derivative instruments	13,132	2,513	13,132	2,513
Gross dividend income from:				
- Financial investments available-for-sale	1,613	3,880	1,613	3,880
	33,136	26,016	33,136	26,016
(c) <u>Other income :</u>				
Foreign exchange (loss)/gain	(2,744)	13,303	(2,744)	13,303
Gain/(loss) on disposal of property, plant and equipment	1	(5)	1	(5)
Gain from disposal of a subsidiary	-	1,169	-	1,169
Others	6,142	4,374	6,142	4,374
	3,399	18,841	3,399	18,841
Total other operating income	83,243	125,857	83,243	125,857

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A26 Other Operating Expenses

	1st Quarter Ended		Three Months Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
<u>BANK</u>				
Personnel costs				
- Salaries, allowances and bonuses	52,215	53,972	52,215	53,972
- Contribution to EPF	9,925	9,331	9,925	9,331
- Share options/grants under ESS	2,675	1,934	2,675	1,934
- Others	15,931	30,289	15,931	30,289
	80,746	95,526	80,746	95,526
Establishment costs				
- Depreciation of property, plant and equipment	5,049	5,636	5,049	5,636
- Amortisation of computer software	4,382	5,253	4,382	5,253
- Rental of premises	5,251	5,464	5,251	5,464
- Water and electricity	1,618	1,299	1,618	1,299
- Repairs and maintenance	1,922	2,471	1,922	2,471
- Information technology expenses	5,595	7,746	5,595	7,746
- Others	1,610	771	1,610	771
	25,427	28,640	25,427	28,640
Marketing expenses				
- Promotion and advertisement	499	325	499	325
- Branding and publicity	2,975	636	2,975	636
- Others	1,257	879	1,257	879
	4,731	1,840	4,731	1,840
Administration and general expenses				
- Communication expenses	2,347	2,041	2,347	2,041
- Printing and stationery	895	1,100	895	1,100
- Insurance	1,978	1,906	1,978	1,906
- Professional fees	3,428	4,425	3,428	4,425
- Others	4,677	1,956	4,677	1,956
	13,325	11,428	13,325	11,428
Total other operating expenses	124,229	137,434	124,229	137,434

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A26 Other Operating Expenses (contd.)

	1st Quarter Ended		Three Months Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
GROUP				
Personnel costs				
- Salaries, allowances and bonuses	71,470	73,481	71,470	73,481
- Contribution to EPF	12,990	12,628	12,990	12,628
- Share options/grants under ESS	2,761	2,169	2,761	2,169
- Others	18,490	31,829	18,490	31,829
	105,711	120,107	105,711	120,107
Establishment costs				
- Depreciation of property, plant and equipment	5,170	5,781	5,170	5,781
- Amortisation of computer software	4,437	5,322	4,437	5,322
- Rental of premises	6,971	7,131	6,971	7,131
- Water and electricity	2,260	1,842	2,260	1,842
- Repairs and maintenance	2,573	3,152	2,573	3,152
- Information technology expenses	8,172	9,834	8,172	9,834
- Others	4,276	3,329	4,276	3,329
	33,859	36,391	33,859	36,391
Marketing expenses				
- Promotion and advertisement	1,561	1,409	1,561	1,409
- Branding and publicity	3,094	691	3,094	691
- Others	1,975	1,145	1,975	1,145
	6,630	3,245	6,630	3,245
Administration and general expenses				
- Communication expenses	3,369	2,879	3,369	2,879
- Printing and stationery	1,096	1,313	1,096	1,313
- Insurance	2,131	2,058	2,131	2,058
- Professional fees	4,707	5,663	4,707	5,663
- Others	3,601	2,234	3,601	2,234
	14,904	14,147	14,904	14,147
Total other operating expenses	161,104	173,890	161,104	173,890

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A27 Allowance for Losses on Loans, Advances and Financing and Other Losses

	1st Quarter Ended		Three Months Ended	
	30 June 2014 RM'000	30 June 2013 RM'000	30 June 2014 RM'000	30 June 2013 RM'000
<u>BANK</u>				
Allowance for/(write-back of) impaired loans and financing:				
(a) Individual assessment allowance - (write-back)/made during the period (net)	(805)	3,031	(805)	3,031
(b) Collective assessment allowance - made during the period (net)	8,041	3,087	8,041	3,087
(c) Bad debts on loans and financing				
- Recovered	(10,477)	(8,906)	(10,477)	(8,906)
- Written-off	2,842	3,201	2,842	3,201
	(399)	413	(399)	413
Allowance for other assets	595	870	595	870
	196	1,283	196	1,283
<u>GROUP</u>				
Allowance for/(write-back of) impaired loans and financing:				
(a) Individual assessment allowance - (write-back)/made during the period (net)	(5,972)	6,620	(5,972)	6,620
(b) Collective assessment allowance - made during the period (net)	15,563	5,041	15,563	5,041
(c) Bad debts on loans and financing				
- Recovered	(12,688)	(11,735)	(12,688)	(11,735)
- Written-off	4,171	5,172	4,171	5,172
	1,074	5,098	1,074	5,098
Allowance for other assets	678	916	678	916
	1,752	6,014	1,752	6,014

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A28 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
Bank				
30 June 2014				
<u>Credit-related exposures</u>				
Direct credit substitutes	428,412	-	428,412	428,412
Transaction-related contingent items	557,436	-	278,718	278,718
Short-term self-liquidating trade-related contingencies	115,123	-	23,025	23,025
Irrevocable commitments to extend credit:				
- maturity exceeding one year	4,109,770	-	2,054,885	1,619,677
- maturity not exceeding one year	5,689,618	-	1,137,924	989,290
unutilised credit card lines	1,430,163	-	286,033	225,824
	<u>12,330,522</u>	<u>-</u>	<u>4,208,997</u>	<u>3,564,946</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	5,519,093	27,062	84,467	33,236
- over one year to three years	32,835	773	2,955	591
- over three years	31,515	-	4,096	819
Interest rate related contracts:				
- one year or less	600,000	1,694	2,968	594
- over one year to three years	1,685,000	5,035	22,385	4,476
- over three years	887,946	1,420	56,298	39,669
Equity related contracts				
- one year or less	39,267	603	3,032	1,776
	<u>8,795,656</u>	<u>36,587</u>	<u>176,201</u>	<u>81,161</u>
	<u>21,126,178</u>	<u>36,587</u>	<u>4,385,198</u>	<u>3,646,107</u>

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	Principal Amount RM'000	Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
Group				
30 June 2014				
<u>Credit-related exposures</u>				
Direct credit substitutes	474,067	-	474,067	474,067
Transaction-related contingent items	603,790	-	301,895	301,895
Short-term self-liquidating trade-related contingencies	152,443	-	30,489	30,489
Obligations under an on-going underwriting commitment	14,340	-	7,170	7,170
Irrevocable commitments to extend credit:				
- maturity exceeding one year	4,685,248	-	2,342,624	1,854,300
- maturity not exceeding one year	6,762,169	-	1,352,434	1,130,132
unutilised credit card lines	1,430,163	-	286,033	225,824
	<u>14,122,220</u>	<u>-</u>	<u>4,794,712</u>	<u>4,023,877</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	5,519,093	27,062	84,467	33,236
- over one year to three years	32,835	773	2,955	591
- over three years	31,515	-	4,096	819
Interest rate related contracts:				
- one year or less	600,000	1,694	2,968	594
- over one year to three years	1,685,000	5,035	22,385	4,476
- over three years	887,946	1,420	56,298	39,669
Equity related contracts				
- one year or less	39,267	603	3,032	1,776
	<u>8,795,656</u>	<u>36,587</u>	<u>176,201</u>	<u>81,161</u>
	<u>22,917,876</u>	<u>36,587</u>	<u>4,970,913</u>	<u>4,105,038</u>

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A28 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
Bank				
31 March 2014				
<u>Credit-related exposures</u>				
Direct credit substitutes	425,631	-	425,631	425,631
Transaction-related contingent items	553,277	-	276,638	276,638
Short-term self-liquidating trade-related contingencies	138,220	-	27,644	27,188
Irrevocable commitments to extend credit:				
- maturity exceeding one year	4,502,888	-	2,251,444	1,779,146
- maturity not exceeding one year	5,146,454	-	1,029,291	918,737
unutilised credit card lines	1,415,598	-	283,120	223,570
	<u>12,182,068</u>	<u>-</u>	<u>4,293,768</u>	<u>3,650,910</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	6,859,251	31,700	103,465	34,619
- over one year to three years	32,835	293	2,955	591
- over three years	31,515	-	4,097	819
Interest rate related contracts:				
- one year or less	250,000	160	485	97
- over one year to three years	2,135,000	5,178	27,028	5,406
- over three years	798,376	1,476	34,497	18,167
Equity related contracts:				
- one year or less	57,582	870	4,510	3,045
	<u>10,164,559</u>	<u>39,677</u>	<u>177,037</u>	<u>62,744</u>
	<u>22,346,627</u>	<u>39,677</u>	<u>4,470,805</u>	<u>3,713,654</u>

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A28 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
Group				
31 March 2014				
<u>Credit-related exposures</u>				
Direct credit substitutes	471,930	-	471,930	471,930
Transaction-related contingent items	590,667	-	295,334	295,334
Short-term self-liquidating trade-related contingencies	169,493	-	33,899	33,442
Irrevocable commitments to extend credit:				
- maturity exceeding one year	5,108,092	-	2,554,046	2,023,308
- maturity not exceeding one year	6,225,736	-	1,245,147	1,065,474
unutilised credit card lines	1,415,598	-	283,120	223,570
	<u>13,981,516</u>	<u>-</u>	<u>4,883,476</u>	<u>4,113,058</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	6,859,251	31,700	103,465	34,619
- over one year to three years	32,835	293	2,955	591
- over three years	31,515	-	4,097	819
Interest rate related contracts:				
- one year or less	250,000	160	485	97
- over one year to three years	2,135,000	5,178	27,028	5,406
- over three years	798,376	1,476	34,497	18,167
Equity related contracts:				
- one year or less	57,582	870	4,510	3,045
	<u>10,164,559</u>	<u>39,677</u>	<u>177,037</u>	<u>62,744</u>
	<u>24,146,075</u>	<u>39,677</u>	<u>5,060,513</u>	<u>4,175,802</u>

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A29 Derivative Financial Assets/(Liabilities)

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

<u>BANK/GROUP</u>	As at 30 June 2014			As at 31 March 2014		
	Principal RM'000	Fair value		Principal RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Foreign exchange and commodity contracts						
Currency forwards						
- one year or less	669,264	2,016	(7,404)	561,345	4,292	(2,955)
Currency swaps						
- one year or less	4,226,730	22,640	(25,177)	5,711,425	24,997	(40,930)
- over one year to three years	32,835	773	-	32,835	293	-
- over three years	31,515	-	(708)	31,515	-	(1,185)
Currency spots						
- less than one year	236,410	519	(88)	190,557	254	(309)
Currency options						
- one year or less	386,689	1,887	(351)	388,046	2,125	(1,344)
DCI Gold						
- one year or less	-	-	-	7,878	32	(107)
	5,583,443	27,835	(33,728)	6,923,601	31,993	(46,830)
Interest rate derivatives						
Interest rate swap						
- one year or less	2,545,000	8,149	(2,790)	2,645,000	6,814	(1,988)
- over one year to three years	600,000	1,694	-	250,000	160	-
- over three years	1,685,000	5,035	(1,285)	2,135,000	5,178	(520)
	260,000	1,420	(1,505)	260,000	1,476	(1,468)
Equity related derivatives						
- one year or less	39,267	603	(603)	57,582	870	(870)
Hedging Derivatives						
Interest rate swap						
- over three years	627,946	-	(17,176)	538,376	-	(15,186)
Total derivatives assets/(liabilities)	8,795,656	36,587	(54,297)	10,164,559	39,677	(64,874)

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 2014.

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.

A29 Derivative Financial Assets/(Liabilities) (Contd.)

Swaps

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

Spots

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

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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A30 Segment Information

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

The Group is organised into the following key operating segments:

(i) Consumer Banking

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

(ii) Business Banking

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

(iii) Financial Markets

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

(iv) Investment Banking

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

(v) Others

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

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A30 Segment information (contd.)

<u>Group</u>	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Investment Banking RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
1st Quarter ended 30 June 2014								
Net interest income								
- External income	84,483	77,948	38,352	1,710	4	202,497	(3,264)	199,233
- inter-segment	(10,888)	2,023	10,085	(1,220)	-	-	-	-
	73,595	79,971	48,437	490	4	202,497	(3,264)	199,233
Net income from Islamic banking business	20,228	16,168	9,687	-	-	46,083	7,591	53,674
Other operating income	28,558	37,238	11,773	5,566	6,531	89,666	(6,423)	83,243
Net income	122,381	133,377	69,897	6,056	6,535	338,246	(2,096)	336,150
Other operating expenses	(63,221)	(52,610)	(11,580)	(9,951)	(17,294)*	(154,656)	3,159	(151,497)
Depreciation and amortisation	(5,222)	(3,311)	(921)	(153)	-	(9,607)	-	(9,607)
Operating profit/(loss)	53,938	77,456	57,396	(4,048)	(10,759)	173,983	1,063	175,046
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(14,399)	12,837	(240)	50	-	(1,752)	-	(1,752)
Segment result	39,539	90,293	57,156	(3,998)	(10,759)	172,231	1,063	173,294
Share of results of associates								2
Taxation and zakat								(42,182)
Net profit after taxation and zakat								131,114
Segment assets	19,982,106	12,622,842	18,567,943	263,563	18,568	51,455,022	(1,828,341)	49,626,681
Reconciliation of segment assets to consolidated assets:								
Investments in associates								503
Investments in joint venture								394
Property, plant and equipment								90,708
Unallocated assets								27,638
Intangible assets								354,484
Total assets								50,100,408
Segment Liabilities	18,980,367	14,487,729	13,344,537	168,721	18,793	47,000,147	(1,009,022)	45,991,125
Unallocated liabilities								9,528
Total liabilities								46,000,653

* Includes rationalisation cost of RM10,648,000.

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A30 Segment information (contd.)

Group	Consumer Banking	Business Banking	Financial Markets	Investment Banking	Others	Total Operations	Inter-segment Elimination	Total
Three months ended 30 June 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income								
- External income	84,483	77,948	38,352	1,710	4	202,497	(3,264)	199,233
- inter-segment	(10,888)	2,023	10,085	(1,220)	-	-	-	-
	73,595	79,971	48,437	490	4	202,497	(3,264)	199,233
Net income from Islamic banking business	20,228	16,168	9,687	-	-	46,083	7,591	53,674
Other operating income	28,558	37,238	11,773	5,566	6,531	89,666	(6,423)	83,243
Net income	122,381	133,377	69,897	6,056	6,535	338,246	(2,096)	336,150
Other operating expenses	(63,221)	(52,610)	(11,580)	(9,951)	(17,294)*	(154,656)	3,159	(151,497)
Depreciation and amortisation	(5,222)	(3,311)	(921)	(153)	-	(9,607)	-	(9,607)
Operating profit/(loss)	53,938	77,456	57,396	(4,048)	(10,759)	173,983	1,063	175,046
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(14,399)	12,837	(240)	50	-	(1,752)	-	(1,752)
Segment result	39,539	90,293	57,156	(3,998)	(10,759)	172,231	1,063	173,294
Share of results of associates								2
Taxation and zakat								(42,182)
Net profit after taxation and zakat								131,114
Segment assets	19,982,106	12,622,842	18,567,943	263,563	18,568	51,455,022	(1,828,341)	49,626,681
Reconciliation of segment assets to consolidated assets:								
Investments in associates								503
Investments in joint ventures								394
Property, plant and equipment								90,708
Unallocated assets								27,638
Intangible assets								354,484
Total assets								50,100,408
Segment Liabilities	18,980,367	14,487,729	13,344,537	168,721	18,793	47,000,147	(1,009,022)	45,991,125
Unallocated liabilities								9,528
Total liabilities								46,000,653

* Includes rationalisation cost of RM10,648,000.

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A30 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
1st Quarter ended 30 June 2013								
Net interest income								
- External income	66,795	74,681	43,800	1,561	74	186,911	(2,670)	184,241
- inter-segment	6,028	5,460	(10,373)	(1,115)	-	-	-	-
	<u>72,823</u>	<u>80,141</u>	<u>33,427</u>	<u>446</u>	<u>74</u>	<u>186,911</u>	<u>(2,670)</u>	<u>184,241</u>
Net income from Islamic banking business	22,965	15,838	7,548	-	-	46,351	7,506	53,857
Other operating income	58,557	35,041	26,551	8,253	4,173	132,575	(6,718)	125,857
Net income	<u>154,345</u>	<u>131,020</u>	<u>67,526</u>	<u>8,699</u>	<u>4,247</u>	<u>365,837</u>	<u>(1,882)</u>	<u>363,955</u>
Other operating expenses	(64,193)	(50,945)	(11,724)	(6,442)	(31,318)*	(164,622)	1,835	(162,787)
Depreciation and amortisation	(5,642)	(3,717)	(1,593)	(151)	-	(11,103)	-	(11,103)
Operating profit/(loss)	<u>84,510</u>	<u>76,358</u>	<u>54,209</u>	<u>2,106</u>	<u>(27,071)</u>	<u>190,112</u>	<u>(47)</u>	<u>190,065</u>
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(8,246)	2,171	45	16	-	(6,014)	-	(6,014)
Segment result	<u>76,264</u>	<u>78,529</u>	<u>54,254</u>	<u>2,122</u>	<u>(27,071)</u>	<u>184,098</u>	<u>(47)</u>	<u>184,051</u>
Share of results of associates								3
Taxation and zakat								(46,158)
Net profit after taxation and zakat								<u>137,896</u>
Segment assets	<u>17,032,741</u>	<u>11,043,101</u>	<u>17,239,684</u>	<u>200,019</u>	<u>21,430</u>	<u>45,536,975</u>	<u>(1,906,473)</u>	<u>43,630,502</u>
Reconciliation of segment assets to consolidated assets:								
Investments in associates								500
Property, plant and equipment								80,144
Unallocated assets								11,547
Intangible assets								353,644
Total assets								<u>44,076,337</u>
Segment Liabilities	<u>17,002,005</u>	<u>13,962,260</u>	<u>9,995,517</u>	<u>64,175</u>	<u>11,890</u>	<u>41,035,847</u>	<u>(1,074,392)</u>	<u>39,961,455</u>
Unallocated liabilities								29,717
Total liabilities								<u>39,991,172</u>

* Includes rationalisation cost of RM22,328,000.

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A30 Segment information (contd.)

Group	Consumer Banking	Business Banking	Financial Markets	Investment Banking	Others	Total Operations	Inter-segment Elimination	Total
Three months ended 30 June 2013	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income								
- External income	66,795	74,681	43,800	1,561	74	186,911	(2,670)	184,241
- inter-segment	6,028	5,460	(10,373)	(1,115)	-	-	-	-
	72,823	80,141	33,427	446	74	186,911	(2,670)	184,241
Net income from Islamic banking business	22,965	15,838	7,548	-	-	46,351	7,506	53,857
Other operating income	58,557	35,041	26,551	8,253	4,173	132,575	(6,718)	125,857
Net income	154,345	131,020	67,526	8,699	4,247	365,837	(1,882)	363,955
Other operating expenses	(64,193)	(50,945)	(11,724)	(6,442)	(31,318)*	(164,622)	1,835	(162,787)
Depreciation and amortisation	(5,642)	(3,717)	(1,593)	(151)	-	(11,103)	-	(11,103)
Operating profit	84,510	76,358	54,209	2,106	(27,071)	190,112	(47)	190,065
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(8,246)	2,171	45	16	-	(6,014)	-	(6,014)
Segment result	76,264	78,529	54,254	2,122	(27,071)	184,098	(47)	184,051
Share of results of associates								3
Taxation and zakat								(46,158)
Net profit after taxation and zakat								137,896
Segment assets	17,032,741	11,043,101	17,239,684	200,019	21,430	45,536,975	(1,906,473)	43,630,502
Reconciliation of segment assets to consolidated assets:								
Investments in associates								500
Property, plant and equipment								80,144
Unallocated assets								11,547
Intangible assets								353,644
Total assets								44,076,337
Segment Liabilities	17,002,005	13,962,260	9,995,517	64,175	11,890	41,035,847	(1,074,392)	39,961,455
Unallocated liabilities								29,717
Total liabilities								39,991,172

* Includes rationalisation cost of RM22,328,000.

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A31 Capital Adequacy

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

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

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2014	31 March 2014	30 June 2014	31 March 2014
<u>Before deducting proposed dividends</u>				
CET I capital ratio	10.049%	10.987%	10.045%	10.908%
Tier I capital ratio	11.252%	12.235%	11.059%	11.961%
Total capital ratio	11.297%	12.295%	13.214%	14.201%
<u>After deducting proposed dividends</u>				
CET I capital ratio	10.049%	10.361%	10.045%	10.379%
Tier I capital ratio	11.252%	11.609%	11.059%	11.433%
Total capital ratio	11.297%	11.670%	13.214%	13.673%

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A31 Capital Adequacy (contd.)

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

	BANK		GROUP	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
<u>CET I Capital</u>				
Paid-up share capital	596,517	596,517	596,517	596,517
Share premium	201,517	201,517	201,517	201,517
Retained profits	1,679,921	1,840,384	1,797,489	1,957,952
Statutory reserves	601,561	601,561	929,055	929,055
Revaluation reserves	(4,303)	(7,546)	13,170	7,071
Other reserves	-	-	10,018	10,018
	3,075,213	3,232,433	3,547,766	3,702,130
Less: Regulatory adjustment				
- Goodwill and other intangibles	(239,879)	(238,665)	(354,484)	(353,256)
- Deferred tax assets	(4,806)	(18,036)	(18,157)	(32,343)
- 55% of revaluation reserve	-	-	(7,244)	(3,889)
- Investment in subsidiaries and associates	(158,610)	(158,610)	(903)	(824)
Total CET I capital	2,671,918	2,817,122	3,166,978	3,311,818
<u>Tier I Capital</u>				
ICPS	3,200	3,200	3,200	3,200
Share premium	316,800	316,800	316,800	316,800
Total additional Tier I capital	320,000	320,000	320,000	320,000
Total Tier I capital	2,991,918	3,137,122	3,486,978	3,631,818
<u>Tier II Capital</u>				
Subordinated obligations	479,159	479,082	479,159	479,082
Collective assessment allowance	167,334	170,942	203,764	204,226
Less: Regulatory adjustment				
- Investment in subsidiaries and associates	(634,440)	(634,440)	(3,614)	(3,297)
Total Tier II capital	12,053	15,584	679,309	680,011
Total Capital	3,003,971	3,152,706	4,166,287	4,311,829

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A31 Capital Adequacy (contd.)

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

	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
30 June 2014		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	12.572%	80.631%
Tier I capital ratio	12.572%	80.631%
Total capital ratio	13.317%	80.631%
<u>After deducting proposed dividends</u>		
CET I capital ratio	12.572%	80.631%
Tier I capital ratio	12.572%	80.631%
Total capital ratio	13.317%	80.631%
31 March 2014		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	13.426%	93.737%
Tier I capital ratio	13.426%	93.737%
Total capital ratio	14.134%	93.767%
<u>After deducting proposed dividends</u>		
CET I capital ratio	13.113%	92.148%
Tier I capital ratio	13.113%	92.148%
Total capital ratio	13.821%	92.178%

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

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
Credit risk	24,297,676	23,283,157	28,701,442	27,484,255
Market risk	109,776	201,614	131,978	201,614
Operational risk	2,182,690	2,156,708	2,696,045	2,676,791
Total RWA and capital requirements	<u>26,590,142</u>	<u>25,641,479</u>	<u>31,529,465</u>	<u>30,362,660</u>

A32 Fair Value Measurements

(a) Determination of fair value and fair value hierarchy

MFRS 13 Fair Value Measurement requires disclosure of financial instruments measured at fair value to be categorised according to a hierarchy of valuation techniques, whether the inputs used are observable or unobservable. The following level of hierarchy are used for determining and disclosing the fair value of the financial instruments:

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

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

<u>BANK</u> 30 June 2014	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial investments available-for-sale	-	8,005,771	92,780	8,098,551
Derivative financial assets	-	36,587	-	36,587
<u>Liabilities</u>				
Derivative financial liabilities	-	54,297	-	54,297
<u>GROUP</u> 30 June 2014				
	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	299,331	-	299,331
Financial investments available-for-sale	-	10,054,645	133,769	10,188,414
Derivative financial assets	-	36,587	-	36,587
<u>Liabilities</u>				
Derivative financial liabilities	-	54,297	-	54,297

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A32 Fair Value Measurements (contd.)

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

<u>BANK</u> 31 March 2014	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	110,172	-	110,172
Financial investments available-for-sale	-	7,438,485	100,122	7,538,607
Derivative financial assets	-	39,677	-	39,677
<u>Liabilities</u>				
Derivative financial liabilities	-	64,874	-	64,874
<u>GROUP</u> 31 March 2014				
	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	110,172	-	110,172
Financial investments available-for-sale	-	9,597,649	141,111	9,738,760
Derivative financial assets	-	39,677	-	39,677
<u>Liabilities</u>				
Derivative financial liabilities	-	64,874	-	64,874

(b) Financial instruments measured at fair value and the fair value hierarchy

Reconciliation of movements in Level 3 financial instruments:

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2014 RM'000	31 March 2014 RM'000	30 June 2014 RM'000	31 March 2014 RM'000
At beginning of year	100,122	99,472	141,111	137,392
Total gains recognised in:				
- Statement of comprehensive income				
(i) Gain arising from sales financial investments available-for-sales	5,799	12,509	5,799	12,509
- Other comprehensive (expense)/income				
(i) Revaluation reserves	(5,843)	3,853	(5,843)	6,922
Disposal/redemption	(7,298)	(15,712)	(7,298)	(15,712)
At end of period/year	92,780	100,122	133,769	141,111

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A33 COMPARATIVES

The following comparatives were restated to conform with the current period's presentation:

	<u>BANK</u>		
	As previously stated RM'000	Restatement RM'000	As restated RM'000
(i) <u>Statements of Comprehensive Income</u> <u>for the financial period ended 30 June 2013</u>			
Fee and commission income	-	94,110	94,110
Fee and commission expense	-	(21,379)	(21,379)
Investment income	-	23,548	23,548
Other income	-	20,784	20,784
Other operating income	<u>117,063</u>	<u>(117,063)</u>	<u>-</u>
Other operating income (restated)	<u>117,063</u>	<u>-</u>	<u>117,063</u>
		<u>GROUP</u>	
	As previously stated RM'000	Restatement RM'000	As restated RM'000
(ii) <u>Statements of Comprehensive Income</u> <u>for the financial period ended 30 June 2013</u>			
Fee and commission income	-	106,833	106,833
Fee and commission expense	-	(25,833)	(25,833)
Investment income	-	26,016	26,016
Other income	-	18,841	18,841
Other operating income	<u>125,857</u>	<u>(125,857)</u>	<u>-</u>
Other operating income (restated)	<u>125,857</u>	<u>-</u>	<u>125,857</u>

The restatement is in relation to reclassification of fee and commission income, fee and commission expense, investment income and other income which was previously summed as other operating income now separated as respective categories. This does not have any impact on the financial results and earnings per share of the comparative financial period.

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PART B - Review of Performance & Current Year Prospect

B1 Review of Performance

The Group recorded a net profit after taxation and zakat of RM131.1 million for the first quarter ended 30 June 2014, a decrease of RM6.8 million or 4.9% over the corresponding period last year.

Net interest income grew by RM15.0 million or 8.1% driven by year-on-year loans growth of 15.7% to RM32.8 billion as at 30 June 2014. Other operating income (non-interest income) was lower than last year by RM42.6 million or 33.9% mainly due to a one-off sign-on fee of RM30 million from a bancassurance arrangement recognised last year, and lower gain from sale of financial investments in view of the sluggish treasury and capital markets. Other operating expenses remain contained and decreased by RM12.8 million or 7.4%.

Total deposits from customers registered a growth of 10.9% to RM39.6 billion as at 30 June 2014 compared to a year ago, with CASA deposits increasing by RM1.0 billion or 7.6% to RM13.7 billion from 30 June 2013. CASA ratio remains strong at 34.7%.

The Group's total capital ratio remained strong at 13.2%, with Common Equity Tier 1 ratio of 10.0% as at 30 June 2014.

Performance by business segment

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

Consumer Banking's profit before taxation of RM39.5 million for the first quarter ended 30 June 2014 was RM36.7 million or 48.2% lower compared to the corresponding period last year. This was mainly due to a one-off sign-on fee of RM30 million from a bancassurance arrangement recognised last year. Segment assets increased by RM2.9 billion or 17.3% year-on-year to RM20.0 billion as at 30 June 2014.

Business Banking's profit before taxation of RM90.3 million for the first quarter ended 30 June 2014 was RM11.8 million or 15.0% higher compared to the corresponding period last year, mainly due to higher write-back of allowance for impaired loans of RM10.7 million. Segment assets increased by RM1.6 billion or 14.3% year-on-year to RM12.6 billion as at 30 June 2014.

Financial Markets' profit before taxation of RM57.2 million for the first quarter ended 30 June 2014 was RM2.9 million or 5.4% higher compared to the corresponding period last year on higher net interest income.

Investment Banking incurred a loss of RM4.0 million for the first quarter ended 30 June 2014, mainly attributed to higher operating expenses and lower fee income.

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B2 Current Year Prospect

With the Malaysian economy expecting to register a moderate gross domestic product (“GDP”) growth in the upper-end of the range of 4.5% to 5.5% in 2014, the Group will continue to capitalise on its strengths to generate sustainable revenue from Consumer Banking and Business Banking, while expanding opportunities in Wealth Management, Transaction Banking, Treasury and Investment Banking.

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

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

Financial Markets 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.

Investment Banking’s priority will be to expand its research business to provide greater depth in equities research coverage, build its corporate finance advisory business and debt capital market capabilities. It will also continue to focus on improving efficiency and productivity.

The Group expects to deliver a satisfactory performance for the financial year ending 31 March 2015.