

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

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Statements of Financial Position as at 30 September 2014**

	Note	BANK		GROUP	
		30 September 2014 RM'000	31 March 2014 RM'000	30 September 2014 RM'000	31 March 2014 RM'000
ASSETS					
Cash and short-term funds		2,034,383	1,842,996	2,329,372	2,129,759
Deposits and placements with banks and other financial institutions		444,003	655,305	479,185	655,305
Balances due from clients and brokers	A12	-	-	100,884	76,265
Financial assets held-for-trading	A13	-	110,172	-	110,172
Financial investments available-for-sale	A14	7,967,147	7,538,607	10,236,269	9,738,760
Financial investments held-to-maturity	A15	712,840	710,730	1,324,978	1,320,122
Derivative financial assets	A29	59,658	39,677	59,658	39,677
Loans, advances and financing	A16	28,207,083	26,582,780	34,113,590	31,818,991
Other assets	A17	100,644	138,429	99,724	94,337
Tax recoverable		958	-	2,233	52
Statutory deposits with Bank Negara Malaysia		1,330,300	1,291,950	1,617,524	1,584,144
Investments in subsidiaries		792,820	792,820	-	-
Investments in associates		230	230	505	501
Investments in joint venture		-	-	400	-
Property, plant and equipment		91,962	90,432	93,606	92,214
Deferred tax assets		-	18,036	13,330	32,343
Intangible assets		239,154	238,665	353,979	353,256
TOTAL ASSETS		41,981,182	40,050,829	50,825,237	48,045,898
LIABILITIES AND EQUITY					
Deposits from customers	A18	33,770,803	32,908,978	40,841,655	39,256,033
Deposits and placements of banks and other financial institutions	A19	2,814,889	2,070,046	3,882,364	3,059,357
Balances due to clients and brokers	A20	-	-	57,110	44,834
Derivative financial liabilities	A29	59,361	64,874	59,361	64,874
Amount due to Cagamas Berhad		12,830	14,014	12,830	14,014
Bills and acceptances payable		186,449	-	186,449	-
Other liabilities	A21	737,257	722,234	878,864	857,348
Provision for taxation and zakat		-	8,155	2,775	10,811
Deferred tax liabilities		548	-	8,796	5,367
Subordinated obligations		613,069	612,718	613,069	612,718
TOTAL LIABILITIES		38,195,206	36,401,019	46,543,273	43,925,356
Share capital		600,517	600,517	600,517	600,517
Reserves		3,185,459	3,049,293	3,681,447	3,520,025
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNER OF THE PARENT		3,785,976	3,649,810	4,281,964	4,120,542
TOTAL LIABILITIES AND EQUITY		41,981,182	40,050,829	50,825,237	48,045,898
COMMITMENTS AND CONTINGENCIES	A28	22,522,310	22,346,627	24,347,314	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 September 2014**

	Note	2nd Quarter Ended		Six Months Ended	
		30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
BANK					
Interest income	A22	443,145	379,753	849,781	741,257
Interest expense	A23	(225,032)	(192,515)	(436,915)	(373,102)
Net interest income		218,113	187,238	412,866	368,155
Fee and commission income	A25	76,206	60,959	140,165	155,069
Fee and commission expense	A25	(23,004)	(22,136)	(45,912)	(43,515)
Investment income	A25	21,533	29,685	77,582	53,233
Other income	A25	6,706	13,023	9,844	33,807
Other operating income	A25	81,441	81,531	181,679	198,594
Net income		299,554	268,769	594,545	566,749
Other operating expenses	A26	(121,507)	(109,641)	(245,736)	(247,075)
Operating profit before allowance		178,047	159,128	348,809	319,674
Write-back of losses on loans, advances and financing and other losses	A27	9,144	6,075	8,948	4,792
Write-back of impairment		575	622	575	622
Profit before taxation		187,766	165,825	358,332	325,088
Taxation		(47,328)	(42,356)	(82,800)	(81,666)
Net profit after taxation		140,438	123,469	275,532	243,422
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		27,051	(25,269)	33,321	(56,313)
- Transfer (to)/from deferred tax		(8,449)	6,317	(11,476)	14,078
Other comprehensive income/(expense), net of tax		18,602	(18,952)	21,845	(42,235)
Total comprehensive income for the period		159,040	104,517	297,377	201,187
Earnings per share attributable to owner of the parent					
- Basic (sen)		23.5	20.7	46.2	40.8
- Diluted (sen)		17.6	15.5	34.6	30.6

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 Consolidated Statements of Comprehensive Income
for the Financial Period Ended 30 September 2014**

	Note	2nd Quarter Ended		Six Months Ended	
		30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
GROUP					
Interest income	A22	457,259	396,453	880,744	771,384
Interest expense	A23	(236,952)	(204,758)	(461,204)	(395,448)
Net interest income		220,307	191,695	419,540	375,936
Net income from Islamic banking business	A24	53,919	51,752	107,593	105,609
		274,226	243,447	527,133	481,545
Fee and commission income	A25	90,117	69,816	164,502	176,718
Fee and commission expense	A25	(28,918)	(26,337)	(56,595)	(52,170)
Investment income	A25	25,345	13,684	58,481	39,700
Other income	A25	6,914	13,220	10,313	31,992
Other operating income	A25	93,458	70,383	176,701	196,240
Net income		367,684	313,830	703,834	677,785
Other operating expenses	A26	(161,140)	(143,838)	(322,244)	(317,728)
Operating profit before allowance		206,544	169,992	381,590	360,057
Write-back of/(allowance for) losses on loans, advances and financing and other losses	A27	6,588	4,832	4,836	(1,182)
Write-back of impairment		833	902	833	902
Operating profit after allowance		213,965	175,726	387,259	359,777
Share of results of associates		2	3	4	6
Share of profit of joint venture accounted for using the equity method		6	-	6	-
Profit before taxation and zakat		213,973	175,729	387,269	359,783
Taxation and zakat		(54,091)	(44,858)	(96,273)	(91,016)
Net profit after taxation and zakat		159,882	130,871	290,996	268,767
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		36,452	(28,898)	46,531	(66,873)
- Transfer (to)/from deferred tax		(10,883)	7,224	(14,863)	16,718
Other comprehensive income/(expense), net of tax		25,569	(21,674)	31,668	(50,155)
Total comprehensive income for the period		185,451	109,197	322,664	218,612

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 2014 (contd.)**

<u>GROUP</u>	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to: Owner of the parent	159,882	130,871	290,996	268,767
Total comprehensive income for the period attributable to: Owner of the parent	185,451	109,197	322,664	218,612
Earnings per share attributable to owner of the parent				
- Basic (sen)	26.8	21.9	48.8	45.1
- Diluted (sen)	20.1	16.4	36.5	33.7

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 Changes in Equity for the Financial Period Ended 30 September 2014

	← Non-distributable reserves →					Distributable reserves		Total equity
	Ordinary shares	Iredeemable (Non-cumulative) Convertible Preference Shares ("ICPS")	Share premium	Statutory reserve	Revaluation reserves	Equity contribution from parent	Retained profits	
BANK	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	601,561	(7,546)	17,377	1,840,384	3,649,810
Net profit after taxation	-	-	-	-	-	-	275,532	275,532
Other comprehensive income	-	-	-	-	21,845	-	-	21,845
Total comprehensive income for the period	-	-	-	-	21,845	-	275,532	297,377
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	5,945	-	5,945
Payment for ESS recharged from parent	-	-	-	-	-	(6,693)	-	(6,693)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	(1,230)	1,230	-
Transfer to retained profits on share options lapsed	-	-	-	-	-	(351)	351	-
Dividends paid	-	-	-	-	-	-	(160,463)	(160,463)
At 30 September 2014	596,517	4,000	597,517	601,561	14,299	15,048	1,957,034	3,785,976
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	-	-	-	-	-	-	243,422	243,422
Other comprehensive expense	-	-	-	-	(42,235)	-	-	(42,235)
Total comprehensive (expense)/income for the period	-	-	-	-	(42,235)	-	243,422	201,187
Share-based payment under ESS	-	-	-	-	-	4,327	-	4,327
Payment for ESS recharged from parent	-	-	-	-	-	(3,908)	-	(3,908)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	(544)	544	-
Dividends paid	-	-	-	-	-	-	(167,323)	(167,323)
At 30 September 2013	596,517	4,000	597,517	601,561	43,022	13,370	1,718,192	3,574,179

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 Changes in Equity for the Financial Period Ended 30 September 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	-	-	-	-	-	-	-	-	290,996	290,996	-	290,996
Other comprehensive income	-	-	-	-	-	31,668	-	-	-	31,668	-	31,668
Total comprehensive income for the period	-	-	-	-	-	31,668	-	-	290,996	322,664	-	322,664
Share-based payment under ESS	-	-	-	-	-	-	6,164	-	-	6,164	-	6,164
Payment for ESS recharged from parent	-	-	-	-	-	-	(6,943)	-	-	(6,943)	-	(6,943)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	(1,451)	-	1,451	-	-	-
Transfer to retained profits on share options lapsed	-	-	-	-	-	-	(363)	-	363	-	-	-
Transfer to statutory reserve	-	-	-	9,806	-	-	-	-	(9,806)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(160,463)	(160,463)	-	(160,463)
At 30 September 2014	596,517	4,000	597,517	938,861	10,018	38,739	15,819	-	2,080,493	4,281,964	-	4,281,964
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	-	-	-	-	-	-	-	-	268,767	268,767	-	268,767
Other comprehensive expense	-	-	-	-	-	(50,155)	-	-	-	(50,155)	-	(50,155)
Total comprehensive (expense)/income for the period	-	-	-	-	-	(50,155)	-	-	268,767	218,612	-	218,612
Share-based payment under ESS	-	-	-	-	-	-	4,746	-	-	4,746	-	4,746
Payment for ESS recharged from parent	-	-	-	-	-	-	(4,181)	-	-	(4,181)	-	(4,181)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	(570)	-	570	-	-	-
Transfer to statutory reserve	-	-	-	19,694	-	-	-	-	(19,694)	-	-	-
Transfer PER to retained profit	-	-	-	-	-	-	-	(1,033)	1,033	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	(65)	-	-	(65)	(4,747)	(4,812)
Dividend paid	-	-	-	-	-	-	-	-	(167,323)	(167,323)	-	(167,323)
At 30 September 2013	596,517	4,000	597,517	905,438	10,018	65,242	14,298	-	1,832,609	4,025,639	-	4,025,639

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 Condensed Statements of Cash Flows for the Financial Period Ended 30 September 2014**

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
Profit before taxation and zakat	358,332	325,088	387,269	359,783
Adjustments for non-cash items	(201,039)	(171,174)	(202,485)	(164,052)
Operating profit before changes in working capital	157,293	153,914	184,784	195,731
Changes in working capital	481,394	367,165	523,979	1,185,594
Taxation and zakat paid	(84,805)	(88,501)	(98,913)	(106,413)
Net cash generated from operating activities	553,882	432,578	609,850	1,274,912
Net cash used in investing activities	(187,612)	(360,497)	(249,854)	(739,119)
Net cash used in financing activities	(174,883)	(181,743)	(160,383)	(181,743)
Net changes in cash and cash equivalents	191,387	(109,662)	199,613	354,050
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	2,034,383	1,256,993	2,329,372	1,641,784
Cash and cash equivalents comprise:				
Cash and short-term funds	2,034,383	1,256,993	2,329,372	1,641,784

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)

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 2nd quarter and financial half year ended 30 September 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") and IAS 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

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.

ALLIANCE BANK MALAYSIA BERHAD

(88103-W)

(Incorporated in Malaysia)

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.

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 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 financial half year ended 30 September 2014.

A5 Changes in Estimates

Other than the changes in estimates on MFRS 139 collective assessment impairment estimates for certain loan portfolio that have a material effect in the last financial year, there were no material changes in estimates in the current period.

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 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.

ALLIANCE BANK MALAYSIA BERHAD

(88103-W)

(Incorporated in Malaysia)

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 and is accounted for as an investment in joint venture in accordance with MFRS 11 "Joint Arrangements".

- (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.

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

(Incorporated in Malaysia)

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 have proposed the following dividends:

(a) Preference Share 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 2015.

(b) Ordinary Share Dividend

A first interim dividend of 24.4 sen, tax exempt under the single tier tax system on 596,517,043 ordinary shares amounting to RM145,550,000 in respect of financial year ending 31 March 2015.

A12 Balances Due From Clients And Brokers

	<u>GROUP</u>	
	30 September 2014 RM'000	31 March 2014 RM'000
Due from clients	94,495	77,459
Due from brokers	7,232	-
	<u>101,727</u>	<u>77,459</u>
Less:		
Allowance for other losses	<u>(843)</u>	<u>(1,194)</u>
	<u><u>100,884</u></u>	<u><u>76,265</u></u>

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 2014 RM'000	31 March 2014 RM'000
Classified as doubtful	261	102
Classified as bad	866	1,294
	<u>1,127</u>	<u>1,396</u>

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)	<u>(351)</u>	<u>(21)</u>
At end of period/year	<u><u>843</u></u>	<u><u>1,194</u></u>

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A13 Financial Assets Held-for-trading

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

A14 Financial Investments Available-for-sale

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2014 RM'000	31 March 2014 RM'000	30 September 2014 RM'000	31 March 2014 RM'000
At fair value				
<u>Money market instruments:</u>				
Bank Negara Malaysia bills	-	-	99,915	-
Malaysian Government securities	2,413,819	2,464,690	2,778,932	2,897,516
Malaysian Government investment certificates	1,881,623	1,763,332	2,797,445	2,575,869
Negotiable instruments of deposits	1,343,486	854,611	1,370,914	861,808
Bankers' acceptances	-	41,649	272,507	361,979
Khazanah bonds	190,298	186,734	190,299	186,734
<u>Quoted securities in Malaysia:</u>				
Shares	24	22	24	22
<u>Unquoted securities:</u>				
Shares	95,840	101,576	143,115	145,505
Debt securities and medium term notes	2,179,213	2,263,149	2,823,994	2,951,962
	8,104,303	7,675,763	10,477,145	9,981,395
Accumulated impairment	(137,156)	(137,156)	(240,876)	(242,635)
Total financial investments available-for-sale	7,967,147	7,538,607	10,236,269	9,738,760

A15 Financial Investments Held-to-maturity

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2014 RM'000	31 March 2014 RM'000	30 September 2014 RM'000	31 March 2014 RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government securities	579,483	579,703	702,053	702,507
Malaysian Government investment certificates	-	-	434,224	434,574
Khazanah bonds	133,019	130,689	180,703	177,514
At cost				
<u>Unquoted securities:</u>				
Debt securities	3,355	5,339	37,728	39,730
	715,857	715,731	1,354,708	1,354,325
Accumulated impairment	(3,017)	(5,001)	(29,730)	(34,203)
Total financial investments held-to-maturity	712,840	710,730	1,324,978	1,320,122

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A16 Loans, Advances and Financing

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2014 RM'000	31 March 2014 RM'000	30 September 2014 RM'000	31 March 2014 RM'000
Overdrafts	1,794,414	1,709,067	2,054,818	1,960,984
Term loans/financing				
- Housing loans/financing	11,014,359	10,273,097	13,489,164	12,576,157
- Syndicated term loans/financing	492,890	417,062	532,117	472,331
- Hire purchase receivables	777,472	815,847	1,404,668	1,219,366
- Other term loans/financing	8,856,658	8,198,082	10,636,758	9,721,105
Bills receivables	203,523	208,385	205,378	208,765
Trust receipts	141,648	132,812	167,485	153,840
Claims on customers under acceptance credits	2,058,570	2,043,043	2,516,844	2,513,103
Staff loans [including loans to Directors of a subsidiary of RM171,000 (31.03.14: RM187,000)]	15,530	18,081	38,724	41,194
Credit/charge card receivables	631,186	601,297	631,186	601,297
Revolving credits	950,795	1,009,817	1,086,038	1,169,632
Share margin financing	1,528,896	1,444,926	1,683,451	1,561,622
Gross loans, advances and financing	28,465,941	26,871,516	34,446,631	32,199,396
Add: Sales commissions and handling fees	43,663	45,452	32,831	30,050
Less: Allowance for impairment on loans, advances and financing				
- Individual assessment allowance	(45,678)	(67,281)	(55,879)	(97,159)
- Collective assessment allowance	(256,843)	(266,907)	(309,993)	(313,296)
Total net loans, advances and financing	28,207,083	26,582,780	34,113,590	31,818,991

A16a By type of customers:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2014 RM'000	31 March 2014 RM'000	30 September 2014 RM'000	31 March 2014 RM'000
Domestic non-bank financial institutions	329,554	460,364	384,135	530,796
Domestic business enterprises				
- Small and medium enterprises	5,722,582	5,119,106	6,779,933	5,899,643
- Others	5,481,652	5,349,205	6,370,652	6,283,048
Government and statutory bodies	8,951	9,653	8,951	9,653
Individuals	15,970,583	15,004,115	19,825,109	18,426,080
Other domestic entities	220,985	231,066	220,985	231,066
Foreign entities	731,634	698,007	856,866	819,110
Gross loans, advances and financing	28,465,941	26,871,516	34,446,631	32,199,396

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A16 Loans, Advances and Financing (contd.)

A16b By interest/profit rate sensitivity:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2014 RM'000	31 March 2014 RM'000	30 September 2014 RM'000	31 March 2014 RM'000
Fixed rate				
- Housing loans/financing	10,409	12,749	64,337	70,535
- Hire purchase receivables	777,473	815,847	1,404,669	1,219,366
- Other fixed rate loans/financing	1,334,859	1,329,394	2,074,433	2,038,485
Variable rate				
- Base lending rate plus	20,978,792	19,436,273	24,815,937	22,831,752
- Cost plus	5,222,809	5,103,363	5,932,163	5,850,762
- Other variable rates loans/financing	141,599	173,890	155,092	188,496
Gross loans, advances and financing	<u>28,465,941</u>	<u>26,871,516</u>	<u>34,446,631</u>	<u>32,199,396</u>

A16c By economic purposes:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2014 RM'000	31 March 2014 RM'000	30 September 2014 RM'000	31 March 2014 RM'000
Purchase of securities	1,558,226	1,490,585	1,712,780	1,607,281
Purchase of transport vehicles	658,798	706,781	1,293,863	1,117,797
Purchase of landed property	16,794,058	15,267,197	19,954,303	18,098,160
of which: - Residential	11,877,476	11,090,346	14,305,631	13,337,595
- Non-residential	4,916,582	4,176,851	5,648,672	4,760,565
Purchase of fixed assets excluding land & buildings	172,912	154,871	177,544	155,410
Personal use	1,316,505	1,259,841	2,138,106	2,047,339
Credit card	631,186	601,297	631,186	601,297
Construction	470,848	421,637	484,661	436,317
Mergers and acquisitions	342,494	369,054	342,494	369,151
Working capital	5,237,606	5,447,213	6,164,384	6,379,804
Others	1,283,308	1,153,040	1,547,310	1,386,840
Gross loans, advances and financing	<u>28,465,941</u>	<u>26,871,516</u>	<u>34,446,631</u>	<u>32,199,396</u>

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

(Incorporated in Malaysia)

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

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2014 RM'000	31 March 2014 RM'000	30 September 2014 RM'000	31 March 2014 RM'000
Northern region	1,953,489	1,837,003	2,296,690	2,152,976
Central region	20,919,094	19,937,557	25,149,665	23,825,877
Southern region	2,959,294	2,700,863	3,842,486	3,389,910
Sabah region	2,060,989	1,982,845	2,477,169	2,346,894
Sarawak region	573,075	413,248	680,621	483,739
Gross loans, advances and financing	28,465,941	26,871,516	34,446,631	32,199,396

A16e By maturity structure:

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2014 RM'000	31 March 2014 RM'000	30 September 2014 RM'000	31 March 2014 RM'000
Within one year	7,665,513	7,637,618	8,736,232	8,691,796
One year to three years	537,046	533,551	793,090	764,219
Three years to five years	1,509,077	1,400,758	1,836,709	1,685,425
Over five years	18,754,305	17,299,589	23,080,600	21,057,956
Gross loans, advances and financing	28,465,941	26,871,516	34,446,631	32,199,396

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

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2014 RM'000	31 March 2014 RM'000	30 September 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	285,033	419,962	350,723	555,392
Reclassified as unimpaired during the period/year	(167,714)	(293,999)	(205,074)	(381,732)
Recoveries	(75,206)	(181,176)	(104,208)	(225,534)
Amount written-off	(48,476)	(63,440)	(71,397)	(84,578)
At end of period/year	347,517	353,880	412,825	442,781
Individual allowance for impairment	(45,678)	(67,281)	(55,879)	(97,159)
Collective allowance for impairment (impaired portion)	(91,722)	(95,965)	(104,755)	(109,070)
Net impaired loans, advances and financing	210,117	190,634	252,191	236,552
Gross impaired loans as a percentage of gross loans, advances and financing	1.2%	1.3%	1.2%	1.4%

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

(Incorporated in Malaysia)

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

	BANK		GROUP	
	30 September	31 March	30 September	31 March
	2014	2014	2014	2014
	RM'000	RM'000	RM'000	RM'000
Purchase of securities	13,384	3,811	13,384	5,207
Purchase of transport vehicles	8,230	6,319	10,893	9,765
Purchase of landed property	233,730	220,305	272,226	254,194
of which: - Residential	216,150	196,983	252,573	222,781
- Non-residential	17,580	23,322	19,653	31,413
Purchase of fixed assets excluding land & buildings	-	96	-	96
Personal use	23,277	20,766	33,207	30,263
Credit card	8,524	7,847	8,524	7,847
Construction	5,924	7,225	6,006	7,225
Working capital	37,920	64,793	45,480	92,830
Others	16,528	22,718	23,105	35,354
Gross impaired loans	347,517	353,880	412,825	442,781

A16h Impaired loans by geographical distribution:

	BANK		GROUP	
	30 September	31 March	30 September	31 March
	2014	2014	2014	2014
	RM'000	RM'000	RM'000	RM'000
Northern region	34,181	53,862	37,469	69,548
Central region	251,936	239,862	304,757	304,328
Southern region	33,412	27,758	40,072	34,124
Sabah region	24,065	29,543	26,393	31,703
Sarawak region	3,923	2,855	4,134	3,078
Gross impaired loans	347,517	353,880	412,825	442,781

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

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 September 2014 RM'000	31 March 2014 RM'000	30 September 2014 RM'000	31 March 2014 RM'000
Individual assessment allowance				
At beginning of year	67,281	95,282	97,159	128,471
Allowance made/(write-back) during the period/year (net)	3,237	4,626	(2,358)	5,613
Amount written-off	(26,861)	(27,572)	(40,846)	(30,655)
Transfers from/(to) collective assessment allowance	2,021	(5,055)	1,924	(6,270)
At end of period/year	<u>45,678</u>	<u>67,281</u>	<u>55,879</u>	<u>97,159</u>

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2014 RM'000	31 March 2014 RM'000	30 September 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 during the period/year (net)	12,170	1,886	27,261	11,746
Amount written-off	(20,213)	(35,868)	(28,640)	(53,923)
Transfers (to)/from individual assessment allowance	(2,021)	5,055	(1,924)	6,270
At end of period/year	<u>256,843</u>	<u>266,907</u>	<u>309,993</u>	<u>313,296</u>

A17 Other Assets

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2014 RM'000	31 March 2014 RM'000	30 September 2014 RM'000	31 March 2014 RM'000
Other receivables, deposits and prepayment	119,991	119,303	127,274	122,387
Amount due from subsidiaries and related companies	1,504	39,047	1,376	2
	<u>121,495</u>	<u>158,350</u>	<u>128,650</u>	<u>122,389</u>
Less:				
Allowance for other losses	(20,851)	(19,921)	(28,926)	(28,052)
	<u>100,644</u>	<u>138,429</u>	<u>99,724</u>	<u>94,337</u>

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A18 Deposits from Customers

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2014 RM'000	31 March 2014 RM'000	30 September 2014 RM'000	31 March 2014 RM'000
A18a <u>By type of deposits:</u>				
Demand deposits	10,732,853	9,950,079	12,599,943	11,559,044
Savings deposits	1,434,261	1,451,916	1,733,983	1,763,153
Fixed/investment deposits	15,972,539	15,432,535	18,397,812	18,643,374
Money market deposits	2,604,892	2,238,079	4,087,545	3,224,087
Negotiable instruments of deposits	2,660,139	3,507,778	3,656,253	3,737,784
Structured deposits [Note]	366,119	328,591	366,119	328,591
	33,770,803	32,908,978	40,841,655	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 RM306,328,000 (31.03.14: RM269,952,000) using interest rate swaps.

	<u>BANK/GROUP</u>	
	30 September 2014 RM'000	31 March 2014 RM'000
Structured deposits	306,328	269,952
Fair value changes arising from fair value hedges	(15,967)	(15,186)
	290,361	254,766

The fair value loss of the interest rate swap in this hedge transaction as at financial period ended 30 September 2014 is RM15,967,000 (31.03.14: RM15,186,000).

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

(Incorporated in Malaysia)

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

	<u>BANK</u>		<u>GROUP</u>	
	30 September	31 March	30 September	31 March
	2014	2014	2014	2014
	RM'000	RM'000	RM'000	RM'000
Domestic financial institutions	2,748,705	3,638,352	3,644,897	3,868,358
Government and statutory bodies	1,794,688	1,612,213	2,887,432	3,002,636
Business enterprises	10,909,248	9,937,413	13,337,611	12,226,687
Individuals	16,085,787	16,238,979	17,369,767	17,564,502
Others	2,232,375	1,482,021	3,601,948	2,593,850
	<u>33,770,803</u>	<u>32,908,978</u>	<u>40,841,655</u>	<u>39,256,033</u>

A18c The maturity structure of fixed/investment deposits, money market deposits and negotiable instruments of deposit:

	<u>BANK</u>		<u>GROUP</u>	
	30 September	31 March	30 September	31 March
	2014	2014	2014	2014
	RM'000	RM'000	RM'000	RM'000
Due within six months	17,626,522	16,200,578	22,180,075	20,078,141
Six months to one year	3,548,215	4,912,583	3,898,163	5,458,515
One year to three years	56,071	56,134	56,427	59,470
Three years to five years	6,762	9,097	6,945	9,119
	<u>21,237,570</u>	<u>21,178,392</u>	<u>26,141,610</u>	<u>25,605,245</u>

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A19 Deposits and Placements of Banks and Other Financial Institutions

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2014 RM'000	31 March 2014 RM'000	30 September 2014 RM'000	31 March 2014 RM'000
Licensed banks	1,343,173	1,378,558	1,943,371	1,998,196
Licensed Investment banks	300,491	200,091	300,493	351,649
Licensed Islamic banks	-	-	350,393	145,017
Bank Negara Malaysia	1,171,225	391,389	1,262,677	464,487
Other financial institutions	-	100,008	25,430	100,008
	<u>2,814,889</u>	<u>2,070,046</u>	<u>3,882,364</u>	<u>3,059,357</u>

A20 Balances Due To Clients And Brokers

	<u>GROUP</u>	
	30 September 2014 RM'000	31 March 2014 RM'000
Due to clients	57,110	22,623
Due to brokers	-	22,211
	<u>57,110</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 RM86,223,000 (31.3.14: RM128,020,000) have been excluded accordingly.

A21 Other Liabilities

	<u>BANK</u>		<u>GROUP</u>	
	30 September 2014 RM'000	31 March 2014 RM'000	30 September 2014 RM'000	31 March 2014 RM'000
Other payable and accruals	715,811	710,289	843,213	824,419
Remisiers' accounts	-	-	21,615	20,950
Finance lease liabilities	11,650	11,650	11,650	11,650
Amount due to subsidiaries	7,659	115	-	-
Amount due to holding company	2,137	180	2,386	329
	<u>737,257</u>	<u>722,234</u>	<u>878,864</u>	<u>857,348</u>

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

(Incorporated in Malaysia)

A22 Interest Income

	2nd Quarter Ended		Six Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
<u>BANK</u>				
Loans, advances and financing	333,911	283,054	638,260	553,975
Money at call and deposit placements with financial institutions	10,641	3,035	17,348	8,190
Financial assets held-for-trading	-	223	214	906
Financial investments available-for-sale	75,339	72,415	147,795	131,130
Financial investments held-to-maturity	5,433	4,150	10,921	5,263
Others	2,587	601	4,917	831
	427,911	363,478	819,455	700,295
Accretion of discount less amortisation of premium	15,234	16,275	30,326	40,962
	443,145	379,753	849,781	741,257
<u>GROUP</u>				
Loans, advances and financing	340,152	291,071	652,599	570,450
Money at call and deposit placements with financial institutions	10,877	2,330	16,636	5,761
Financial assets held-for-trading	-	1,142	214	1,979
Financial investments available-for-sale	80,120	78,140	158,689	139,429
Financial investments held-to-maturity	6,696	5,272	13,451	6,931
Others	2,587	602	4,917	832
	440,432	378,557	846,506	725,382
Accretion of discount less amortisation of premium	16,827	17,896	34,238	46,002
	457,259	396,453	880,744	771,384

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A23 Interest Expense

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
Deposits and placements of banks and other financial institutions	16,248	11,360	30,127	17,555
Deposits from customers	197,626	171,366	384,439	337,367
Subordinated obligations	7,464	7,459	14,772	14,760
Others	3,694	2,330	7,577	3,420
	225,032	192,515	436,915	373,102
<u>GROUP</u>				
Deposits and placements of banks and other financial institutions	22,643	16,308	42,418	26,212
Deposits from customers	203,151	178,662	396,437	351,056
Subordinated obligations	7,464	7,458	14,772	14,760
Others	3,694	2,330	7,577	3,420
	236,952	204,758	461,204	395,448

A24 Net Income from Islamic Banking Business

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<u>GROUP</u>				
Income derived from investment of depositors' funds and others	85,618	74,458	168,845	149,328
Income derived from investment of Islamic Banking funds	8,216	7,878	16,267	15,904
Income attributable to depositors and financial institutions	(46,123)	(37,912)	(91,318)	(74,457)
	47,711	44,424	93,794	90,775
Add: Income due to head office eliminated at Group level	6,208	7,328	13,799	14,834
	53,919	51,752	107,593	105,609

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A25 Other Operating Income

BANK	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
(a) <u>Fee and commission income:</u>				
Commissions	21,835	20,768	40,511	43,860
Service charges and fees	7,173	6,751	15,318	14,626
Guarantee fees	3,079	2,595	6,231	5,203
Processing fees	5,541	2,065	8,887	5,062
Commitment fees	3,844	3,702	7,575	7,290
Other fee income	34,734	25,078	61,643	79,028
	76,206	60,959	140,165	155,069
(b) <u>Fee and commission expense:</u>				
Commissions expense	(724)	(417)	(1,146)	(764)
Guarantee fees expense	(60)	(73)	(506)	(258)
Brokerage fees expense	-	-	(2)	-
Other fee expense	(22,220)	(21,646)	(44,258)	(42,493)
	(23,004)	(22,136)	(45,912)	(43,515)
(c) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	18	(22)	(10)	(863)
- Financial investments available-for-sale	8,005	63	14,401	14,447
- Financial investments held-to-maturity	-	2,141	-	2,997
Marked-to-market revaluation of:				
- Financial assets held-for-trading	-	35	24	(104)
- Derivative instruments	16,317	(2,806)	27,736	359
Realised (loss)/gain on revaluation of derivative instruments	(2,985)	13,873	10,147	16,386
Gross dividend income from:				
- Financial investments available-for-sale	178	256	1,791	3,866
- Subsidiaries	-	16,145	23,493	16,145
	21,533	29,685	77,582	53,233
(d) <u>Other income:</u>				
Foreign exchange gain/(loss)	1,091	8,406	(1,763)	21,644
Rental income	101	99	200	198
Gain on disposal of property, plant and equipment	-	6	1	1
Gain from disposal of a subsidiary	-	-	-	3,361
Others	5,514	4,512	11,406	8,603
	6,706	13,023	9,844	33,807
Total other operating income	81,441	81,531	181,679	198,594

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A25 Other Operating Income (contd.)

GROUP	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
(a) <u>Fee income:</u>				
Commissions	21,835	20,769	40,511	43,310
Service charges and fees	7,451	6,803	15,813	15,065
Portfolio management fees	9	10	16	17
Corporate advisory fees	200	195	365	1,255
Brokerage fees	11,831	8,244	21,381	17,053
Guarantee fees	3,079	2,595	6,496	5,472
Processing fees	6,810	2,227	10,351	7,796
Commitment fees	3,851	3,708	7,588	7,302
Underwriting commissions	316	169	316	402
Other fee income	34,735	25,096	61,665	79,046
	90,117	69,816	164,502	176,718
(b) <u>Fee and commission expense:</u>				
Commissions expense	(724)	(417)	(1,146)	(764)
Guarantee fees expense	(60)	(73)	(506)	(258)
Brokerage fees expense	(5,914)	(4,201)	(10,685)	(8,655)
Other fee expense	(22,220)	(21,646)	(44,258)	(42,493)
	(28,918)	(26,337)	(56,595)	(52,170)
(c) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	18	(22)	(10)	(863)
- Financial investments available-for-sale	9,104	61	16,080	16,497
- Financial investments held-to-maturity	2,613	2,173	2,613	3,175
Marked-to-market revaluation of:				
- Financial assets held-for-trading	-	27	24	(112)
- Derivative instruments	16,317	(2,806)	27,736	359
Realised (loss)/gain on revaluation of derivative instruments	(2,985)	13,855	10,147	16,368
Gross dividend income from:				
- Financial investments available-for-sale	278	396	1,891	4,276
	25,345	13,684	58,481	39,700
(d) <u>Other income :</u>				
Foreign exchange gain/(loss)	1,187	8,476	(1,557)	21,779
Gain on disposal of property, plant and equipment	-	8	1	3
Gain from disposal of a subsidiary	-	-	-	1,169
Others	5,727	4,736	11,869	9,041
	6,914	13,220	10,313	31,992
Total other operating income	93,458	70,383	176,701	196,240

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A26 Other Operating Expenses

	2nd Quarter Ended		Six Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
<u>BANK</u>				
Personnel costs				
- Salaries, allowances and bonuses	56,274	50,243	108,489	104,215
- Contribution to EPF	9,039	8,603	18,964	17,934
- Share options/grants under ESS	3,270	2,393	5,945	4,327
- Others	7,626	2,939	23,557	33,228
	<u>76,209</u>	<u>64,178</u>	<u>156,955</u>	<u>159,704</u>
Establishment costs				
- Depreciation of property, plant and equipment	4,928	5,227	9,977	10,863
- Amortisation of computer software	4,429	5,010	8,811	10,263
- Rental of premises	5,294	5,331	10,545	10,795
- Water and electricity	2,009	1,365	3,627	2,664
- Repairs and maintenance	2,114	1,634	4,036	4,105
- Information technology expenses	7,191	9,401	12,786	17,147
- Others	1,047	758	2,657	1,529
	<u>27,012</u>	<u>28,726</u>	<u>52,439</u>	<u>57,366</u>
Marketing expenses				
- Promotion and advertisement	317	1,082	816	1,407
- Branding and publicity	3,777	2,078	6,752	2,714
- Others	1,053	1,009	2,310	1,888
	<u>5,147</u>	<u>4,169</u>	<u>9,878</u>	<u>6,009</u>
Administration and general expenses				
- Communication expenses	2,977	2,066	5,324	4,107
- Printing and stationery	641	552	1,536	1,652
- Insurance	2,576	2,033	4,554	3,939
- Professional fees	3,522	4,258	6,950	8,683
- Others	3,423	3,659	8,100	5,615
	<u>13,139</u>	<u>12,568</u>	<u>26,464</u>	<u>23,996</u>
Total other operating expenses	<u>121,507</u>	<u>109,641</u>	<u>245,736</u>	<u>247,075</u>

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

(Incorporated in Malaysia)

A26 Other Operating Expenses (contd.)

	2nd Quarter Ended		Six Months Ended	
	30 September	30 September	30 September	30 September
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
GROUP				
Personnel costs				
- Salaries, allowances and bonuses	75,495	69,529	146,965	143,010
- Contribution to EPF	12,226	11,714	25,216	24,342
- Share options/grants under ESS	3,403	2,577	6,164	4,746
- Others	10,664	5,020	29,154	36,849
	101,788	88,840	207,499	208,947
Establishment costs				
- Depreciation of property, plant and equipment	5,031	5,347	10,201	11,128
- Amortisation of computer software	4,494	5,077	8,931	10,399
- Rental of premises	6,945	6,978	13,916	14,109
- Water and electricity	2,576	1,827	4,836	3,669
- Repairs and maintenance	2,783	2,286	5,356	5,438
- Information technology expenses	10,333	11,886	18,505	21,720
- Others	3,857	3,248	8,133	6,577
	36,019	36,649	69,878	73,040
Marketing expenses				
- Promotion and advertisement	1,428	1,483	2,989	2,892
- Branding and publicity	3,919	2,131	7,013	2,822
- Others	2,009	1,398	3,984	2,543
	7,356	5,012	13,986	8,257
Administration and general expenses				
- Communication expenses	3,728	2,875	7,097	5,754
- Printing and stationery	791	733	1,887	2,046
- Insurance	2,768	2,160	4,899	4,218
- Professional fees	4,957	4,840	9,664	10,503
- Others	3,733	2,729	7,334	4,963
	15,977	13,337	30,881	27,484
Total other operating expenses	161,140	143,838	322,244	317,728

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

(Incorporated in Malaysia)

A27 (Write-back of)/allowance for Losses on Loans, Advances and Financing and Other Losses

	2nd Quarter Ended		Six Months Ended	
	30 September 2014 RM'000	30 September 2013 RM'000	30 September 2014 RM'000	30 September 2013 RM'000
<u>BANK</u>				
Allowance for/(write-back of) impaired loans and financing:				
(a) Individual assessment allowance - made/(write-back) during the period (net)	4,042	(3,166)	3,237	(135)
(b) Collective assessment allowance - made during the period (net)	4,129	219	12,170	3,306
(c) Bad debts on loans and financing				
- Recovered	(21,144)	(11,539)	(31,621)	(20,445)
- Written-off	3,494	7,581	6,336	10,782
	<u>(9,479)</u>	<u>(6,905)</u>	<u>(9,878)</u>	<u>(6,492)</u>
Allowance for other assets	335	830	930	1,700
	<u>(9,144)</u>	<u>(6,075)</u>	<u>(8,948)</u>	<u>(4,792)</u>
<u>GROUP</u>				
Allowance for/(write-back of) impaired loans and financing:				
(a) Individual assessment allowance - made/(write-back) during the period (net)	3,614	(3,551)	(2,358)	3,069
(b) Collective assessment allowance - made during the period (net)	11,698	1,541	27,261	6,582
(c) Bad debts on loans and financing				
- Recovered	(26,560)	(13,755)	(39,248)	(25,490)
- Written-off	4,815	9,682	8,986	14,854
	<u>(6,433)</u>	<u>(6,083)</u>	<u>(5,359)</u>	<u>(985)</u>
(Write-back of)/allowance for other assets	(155)	1,251	523	2,167
	<u>(6,588)</u>	<u>(4,832)</u>	<u>(4,836)</u>	<u>1,182</u>

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

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
<u>Bank</u>				
30 September 2014				
<u>Credit-related exposures</u>				
Direct credit substitutes	701,225	-	701,225	701,225
Transaction-related contingent items	563,198	-	281,599	281,599
Short-term self-liquidating trade-related contingencies	131,387	-	26,277	26,277
Irrevocable commitments to extend credit:				
- maturity exceeding one year	4,054,646	-	2,027,323	1,602,003
- maturity not exceeding one year	5,388,468	-	1,077,694	959,529
unutilised credit card lines	1,460,603	-	292,121	230,866
	<u>12,299,527</u>	<u>-</u>	<u>4,406,239</u>	<u>3,801,499</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	6,423,249	52,168	125,892	58,251
- over one year to three years	32,835	282	3,237	648
- over three years	31,515	-	4,097	2,048
Interest rate related contracts:				
- one year or less	1,735,000	4,111	8,324	3,351
- over one year to three years	850,000	2,396	13,896	3,089
- over three years	1,072,456	701	41,980	21,271
Equity related contracts				
- one year or less	49,988	-	3,435	2,405
- over one year to three years	27,740	-	2,219	1,664
	<u>10,222,783</u>	<u>59,658</u>	<u>203,080</u>	<u>92,727</u>
	<u>22,522,310</u>	<u>59,658</u>	<u>4,609,319</u>	<u>3,894,226</u>

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

(Incorporated in Malaysia)

A28 Commitments and Contingencies (contd.)

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

	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
Group				
30 September 2014				
<u>Credit-related exposures</u>				
Direct credit substitutes	749,599	-	749,599	749,599
Transaction-related contingent items	611,496	-	305,748	305,748
Short-term self-liquidating trade-related contingencies	165,059	-	33,012	33,012
Irrevocable commitments to extend credit:				
- maturity exceeding one year	4,600,897	-	2,300,449	1,826,633
- maturity not exceeding one year	6,536,877	-	1,307,375	1,111,055
unutilised credit card lines	1,460,603	-	292,121	230,866
	<u>14,124,531</u>	<u>-</u>	<u>4,988,304</u>	<u>4,256,913</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	6,423,249	52,168	125,892	58,251
- over one year to three years	32,835	282	3,237	648
- over three years	31,515	-	4,097	2,048
Interest rate related contracts:				
- one year or less	1,735,000	4,111	8,324	3,351
- over one year to three years	850,000	2,396	13,896	3,089
- over three years	1,072,456	701	41,980	21,271
Equity related contracts				
- one year or less	49,988	-	3,435	2,405
- over one year to three years	27,740	-	2,219	1,664
	<u>10,222,783</u>	<u>59,658</u>	<u>203,080</u>	<u>92,727</u>
	<u>24,347,314</u>	<u>59,658</u>	<u>5,191,384</u>	<u>4,349,640</u>

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

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>

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

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>

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A29 Derivative Financial Assets/(Liabilities)

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

BANK/GROUP	As at 30 September 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	1,026,200	11,620	(6,528)	561,345	4,292	(2,955)
Currency swaps						
- one year or less	4,977,496	39,005	(30,832)	5,711,425	24,997	(40,930)
- over one year to three years	32,835	282	-	32,835	293	-
- over three years	31,515	-	(1,106)	31,515	-	(1,185)
Currency spots						
- less than one year	256,340	788	(189)	190,557	254	(309)
Currency options						
- one year or less	163,213	755	(371)	388,046	2,125	(1,344)
DCI Gold						
- one year or less	-	-	-	7,878	32	(107)
	6,487,599	52,450	(39,026)	6,923,601	31,993	(46,830)
Interest rate derivatives						
Interest rate swap	3,045,000	7,208	(3,850)	2,645,000	6,814	(1,988)
- one year or less	1,735,000	4,111	(946)	250,000	160	-
- over one year to three years	850,000	2,396	(737)	2,135,000	5,178	(520)
- over three years	460,000	701	(2,167)	260,000	1,476	(1,468)
Equity related derivatives						
- one year or less	49,988	-	(118)	57,582	870	(870)
- over one year to three years	27,740	-	(400)	-	-	-
Hedging Derivatives						
Interest rate swap						
- over three years	612,456	-	(15,967)	538,376	-	(15,186)
Total derivatives assets/(liabilities)	10,222,783	59,658	(59,361)	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.

ALLIANCE BANK MALAYSIA BERHAD

(88103-W)

(Incorporated in Malaysia)

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.

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A30 Segment information (contd.)

Group	Consumer Banking	Business Banking	Financial Markets	Investment Banking	Others	Total Operations	Inter-segment Elimination	Total
2nd Quarter ended 30 September 2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income								
- External income	109,873	82,234	29,912	1,833	12	223,864	(3,557)	220,307
- inter-segment	(20,543)	6,843	15,105	(1,405)	-	-	-	-
	89,330	89,077	45,017	428	12	223,864	(3,557)	220,307
Net income from Islamic banking business	19,737	16,368	11,606	-	-	47,711	6,208	53,919
Other operating income	29,956	42,622	12,682	8,216	4,279	97,755	(4,297)	93,458
Net income	139,023	148,067	69,305	8,644	4,291	369,330	(1,646)	367,684
Other operating expenses	(67,169)	(55,662)	(12,944)	(12,148)	(5,511)	(153,434)	1,819	(151,615)
Depreciation and amortisation	(5,290)	(3,179)	(919)	(137)	-	(9,525)	-	(9,525)
Operating profit/(loss)	66,564	89,226	55,442	(3,641)	(1,220)	206,371	173	206,544
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(14,665)	19,722	899	632	-	6,588	-	6,588
Write-back of impairment	-	-	833	-	-	833	-	833
Segment result	51,899	108,948	57,174	(3,009)	(1,220)	213,792	173	213,965
Share of results of associates								2
Share of profit of joint venture accounted for using the equity method								6
Taxation and zakat								(54,091)
Net profit after taxation and zakat								159,882
Segment assets	20,608,063	13,259,908	18,084,940	233,591	13,446	52,199,948	(1,838,764)	50,361,184
Reconciliation of segment assets to consolidated assets:								
Investments in associates								505
Investments in joint venture								400
Property, plant and equipment								93,606
Unallocated assets								15,563
Intangible assets								353,979
Total assets								50,825,237
Segment Liabilities	18,629,654	15,974,004	12,848,115	84,113	14,995	47,550,881	(1,019,179)	46,531,702
Unallocated liabilities								11,571
Total liabilities								46,543,273

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

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
Six months ended 30 September 2014								
Net interest income								
- External income	194,356	160,182	68,264	3,543	16	426,361	(6,821)	419,540
- inter-segment	(31,431)	8,866	25,190	(2,625)	-	-	-	-
	162,925	169,048	93,454	918	16	426,361	(6,821)	419,540
Net income from Islamic banking business	39,965	32,536	21,293	-	-	93,794	13,799	107,593
Other operating income	58,514	79,860	24,455	13,782	10,810	187,421	(10,720)	176,701
Net income	261,404	281,444	139,202	14,700	10,826	707,576	(3,742)	703,834
Other operating expenses	(130,390)	(108,272)	(24,524)	(22,099)	(22,805)*	(308,090)	4,978	(303,112)
Depreciation and amortisation	(10,512)	(6,490)	(1,840)	(290)	-	(19,132)	-	(19,132)
Operating profit/(loss)	120,502	166,682	112,838	(7,689)	(11,979)	380,354	1,236	381,590
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(29,064)	32,559	659	682	-	4,836	-	4,836
Write-back of impairment	-	-	833	-	-	833	-	833
Segment result	91,438	199,241	114,330	(7,007)	(11,979)	386,023	1,236	387,259
Share of results of associates								4
Share of profit of joint venture accounted for using the equity method								6
Taxation and zakat								(96,273)
Net profit after taxation and zakat								290,996
Segment assets	20,608,063	13,259,908	18,084,940	233,591	13,446	52,199,948	(1,838,764)	50,361,184
Reconciliation of segment assets to consolidated assets:								
Investments in associates								505
Investments in joint ventures								400
Property, plant and equipment								93,606
Unallocated assets								15,563
Intangible assets								353,979
Total assets								50,825,237
Segment Liabilities	18,629,654	15,974,004	12,848,115	84,113	14,995	47,550,881	(1,019,179)	46,531,702
Unallocated liabilities								11,571
Total liabilities								46,543,273

* Includes rationalisation cost of RM10,648,000.

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A30 Segment information (contd.)

<u>Group</u> 2nd Quarter ended 30 September 2013	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Investment Banking RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
Net interest income								
- External income	80,018	71,039	42,145	1,753	22	194,977	(3,282)	191,695
- inter-segment	(33)	7,513	(6,460)	(1,020)	-	-	-	-
	79,985	78,552	35,685	733	22	194,977	(3,282)	191,695
Net income from Islamic banking business	21,601	15,382	7,441	-	-	44,424	7,328	51,752
Other operating income	25,505	34,870	5,182	4,929	5,075	75,561	(5,178)	70,383
Net income	127,091	128,804	48,308	5,662	5,097	314,962	(1,132)	313,830
Other operating expenses	(65,979)	(49,357)	(9,852)	(7,189)	(3,625)	(136,002)	2,588	(133,414)
Depreciation and amortisation	(5,312)	(3,469)	(1,514)	(129)	-	(10,424)	-	(10,424)
Operating profit/(loss)	55,800	75,978	36,942	(1,656)	1,472	168,536	1,456	169,992
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(2,564)	7,761	(285)	(80)	-	4,832	-	4,832
Write-back of impairment	-	622	280	-	-	902	-	902
Segment result	53,236	84,361	36,937	(1,736)	1,472	174,270	1,456	175,726
Share of results of associates								3
Taxation and zakat								(44,858)
Net profit after taxation and zakat								130,871
Segment assets	17,734,697	11,545,751	17,700,275	201,968	10,256	47,192,947	(1,729,587)	45,463,360
Reconciliation of segment assets to consolidated assets:								
Investments in associates								503
Property, plant and equipment								72,993
Unallocated assets								12,814
Intangible assets								353,421
Total assets								45,903,091
Segment Liabilities	17,321,875	14,269,651	11,072,309	87,325	6,995	42,758,155	(900,972)	41,857,183
Unallocated liabilities								20,269
Total liabilities								41,877,452

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

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
Six months ended 30 September 2013								
Net interest income								
- External income	146,813	145,720	85,945	3,314	96	381,888	(5,952)	375,936
- inter-segment	5,995	12,973	(16,833)	(2,135)	-	-	-	-
	152,808	158,693	69,112	1,179	96	381,888	(5,952)	375,936
Net income from Islamic banking business	44,566	31,220	14,989	-	-	90,775	14,834	105,609
Other operating income	84,062	69,911	31,733	13,182	9,248	208,136	(11,896)	196,240
Net income	281,436	259,824	115,834	14,361	9,344	680,799	(3,014)	677,785
Other operating expenses	(130,172)	(100,302)	(21,576)	(13,631)	(34,943)*	(300,624)	4,423	(296,201)
Depreciation and amortisation	(10,954)	(7,186)	(3,107)	(280)	-	(21,527)	-	(21,527)
Operating profit/(loss)	140,310	152,336	91,151	450	(25,599)	358,648	1,409	360,057
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(10,810)	9,932	(240)	(64)	-	(1,182)	-	(1,182)
Write-back of impairment	-	622	280	-	-	902	-	902
Segment result	129,500	162,890	91,191	386	(25,599)	358,368	1,409	359,777
Share of results of associates								6
Taxation and zakat								(91,016)
Net profit after taxation and zakat								268,767
Segment assets	17,734,697	11,545,751	17,700,275	201,968	10,256	47,192,947	(1,729,587)	45,463,360
Reconciliation of segment assets to consolidated assets:								
Investments in associates								503
Property, plant and equipment								72,993
Unallocated assets								12,814
Intangible assets								353,421
Total assets								45,903,091
Segment Liabilities	17,321,875	14,269,651	11,072,309	87,325	6,995	42,758,155	(900,972)	41,857,183
Unallocated liabilities								20,269
Total liabilities								41,877,452

* Includes rationalisation cost of RM22,328,000.

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

(Incorporated in Malaysia)

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 September 2014	31 March 2014	30 September 2014	31 March 2014
<u>Before deducting proposed dividends</u>				
CET I capital ratio	10.807%	10.987%	10.633%	10.908%
Tier I capital ratio	11.973%	12.235%	11.611%	11.961%
Total capital ratio	12.009%	12.295%	13.694%	14.201%
<u>After deducting proposed dividends</u>				
CET I capital ratio	10.203%	10.361%	10.126%	10.379%
Tier I capital ratio	11.370%	11.609%	11.105%	11.433%
Total capital ratio	11.406%	11.670%	13.188%	13.673%

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

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 September 2014 RM'000	31 March 2014 RM'000	30 September 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	1,957,034	1,840,384	2,080,493	1,957,952
Statutory reserves	601,561	601,561	938,861	929,055
Revaluation reserves	14,299	(7,546)	38,739	7,071
Other reserves	-	-	10,018	10,018
	3,370,928	3,232,433	3,866,145	3,702,130
Less: Regulatory adjustment				
- Goodwill and other intangibles	(239,154)	(238,665)	(353,979)	(353,256)
- Deferred tax assets	-	(18,036)	(13,330)	(32,343)
- 55% of revaluation reserve	(7,864)	-	(21,306)	(3,889)
- Investment in subsidiaries, associates and joint venture	(158,610)	(158,610)	(905)	(824)
Total CET I capital	2,965,300	2,817,122	3,476,625	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	3,285,300	3,137,122	3,796,625	3,631,818
<u>Tier II Capital</u>				
Subordinated obligations	479,300	479,082	479,300	479,082
Collective assessment allowance	165,121	170,942	205,238	204,226
Less: Regulatory adjustment				
- Investment in subsidiaries and associates	(634,440)	(634,440)	(3,620)	(3,297)
Total Tier II capital	9,981	15,584	680,918	680,011
Total Capital	3,295,281	3,152,706	4,477,543	4,311,829

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

(Incorporated in Malaysia)

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 September 2014		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	12.592%	87.372%
Tier I capital ratio	12.592%	87.372%
Total capital ratio	13.376%	87.372%
<u>After deducting proposed dividends</u>		
CET I capital ratio	12.173%	86.043%
Tier I capital ratio	12.173%	86.043%
Total capital ratio	12.957%	86.043%
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 September 2014 RM'000	31 March 2014 RM'000	30 September 2014 RM'000	31 March 2014 RM'000
Credit risk	25,048,163	23,283,157	29,798,621	27,484,255
Market risk	161,650	201,614	161,650	201,614
Operational risk	2,229,715	2,156,708	2,736,878	2,676,791
Total RWA and capital requirements	<u>27,439,528</u>	<u>25,641,479</u>	<u>32,697,149</u>	<u>30,362,660</u>

ALLIANCE BANK MALAYSIA BERHAD

(88103-W)

(Incorporated in Malaysia)

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:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Bank and the Group recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. This includes listed equities and corporate debt securities which are actively traded.

(ii) Financial instruments in Level 2

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

(iii) Financial instruments in Level 3

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

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

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A32 Fair Value Measurements (contd.)

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

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

<u>BANK</u> 30 September 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	-	7,872,758	94,389	7,967,147
Derivative financial assets	-	59,658	-	59,658

<u>Liabilities</u>				
Derivative financial liabilities	-	59,361	-	59,361

<u>GROUP</u> 30 September 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	-	10,096,045	140,224	10,236,269
Derivative financial assets	-	59,658	-	59,658

<u>Liabilities</u>				
Derivative financial liabilities	-	59,361	-	59,361

<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

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
(Incorporated in Malaysia)

A32 Fair Value Measurements (contd.)

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

Reconciliation of movements in Level 3 financial instruments:

	<u>BANK</u>		<u>GROUP</u>	
	30 September	31 March	30 September	31 March
	2014	2014	2014	2014
	RM'000	RM'000	RM'000	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	11,224	12,509	11,224	12,509
- Other comprehensive (expense)/income				
(i) Revaluation reserves	(2,868)	3,853	1,978	6,922
Disposal/redemption	(14,089)	(15,712)	(14,089)	(15,712)
At end of period/year	<u>94,389</u>	<u>100,122</u>	<u>140,224</u>	<u>141,111</u>

The Bank's and the Group's exposure to financial instruments measured using unobservable inputs (level 3) constitutes a small component of the Bank's and the Group's portfolio of financial instruments. Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets and liabilities of level 3 of the fair value hierarchy.

A33 Credit Transactions And Exposures With Connected Parties

	<u>BANK</u>	
	30 September	31 March
	2014	2014
	RM'000	RM'000
Outstanding credit exposures with connected parties	<u>106,325</u>	<u>215,386</u>
of which:		
Total credit exposure which is impaired or in default	<u>-</u>	<u>-</u>
Total credit exposures	<u>39,369,658</u>	<u>37,936,456</u>
Percentage of outstanding credit exposures to connected parties		
- as a proportion of total credit exposures	<u>0.27%</u>	<u>0.57%</u>
- which is impaired or in default	<u>0.00%</u>	<u>0.00%</u>

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

(Incorporated in Malaysia)

A34 COMPARATIVES

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

(i) <u>Statements of Comprehensive Income</u> <u>for the 2nd Quarter ended 30 September 2013</u>	<u>BANK</u>		As restated RM'000
	As previously stated RM'000	Restatement RM'000	
Fee and commission income	-	60,959	60,959
Fee and commission expense	-	(22,136)	(22,136)
Investment income	-	29,685	29,685
Other income	-	13,023	13,023
Other operating income	81,531	(81,531)	-
Other operating income (restated)	81,531	-	81,531

Statements of Comprehensive Income
for the financial period ended 30 September 2013

Fee and commission income	-	155,069	155,069
Fee and commission expense	-	(43,515)	(43,515)
Investment income	-	53,233	53,233
Other income	-	33,807	33,807
Other operating income	198,594	(198,594)	-
Other operating income (restated)	198,594	-	198,594

(ii) <u>Statements of Comprehensive Income</u> <u>for the 2nd Quarter ended 30 September 2013</u>	<u>GROUP</u>		As restated RM'000
	As previously stated RM'000	Restatement RM'000	
Fee and commission income	-	69,816	69,816
Fee and commission expense	-	(26,337)	(26,337)
Investment income	-	13,684	13,684
Other income	-	13,220	13,220
Other operating income	70,383	(70,383)	-
Other operating income (restated)	70,383	-	70,383

Statements of Comprehensive Income
for the financial period ended 30 September 2013

Fee and commission income	-	176,718	176,718
Fee and commission expense	-	(52,170)	(52,170)
Investment income	-	39,700	39,700
Other income	-	31,992	31,992
Other operating income	196,240	(196,240)	-
Other operating income (restated)	196,240	-	196,240

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. The restatement has been reflected in audited Annual 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)

PART B - Review of Performance & Current Year Prospect

B1 Review of Performance

The Group recorded net profit after taxation and zakat of RM291.0 million for the 6 months period ended 30 September 2014, an increase of RM22.2 million or 8.3% over the corresponding period last year.

Net interest income grew by RM43.6 million or 11.6% driven by year-on-year loans growth of 14.9% to RM34.4 billion as at 30 September 2014. Other operating income (non-interest income) decreased by RM19.5 million or 10% due to a one-off sign-on fee of RM30 million from a bancassurance arrangement recognized last year. Other operating expenses increased slightly by RM4.5 million or 1.4% on higher marketing spend. Allowance for losses on loans, advances and financing recorded a net write-back of RM4.8 million.

Total deposits from customers registered a growth of 11.0% to RM40.8 billion as at 30 September 2014 compared to a year ago, with CASA deposits increasing by RM2.1 billion or 16.7% to RM14.3 billion. CASA ratio remains strong at 35.1%.

The Group's total capital ratio remained strong at 13.2%, with Common Equity Tier 1 ratio of 10.1% as at 30 September 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. Please refer to Note A30 on Segment Information for the composition of each business segment.

Consumer Banking's profit before taxation of RM91.4 million for the 6 months ended 30 September 2014 was RM38.1 million or 29.4% lower compared to the corresponding period last year. This was mainly due to a non-recurring sign-on fee income received last year from a bancassurance arrangement. Segment assets increased by RM2.9 billion or 16.2% year-on-year to RM20.6 billion as at 30 September 2014.

Business Banking's profit before taxation of RM199.2 million for the 6 months ended 30 September 2014 was RM36.4 million or 22.3% higher compared to the corresponding period last year, mainly due to higher revenue and higher write-back of allowance for impaired loans of RM22.6 million. Segment assets increased by RM1.7 billion or 14.8% year-on-year to RM13.3 billion as at 30 September 2014.

Financial Markets' profit before taxation of RM114.3 million for the 6 months ended 30 September 2014 was RM23.1 million or 25.4% higher compared to the corresponding period last year due to higher net interest income.

Investment Banking covers stockbroking activities and corporate advisory. It incurred a loss of RM7.0 million for the 6 months ended 30 September 2014, mainly attributed to higher operating expenses.

ALLIANCE BANK MALAYSIA BERHAD

(88103-W)

(Incorporated in Malaysia)

B2 Current Year Prospect

With the Malaysian economy expecting to register a gross domestic product (“GDP”) growth in the range of 5.5% to 6.0% 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 capabilities in the capital markets and corporate banking activities.

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