

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

(Incorporated in Malaysia)

**Condensed Interim Financial Statements**

**Unaudited Statements of Financial Position as at 31 December 2014**

	Note	<u>BANK</u>		<u>GROUP</u>	
		31 December 2014 RM'000	31 March 2014 RM'000	31 December 2014 RM'000	31 March 2014 RM'000
<b>ASSETS</b>					
Cash and short-term funds		1,688,971	1,842,996	1,843,464	2,129,759
Deposits and placements with banks and other financial institutions		338,834	655,305	374,303	655,305
Balances due from clients and brokers	A12	-	-	106,971	76,265
Financial assets held-for-trading	A13	5,070	110,172	5,070	110,172
Financial investments available-for-sale	A14	7,865,527	7,538,607	9,881,570	9,738,760
Financial investments held-to-maturity	A15	716,059	710,730	1,320,647	1,320,122
Derivative financial assets	A29	170,799	39,677	170,799	39,677
Loans, advances and financing	A16	29,002,710	26,582,780	35,288,797	31,818,991
Other assets	A17	74,469	138,429	74,139	94,337
Tax recoverable		8,311	-	12,280	52
Statutory deposits with Bank Negara Malaysia		1,365,000	1,291,950	1,679,794	1,584,144
Investments in subsidiaries		792,820	792,820	-	-
Investments in associates		230	230	507	501
Investments in joint venture		-	-	408	-
Property, plant and equipment		93,469	90,432	95,235	92,214
Deferred tax assets		5,443	18,036	19,575	32,343
Intangible assets		242,242	238,665	356,978	353,256
<b>TOTAL ASSETS</b>		<b>42,369,954</b>	<b>40,050,829</b>	<b>51,230,537</b>	<b>48,045,898</b>
<b>LIABILITIES AND EQUITY</b>					
Deposits from customers	A18	34,597,899	32,908,978	41,562,166	39,256,033
Deposits and placements of banks and other financial institutions	A19	2,623,802	2,070,046	3,796,502	3,059,357
Balances due to clients and brokers	A20	-	-	78,239	44,834
Derivative financial liabilities	A29	87,624	64,874	87,624	64,874
Amount due to Cagamas Berhad		7,316	14,014	7,316	14,014
Other liabilities	A21	715,966	722,234	871,843	857,348
Provision for taxation and zakat		-	8,155	1,666	10,811
Deferred tax liabilities		-	-	6,971	5,367
Subordinated obligations		605,962	612,718	605,962	612,718
<b>TOTAL LIABILITIES</b>		<b>38,638,569</b>	<b>36,401,019</b>	<b>47,018,289</b>	<b>43,925,356</b>
Share capital		796,517	600,517	796,517	600,517
Reserves		2,934,868	3,049,293	3,415,731	3,520,025
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNER OF THE PARENT</b>		<b>3,731,385</b>	<b>3,649,810</b>	<b>4,212,248</b>	<b>4,120,542</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>42,369,954</b>	<b>40,050,829</b>	<b>51,230,537</b>	<b>48,045,898</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	A28	<b>24,222,195</b>	<b>22,346,627</b>	<b>26,278,291</b>	<b>24,146,075</b>

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 31 December 2014**

	Note	3rd Quarter Ended		Nine Months Ended	
		31 December	31 December	31 December	31 December
		2014	2013	2014	2013
<b>BANK</b>		RM'000	RM'000	RM'000	RM'000
Interest income	A22	445,596	396,068	1,295,377	1,137,325
Interest expense	A23	(235,674)	(199,705)	(672,589)	(572,807)
Net interest income		209,922	196,363	622,788	564,518
Fee and commission income	A25	64,388	62,538	204,553	217,607
Fee and commission expense	A25	(24,626)	(22,447)	(70,538)	(65,962)
Investment income	A25	44,987	42,617	122,569	95,850
Other income	A25	16,317	7,915	26,161	41,722
Other operating income	A25	101,066	90,623	282,745	289,217
Net income		310,988	286,986	905,533	853,735
Other operating expenses	A26	(116,597)	(111,368)	(362,333)	(358,443)
Operating profit before allowance (Allowance for)/write-back of losses on loans, advances and financing and other losses	A27	194,391	175,618	543,200	495,292
Write-back of impairment		(23,141)	(3,984)	(14,193)	808
Profit before taxation		-	-	575	622
Taxation		171,250	171,634	529,582	496,722
Net profit after taxation		(35,562)	(40,014)	(118,362)	(121,680)
		135,688	131,620	411,220	375,042
<b>Other comprehensive expense:</b>					
<b>Items that may be reclassified subsequently to profit and loss:</b>					
Revaluation reserve on financial investments available-for-sale					
- Net (loss)/gain from change in fair value		(31,581)	(62,278)	1,740	(118,591)
- Transfer from/(to) deferred tax		7,580	15,570	(3,896)	29,648
Other comprehensive expense, net of tax		(24,001)	(46,708)	(2,156)	(88,943)
<b>Total comprehensive income for the period</b>		<b>111,687</b>	<b>84,912</b>	<b>409,064</b>	<b>286,099</b>
Earnings per share attributable to owner of the parent					
- Basic (sen)		17.0	22.1	51.6	62.9
- Diluted (sen)		17.0	16.5	51.6	47.1

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.

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**Condensed Interim Financial Statements**

**Unaudited Consolidated Statements of Comprehensive Income**

**for the Financial Period Ended 31 December 2014**

<b>GROUP</b>	Note	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
		<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
		<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	A22	<b>459,113</b>	411,478	<b>1,339,857</b>	1,182,862
Interest expense	A23	<b>(246,697)</b>	(211,803)	<b>(707,901)</b>	(607,251)
Net interest income		<b>212,416</b>	199,675	<b>631,956</b>	575,611
Net income from Islamic banking business	A24	<b>58,279</b>	52,741	<b>165,872</b>	158,350
		<b>270,695</b>	252,416	<b>797,828</b>	733,961
Fee and commission income	A25	<b>74,769</b>	71,512	<b>239,271</b>	248,230
Fee and commission expense	A25	<b>(29,143)</b>	(25,952)	<b>(85,738)</b>	(78,122)
Investment income	A25	<b>15,865</b>	21,663	<b>71,733</b>	61,381
Other income	A25	<b>16,532</b>	8,024	<b>26,845</b>	39,998
Other operating income	A25	<b>78,023</b>	75,247	<b>252,111</b>	271,487
Net income		<b>348,718</b>	327,663	<b>1,049,939</b>	1,005,448
Other operating expenses	A26	<b>(156,240)</b>	(143,228)	<b>(478,484)</b>	(460,956)
Operating profit before allowance		<b>192,478</b>	184,435	<b>571,455</b>	544,492
Allowance for losses on loans, advances and financing and other losses	A27	<b>(26,950)</b>	(3,422)	<b>(22,114)</b>	(4,604)
Write-back of impairment		<b>1,743</b>	-	<b>5,189</b>	902
Operating profit after allowance		<b>167,271</b>	181,013	<b>554,530</b>	540,790
Share of results of associates		<b>3</b>	3	<b>7</b>	9
Share of profit of joint venture accounted for using the equity method		<b>8</b>	-	<b>14</b>	-
Profit before taxation and zakat		<b>167,282</b>	181,016	<b>554,551</b>	540,799
Taxation and zakat		<b>(41,676)</b>	(44,766)	<b>(137,949)</b>	(135,782)
Net profit after taxation and zakat		<b>125,606</b>	136,250	<b>416,602</b>	405,017
<b>Other comprehensive (expense)/income:</b>					
<b>Items that may be reclassified subsequently to profit and loss:</b>					
Revaluation reserve on financial investments available-for-sale					
- Net (loss)/gain from change in fair value		<b>(38,112)</b>	(75,224)	<b>8,419</b>	(142,097)
- Transfer from/(to) deferred tax		<b>9,140</b>	18,806	<b>(5,723)</b>	35,524
Other comprehensive (expense)/income, net of tax		<b>(28,972)</b>	(56,418)	<b>2,696</b>	(106,573)
<b>Total comprehensive income for the period</b>		<b>96,634</b>	79,832	<b>419,298</b>	298,444

**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 31 December 2014 (contd.)**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b><u>GROUP</u></b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit for the period attributable to:				
Owner of the parent	<b><u>125,606</u></b>	<u>136,250</u>	<b><u>416,602</u></b>	<u>405,017</u>
Total comprehensive income for the period attributable to:				
Owner of the parent	<b><u>96,634</u></b>	<u>79,832</u>	<b><u>419,298</u></b>	<u>298,444</u>
Earnings per share attributable to owner of the parent				
- Basic (sen)	<b>15.8</b>	22.8	<b>52.3</b>	67.9
- Diluted (sen)	<b>15.8</b>	17.1	<b>52.3</b>	50.8

*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 31 December 2014**

	← Non-distributable reserves →					Distributable reserves		Total equity
	Ordinary shares	Irredeemable (Non-cumulative) Convertible Preference Shares ("ICPS")	Share premium	Statutory reserve	Revaluation reserves	Equity contribution from parent	Retained profits	
<b><u>BANK</u></b>	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	-	-	-	-	-	-	411,220	411,220
Other comprehensive income	-	-	-	-	(2,156)	-	-	(2,156)
Total comprehensive (expense)/income for the period	-	-	-	-	(2,156)	-	411,220	409,064
Conversion of ICPS and Preference Shares premium *	200,000	(4,000)	(196,000)	-	-	-	-	-
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	5,644	-	5,644
Payment for ESS recharged from parent	-	-	-	-	-	(7,120)	-	(7,120)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	(2,769)	2,769	-
Transfer to retained profits on share options lapsed	-	-	-	-	-	(351)	351	-
Dividends paid	-	-	-	-	-	-	(326,013)	(326,013)
<b>At 31 December 2014</b>	<b>796,517</b>	<b>-</b>	<b>401,517</b>	<b>601,561</b>	<b>(9,702)</b>	<b>12,781</b>	<b>1,928,711</b>	<b>3,731,385</b>
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	-	-	-	-	-	-	375,042	375,042
Other comprehensive expense	-	-	-	-	(88,943)	-	-	(88,943)
Total comprehensive (expense)/income for the period	-	-	-	-	(88,943)	-	375,042	286,099
Share-based payment under ESS	-	-	-	-	-	7,029	-	7,029
Payment for ESS recharged from parent	-	-	-	-	-	(4,241)	-	(4,241)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	(1,084)	1,084	-
Dividends paid	-	-	-	-	-	-	(313,486)	(313,486)
At 31 December 2013	596,517	4,000	597,517	601,561	(3,686)	15,199	1,704,189	3,515,297

\* On 30 December 2014, the Bank has converted 400 million ICPS of RM0.01 each to 200 million ordinary shares of RM1 each at the conversion price of RM2 each after obtained approval from Bank Negara Malaysia.

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 31 December 2014 (contd.)**

	←----- 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		
<b>GROUP</b>	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	-	-	-	-	-	-	-	-	416,602	416,602	-	416,602
Other comprehensive income	-	-	-	-	-	2,696	-	-	-	2,696	-	2,696
Total comprehensive income for the period	-	-	-	-	-	2,696	-	-	416,602	419,298	-	419,298
Conversion of ICPS and Preference Shares premium *	200,000	(4,000)	(196,000)	-	-	-	-	-	-	-	-	-
Share-based payment under ESS	-	-	-	-	-	-	5,820	-	-	5,820	-	5,820
Payment for ESS recharged from parent	-	-	-	-	-	-	(7,399)	-	-	(7,399)	-	(7,399)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	(3,018)	-	3,018	-	-	-
Transfer to retained profits on share options lapsed	-	-	-	-	-	-	(363)	-	363	-	-	-
Transfer to statutory reserve	-	-	-	9,806	-	-	-	-	(9,806)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	(326,013)	(326,013)	-	(326,013)
<b>At 31 December 2014</b>	<b>796,517</b>	<b>-</b>	<b>401,517</b>	<b>938,861</b>	<b>10,018</b>	<b>9,767</b>	<b>13,452</b>	<b>-</b>	<b>2,042,116</b>	<b>4,212,248</b>	<b>-</b>	<b>4,212,248</b>
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	-	-	-	-	-	-	-	-	405,017	405,017	-	405,017
Other comprehensive expense	-	-	-	-	-	(106,573)	-	-	-	(106,573)	-	(106,573)
Total comprehensive (expense)/income for the period	-	-	-	-	-	(106,573)	-	-	405,017	298,444	-	298,444
Share-based payment under ESS	-	-	-	-	-	-	7,675	-	-	7,675	-	7,675
Payment for ESS recharged from parent	-	-	-	-	-	-	(4,530)	-	-	(4,530)	-	(4,530)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	-	(1,187)	-	1,187	-	-	-
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	-	-	-	-	-	-	-	-	(313,486)	(313,486)	-	(313,486)
At 31 December 2013	596,517	4,000	597,517	905,438	10,018	8,824	16,261	-	1,823,313	3,961,888	-	3,961,888

\* On 30 December 2014, the Bank has converted 400 million ICPS of RM0.01 each to 200 million ordinary shares of RM1 each at the conversion price of RM2 each after obtained approval from Bank Negara Malaysia.

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 31 December 2014**

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
Profit before taxation and zakat	<b>529,582</b>	496,722	<b>554,551</b>	540,799
Adjustments for non-cash items	<b>(370,205)</b>	(268,742)	<b>(330,207)</b>	(242,439)
Operating profit before changes in working capital	<b>159,377</b>	227,980	<b>224,344</b>	298,360
Changes in working capital	<b>177,630</b>	226,012	<b>(166,338)</b>	1,206,497
Taxation and zakat paid	<b>(126,133)</b>	(132,412)	<b>(150,673)</b>	(159,313)
Net cash generated from/(used in) operating activities	<b>210,874</b>	321,580	<b>(92,667)</b>	1,345,544
Net cash (used in)/generated from investing activities	<b>(9,966)</b>	(147,021)	<b>161,305</b>	(908,542)
Net cash used in financing activities	<b>(354,933)</b>	(342,406)	<b>(354,933)</b>	(342,406)
Net changes in cash and cash equivalents	<b>(154,025)</b>	(167,847)	<b>(286,295)</b>	94,596
Cash and cash equivalents at beginning of the year	<b>1,842,996</b>	1,366,655	<b>2,129,759</b>	1,287,734
Cash and cash equivalents at end of the period	<b>1,688,971</b>	1,198,808	<b>1,843,464</b>	1,382,330
Cash and cash equivalents comprise:				
Cash and short-term funds	<b>1,688,971</b>	1,198,808	<b>1,843,464</b>	1,382,330

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 3rd quarter and nine months ended 31 December 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 2018)

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.

**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 3rd quarter and nine months ended 31 December 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 3rd quarter and nine months ended 31 December 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 3rd quarter and nine months ended 31 December 2014.

**A7 Dividend Paid**

a) Ordinary shares

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.

A first interim dividend of 24.4 sen, tax exempt under the single tier tax system on 596,517,043 ordinary shares amounting to approximately RM145,550,000 in respect of financial year ending 31 March 2015 was paid on 26 November 2014.

b) Preference shares

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, was paid on 26 November 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 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 a total of 2,143,600 share grants to employees of the Company and its subsidiaries under the Share Grant Plan who have met the criteria of eligibility for the participation in the ESS.

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 3rd quarter ended 31 December 2014.

**A12 Balances Due From Clients And Brokers**

	<u>GROUP</u>	
	<b>31 December 2014 RM'000</b>	31 March 2014 RM'000
Due from clients	45,968	77,459
Due from brokers	61,854	-
	<u>107,822</u>	<u>77,459</u>
Less:		
Allowance for other losses	(851)	(1,194)
	<u>106,971</u>	<u>76,265</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>	
	<b>31 December 2014 RM'000</b>	31 March 2014 RM'000
Classified as doubtful	166	102
Classified as bad	1,135	1,294
	<u>1,301</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)	(343)	(21)
At end of period/year	<u>851</u>	<u>1,194</u>

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**A13 Financial Assets Held-for-trading**

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2014 RM'000	31 March 2014 RM'000	31 December 2014 RM'000	31 March 2014 RM'000
<b>At fair value</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	-	110,172	-	110,172
<u>Unquoted securities:</u>				
Medium term notes	5,070	-	5,070	-
Total financial assets held-for-trading	<u>5,070</u>	<u>110,172</u>	<u>5,070</u>	<u>110,172</u>

**A14 Financial Investments Available-for-sale**

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2014 RM'000	31 March 2014 RM'000	31 December 2014 RM'000	31 March 2014 RM'000
<b>At fair value</b>				
<u>Money market instruments:</u>				
Bank Negara Malaysia bills	-	-	105,002	-
Malaysian Government securities	2,278,195	2,464,690	2,600,669	2,897,516
Malaysian Government investment certificates	1,869,255	1,763,332	2,778,444	2,575,869
Negotiable instruments of deposits	1,341,232	854,611	1,381,914	861,808
Bankers' acceptances	-	41,649	30,752	361,979
Khazanah bonds	191,804	186,734	191,804	186,734
<u>Quoted securities in Malaysia:</u>				
Shares	20	22	20	22
<u>Unquoted securities:</u>				
Shares	95,840	101,576	143,115	145,505
Debt securities and medium term notes	2,226,337	2,263,149	2,890,726	2,951,962
	<u>8,002,683</u>	<u>7,675,763</u>	<u>10,122,446</u>	<u>9,981,395</u>
Accumulated impairment	(137,156)	(137,156)	(240,876)	(242,635)
Total financial investments available-for-sale	<u>7,865,527</u>	<u>7,538,607</u>	<u>9,881,570</u>	<u>9,738,760</u>

**A15 Financial Investments Held-to-maturity**

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2014 RM'000	31 March 2014 RM'000	31 December 2014 RM'000	31 March 2014 RM'000
<b>At amortised cost</b>				
<u>Money market instruments:</u>				
Malaysian Government securities	581,508	579,703	704,790	702,507
Malaysian Government investment certificates	-	-	423,565	434,574
Khazanah bonds	134,205	130,689	182,328	177,514
<b>At cost</b>				
<u>Unquoted securities:</u>				
Debt securities	3,363	5,339	37,828	39,730
	<u>719,076</u>	<u>715,731</u>	<u>1,348,511</u>	<u>1,354,325</u>
Accumulated impairment	(3,017)	(5,001)	(27,864)	(34,203)
Total financial investments held-to-maturity	<u>716,059</u>	<u>710,730</u>	<u>1,320,647</u>	<u>1,320,122</u>

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**A16 Loans, Advances and Financing**

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2014 RM'000	31 March 2014 RM'000	31 December 2014 RM'000	31 March 2014 RM'000
Overdrafts	1,823,598	1,709,067	2,107,382	1,960,984
Term loans/financing				
- Housing loans/financing	11,377,406	10,273,097	13,915,735	12,576,157
- Syndicated term loans/financing	473,233	417,062	512,465	472,331
- Hire purchase receivables	772,488	815,847	1,503,507	1,219,366
- Other term loans/financing	9,139,856	8,198,082	11,122,108	9,721,105
Bills receivables	207,527	208,385	208,478	208,765
Trust receipts	141,505	132,812	165,829	153,840
Claims on customers under acceptance credits	2,031,939	2,043,043	2,484,301	2,513,103
Staff loans [including loans to Directors of a subsidiary of RM163,000 (31.03.14: RM187,000)]	14,775	18,081	38,107	41,194
Credit/charge card receivables	672,789	601,297	672,789	601,297
Revolving credits	1,174,600	1,009,817	1,365,938	1,169,632
Share margin financing	1,447,493	1,444,926	1,540,496	1,561,622
Gross loans, advances and financing	29,277,209	26,871,516	35,637,135	32,199,396
Add: Sales commissions and handling fees	41,176	45,452	33,558	30,050
Less: Allowance for impairment on loans, advances and financing				
- Individual assessment allowance	(44,196)	(67,281)	(54,487)	(97,159)
- Collective assessment allowance	(271,479)	(266,907)	(327,409)	(313,296)
Total net loans, advances and financing	29,002,710	26,582,780	35,288,797	31,818,991

**A16a** By type of customers:

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2014 RM'000	31 March 2014 RM'000	31 December 2014 RM'000	31 March 2014 RM'000
Domestic non-bank financial institutions	471,838	460,364	499,629	530,796
Domestic business enterprises				
- Small and medium enterprises	5,977,293	5,119,106	7,251,796	5,899,643
- Others	5,504,046	5,349,205	6,452,530	6,283,048
Government and statutory bodies	8,612	9,653	8,612	9,653
Individuals	16,346,590	15,004,115	20,331,038	18,426,080
Other domestic entities	217,107	231,066	217,107	231,066
Foreign entities	751,723	698,007	876,423	819,110
Gross loans, advances and financing	29,277,209	26,871,516	35,637,135	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>	
	31 December 2014 RM'000	31 March 2014 RM'000	31 December 2014 RM'000	31 March 2014 RM'000
Fixed rate				
- Housing loans/financing	9,966	12,749	62,934	70,535
- Hire purchase receivables	764,254	815,847	1,495,274	1,219,366
- Other fixed rate loans/financing	1,372,442	1,329,394	2,162,526	2,038,485
Variable rate				
- Base lending rate plus	21,574,050	19,436,273	25,592,750	22,831,752
- Cost plus	5,400,014	5,103,363	6,155,360	5,850,762
- Other variable rates loans/financing	156,483	173,890	168,291	188,496
Gross loans, advances and financing	<b>29,277,209</b>	<b>26,871,516</b>	<b>35,637,135</b>	<b>32,199,396</b>

**A16c** By economic purposes:

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2014 RM'000	31 March 2014 RM'000	31 December 2014 RM'000	31 March 2014 RM'000
Purchase of securities	1,478,869	1,490,585	1,571,871	1,607,281
Purchase of transport vehicles	642,109	706,781	1,381,220	1,117,797
Purchase of landed property	17,367,116	15,267,197	20,728,889	18,098,160
of which: - Residential	12,256,043	11,090,346	14,748,592	13,337,595
- Non-residential	5,111,073	4,176,851	5,980,297	4,760,565
Purchase of fixed assets excluding land & buildings	186,171	154,871	194,986	155,410
Personal use	1,354,559	1,259,841	2,219,668	2,047,339
Credit card	672,789	601,297	672,789	601,297
Construction	530,695	421,637	544,017	436,317
Mergers and acquisitions	117,687	369,054	117,687	369,151
Working capital	5,392,835	5,447,213	6,383,317	6,379,804
Others	1,534,379	1,153,040	1,822,691	1,386,840
Gross loans, advances and financing	<b>29,277,209</b>	<b>26,871,516</b>	<b>35,637,135</b>	<b>32,199,396</b>

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**A16 Loans, Advances and Financing (contd.)**

**A16d** By geographical distribution:

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2014 RM'000	31 March 2014 RM'000	31 December 2014 RM'000	31 March 2014 RM'000
Northern region	1,955,302	1,837,003	2,337,523	2,152,976
Central region	21,432,969	19,937,557	25,873,904	23,825,877
Southern region	3,094,430	2,700,863	4,084,992	3,389,910
Sabah region	2,184,680	1,982,845	2,611,116	2,346,894
Sarawak region	609,828	413,248	729,600	483,739
Gross loans, advances and financing	<u>29,277,209</u>	<u>26,871,516</u>	<u>35,637,135</u>	<u>32,199,396</u>

**A16e** By maturity structure:

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2014 RM'000	31 March 2014 RM'000	31 December 2014 RM'000	31 March 2014 RM'000
Within one year	7,836,504	7,637,618	8,917,418	8,691,796
One year to three years	633,221	533,551	899,330	764,219
Three years to five years	1,434,218	1,400,758	1,845,296	1,685,425
Over five years	19,373,266	17,299,589	23,975,091	21,057,956
Gross loans, advances and financing	<u>29,277,209</u>	<u>26,871,516</u>	<u>35,637,135</u>	<u>32,199,396</u>

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

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2014 RM'000	31 March 2014 RM'000	31 December 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	442,193	419,962	540,097	555,392
Reclassified as unimpaired during the period/year	(274,304)	(293,999)	(335,882)	(381,732)
Recoveries	(115,507)	(181,176)	(154,405)	(225,534)
Amount written-off	(60,053)	(63,440)	(87,014)	(84,578)
At end of period/year	<u>346,209</u>	<u>353,880</u>	<u>405,577</u>	<u>442,781</u>
Individual allowance for impairment	(44,196)	(67,281)	(54,487)	(97,159)
Collective allowance for impairment (impaired portion)	<u>(94,623)</u>	<u>(95,965)</u>	<u>(107,635)</u>	<u>(109,070)</u>
Net impaired loans, advances and financing	<u>207,390</u>	<u>190,634</u>	<u>243,455</u>	<u>236,552</u>
Gross impaired loans as a percentage of gross loans, advances and financing	<u>1.2%</u>	<u>1.3%</u>	<u>1.1%</u>	<u>1.4%</u>

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

	<b>BANK</b>		<b>GROUP</b>	
	<b>31 December 2014 RM'000</b>	<b>31 March 2014 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 March 2014 RM'000</b>
Purchase of securities	688	3,811	719	5,207
Purchase of transport vehicles	5,152	6,319	8,592	9,765
Purchase of landed property	240,771	220,305	276,285	254,194
of which: - Residential	222,827	196,983	256,373	222,781
- Non-residential	17,944	23,322	19,912	31,413
Purchase of fixed assets excluding land & buildings	-	96	-	96
Personal use	23,080	20,766	33,177	30,263
Credit card	8,487	7,847	8,487	7,847
Construction	5,119	7,225	5,120	7,225
Working capital	46,295	64,793	53,864	92,830
Others	16,617	22,718	19,333	35,354
Gross impaired loans	<b>346,209</b>	<b>353,880</b>	<b>405,577</b>	<b>442,781</b>

**A16h Impaired loans by geographical distribution:**

	<b>BANK</b>		<b>GROUP</b>	
	<b>31 December 2014 RM'000</b>	<b>31 March 2014 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 March 2014 RM'000</b>
Northern region	39,009	53,862	42,233	69,548
Central region	244,326	239,862	291,133	304,328
Southern region	35,729	27,758	42,840	34,124
Sabah region	22,947	29,543	24,938	31,703
Sarawak region	4,198	2,855	4,433	3,078
Gross impaired loans	<b>346,209</b>	<b>353,880</b>	<b>405,577</b>	<b>442,781</b>



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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:

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>31 December</b>	31 March	<b>31 December</b>	31 March
	<b>2014</b>	2014	<b>2014</b>	2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Individual assessment allowance</b>				
At beginning of year	<b>67,281</b>	95,282	<b>97,159</b>	128,471
Allowance made during the period/year (net)	<b>6,143</b>	4,626	<b>638</b>	5,613
Amount written-off	<b>(28,825)</b>	(27,572)	<b>(42,810)</b>	(30,655)
Transfers to collective assessment allowance	<b>(403)</b>	(5,055)	<b>(500)</b>	(6,270)
At end of period/year	<b>44,196</b>	67,281	<b>54,487</b>	97,159

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>31 December</b>	31 March	<b>31 December</b>	31 March
	<b>2014</b>	2014	<b>2014</b>	2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Collective assessment allowance</b>				
At beginning of year	<b>266,907</b>	295,834	<b>313,296</b>	349,203
Allowance made during the period/year (net)	<b>33,995</b>	1,886	<b>55,906</b>	11,746
Amount written-off	<b>(29,826)</b>	(35,868)	<b>(42,293)</b>	(53,923)
Transfers from individual assessment allowance	<b>403</b>	5,055	<b>500</b>	6,270
At end of period/year	<b>271,479</b>	266,907	<b>327,409</b>	313,296

**A17 Other Assets**

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>31 December</b>	31 March	<b>31 December</b>	31 March
	<b>2014</b>	2014	<b>2014</b>	2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Other receivables, deposits and prepayment	<b>91,867</b>	119,303	<b>103,096</b>	122,387
Amount due from subsidiaries and related companies	<b>4,031</b>	39,047	<b>601</b>	2
	<b>95,898</b>	158,350	<b>103,697</b>	122,389
Less:				
Allowance for other losses	<b>(21,429)</b>	(19,921)	<b>(29,558)</b>	(28,052)
	<b>74,469</b>	138,429	<b>74,139</b>	94,337

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**A18 Deposits from Customers**

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2014 RM'000	31 March 2014 RM'000	31 December 2014 RM'000	31 March 2014 RM'000
<b>A18a</b> <u>By type of deposits:</u>				
Demand deposits	10,676,365	9,950,079	12,682,878	11,559,044
Savings deposits	1,439,246	1,451,916	1,740,902	1,763,153
Fixed/investment deposits	16,790,681	15,432,535	19,465,552	18,643,374
Money market deposits	2,005,056	2,238,079	3,091,341	3,224,087
Negotiable instruments of deposits	3,329,911	3,507,778	4,224,853	3,737,784
Structured deposits [Note]	356,640	328,591	356,640	328,591
	<u>34,597,899</u>	<u>32,908,978</u>	<u>41,562,166</u>	<u>39,256,033</u>

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 RM282,112,000 (31.03.14: RM269,952,000) using interest rate swaps.

	<u>BANK/GROUP</u>	
	31 December 2014 RM'000	31 March 2014 RM'000
Structured deposits	282,112	269,952
Fair value changes arising from fair value hedges	(16,598)	(15,186)
	<u>265,514</u>	<u>254,766</u>

The fair value loss of the interest rate swap in this hedge transaction as at financial period ended 31 December 2014 is RM16,598,000 (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>	
	31 December 2014 RM'000	31 March 2014 RM'000	31 December 2014 RM'000	31 March 2014 RM'000
Domestic financial institutions	<b>3,418,046</b>	3,638,352	<b>4,312,988</b>	3,868,358
Government and statutory bodies	<b>1,490,345</b>	1,612,213	<b>2,690,446</b>	3,002,636
Business enterprises	<b>10,780,896</b>	9,937,413	<b>13,174,639</b>	12,226,687
Individuals	<b>16,500,940</b>	16,238,979	<b>17,799,719</b>	17,564,502
Others	<b>2,407,672</b>	1,482,021	<b>3,584,374</b>	2,593,850
	<b><u>34,597,899</u></b>	<u>32,908,978</u>	<b><u>41,562,166</u></b>	<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>	
	31 December 2014 RM'000	31 March 2014 RM'000	31 December 2014 RM'000	31 March 2014 RM'000
Due within six months	<b>17,828,044</b>	16,200,578	<b>22,065,237</b>	20,078,141
Six months to one year	<b>4,239,583</b>	4,912,583	<b>4,658,194</b>	5,458,515
One year to three years	<b>51,313</b>	56,134	<b>51,390</b>	59,470
Three years to five years	<b>6,708</b>	9,097	<b>6,925</b>	9,119
	<b><u>22,125,648</u></b>	<u>21,178,392</u>	<b><u>26,781,746</u></b>	<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>	
	31 December 2014 RM'000	31 March 2014 RM'000	31 December 2014 RM'000	31 March 2014 RM'000
Licensed banks	2,284,836	1,378,558	2,805,083	1,998,196
Licensed Investment banks	-	200,091	-	351,649
Licensed Islamic banks	-	-	550,709	145,017
Bank Negara Malaysia	338,966	391,389	440,710	464,487
Other financial institutions	-	100,008	-	100,008
	<u>2,623,802</u>	<u>2,070,046</u>	<u>3,796,502</u>	<u>3,059,357</u>

**A20 Balances Due To Clients And Brokers**

	<u>GROUP</u>	
	31 December 2014 RM'000	31 March 2014 RM'000
Due to clients	78,239	22,623
Due to brokers	-	22,211
	<u>78,239</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 RM86,007,000 (31.3.14: RM128,020,000) have been excluded accordingly.

**A21 Other Liabilities**

	<u>BANK</u>		<u>GROUP</u>	
	31 December 2014 RM'000	31 March 2014 RM'000	31 December 2014 RM'000	31 March 2014 RM'000
Other payable and accruals	522,650	710,289	838,881	824,419
Remisiers' accounts	-	-	21,632	20,950
Finance lease liabilities	10,824	11,650	10,824	11,650
Amount due to subsidiaries	182,092	115	-	-
Amount due to holding company	400	180	506	329
	<u>715,966</u>	<u>722,234</u>	<u>871,843</u>	<u>857,348</u>

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**A22 Interest Income**

	3rd Quarter Ended		Nine Months Ended	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b><u>BANK</u></b>				
Loans, advances and financing	<b>342,386</b>	298,924	<b>980,646</b>	852,899
Money at call and deposit placements with financial institutions	<b>5,242</b>	1,484	<b>22,590</b>	9,674
Financial assets held-for-trading	<b>11</b>	-	<b>225</b>	906
Financial investments available-for-sale	<b>74,263</b>	76,407	<b>222,058</b>	207,537
Financial investments held-to-maturity	<b>5,500</b>	5,101	<b>16,421</b>	10,364
Others	<b>2,383</b>	1,127	<b>7,300</b>	1,958
	<b>429,785</b>	383,043	<b>1,249,240</b>	1,083,338
Accretion of discount less amortisation of premium	<b>15,811</b>	13,025	<b>46,137</b>	53,987
	<b>445,596</b>	396,068	<b>1,295,377</b>	1,137,325
<b><u>GROUP</u></b>				
Loans, advances and financing	<b>349,769</b>	305,762	<b>1,002,368</b>	876,212
Money at call and deposit placements with financial institutions	<b>4,496</b>	726	<b>21,132</b>	6,487
Financial assets held-for-trading	<b>11</b>	-	<b>225</b>	906
Financial investments available-for-sale	<b>78,172</b>	82,511	<b>236,861</b>	223,013
Financial investments held-to-maturity	<b>6,772</b>	6,241	<b>20,223</b>	13,172
Others	<b>2,384</b>	1,127	<b>7,301</b>	1,959
	<b>441,604</b>	396,367	<b>1,288,110</b>	1,121,749
Accretion of discount less amortisation of premium	<b>17,509</b>	15,111	<b>51,747</b>	61,113
	<b>459,113</b>	411,478	<b>1,339,857</b>	1,182,862

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**A23 Interest Expense**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2014 RM'000</b>	31 December 2013 RM'000	<b>31 December 2014 RM'000</b>	31 December 2013 RM'000
<b><u>BANK</u></b>				
Deposits and placements of banks and other financial institutions	13,759	12,942	43,886	30,497
Deposits from customers	209,721	176,563	594,160	513,930
Subordinated obligations	7,392	7,385	22,164	22,145
Others	4,802	2,815	12,379	6,235
	<b>235,674</b>	199,705	<b>672,589</b>	572,807
<b><u>GROUP</u></b>				
Deposits and placements of banks and other financial institutions	19,028	18,132	61,446	44,344
Deposits from customers	215,475	183,471	611,912	534,527
Subordinated obligations	7,392	7,385	22,164	22,145
Others	4,802	2,815	12,379	6,235
	<b>246,697</b>	211,803	<b>707,901</b>	607,251

**A24 Net Income from Islamic Banking Business**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December 2014 RM'000</b>	31 December 2013 RM'000	<b>31 December 2014 RM'000</b>	31 December 2013 RM'000
<b><u>GROUP</u></b>				
Income derived from investment of depositors' funds and others	96,604	77,669	265,449	226,997
Income derived from investment of Islamic Banking funds	8,629	7,968	24,896	23,872
Income attributable to depositors and financial institutions	(53,815)	(40,392)	(145,133)	(114,849)
	<b>51,418</b>	45,245	<b>145,212</b>	136,020
Add: Income due to head office eliminated at Group level	6,861	7,496	20,660	22,330
	<b>58,279</b>	52,741	<b>165,872</b>	158,350

**A25 Other Operating Income**

	3rd Quarter Ended		Nine Months Ended	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b><u>BANK</u></b>				
(a) <u>Fee and commission income:</u>				
Commissions	19,108	18,236	59,619	62,096
Service charges and fees	8,439	7,953	23,757	22,579
Guarantee fees	3,668	3,560	9,899	8,763
Processing fees	1,965	2,737	10,852	7,799
Commitment fees	3,883	3,715	11,458	11,005
Other fee income	27,325	26,337	88,968	105,365
	<u>64,388</u>	<u>62,538</u>	<u>204,553</u>	<u>217,607</u>
(b) <u>Fee and commission expense:</u>				
Commissions expense	(504)	(324)	(1,650)	(1,088)
Guarantee fees expense	(225)	(91)	(731)	(349)
Brokerage fees expense	(3)	-	(5)	-
Other fee expense	(23,894)	(22,032)	(68,152)	(64,525)
	<u>(24,626)</u>	<u>(22,447)</u>	<u>(70,538)</u>	<u>(65,962)</u>
(c) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	17	-	7	(863)
- Financial investments available-for-sale	351	3,619	14,752	18,066
- Financial investments held-to-maturity	-	567	-	3,564
Unrealised gain/(loss) from revaluation of:				
- Financial assets held-for-trading	18	-	42	(104)
- Derivative instruments	84,725	2,019	112,461	2,378
Realised (loss)/gain on derivative instruments	(69,695)	14,387	(59,548)	30,773
Gross dividend income from:				
- Financial investments available-for-sale	168	150	1,959	4,016
- Subsidiaries	29,403	21,875	52,896	38,020
	<u>44,987</u>	<u>42,617</u>	<u>122,569</u>	<u>95,850</u>
(d) <u>Other income:</u>				
Foreign exchange gain	8,019	2,580	6,256	24,224
Rental income	75	98	275	296
Gain on disposal of property, plant and equipment	-	223	1	224
Gain from disposal of a subsidiary	-	-	-	3,361
Others	8,223	5,014	19,629	13,617
	<u>16,317</u>	<u>7,915</u>	<u>26,161</u>	<u>41,722</u>
Total other operating income	<u>101,066</u>	<u>90,623</u>	<u>282,745</u>	<u>289,217</u>

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**A25 Other Operating Income (contd.)**

<b>GROUP</b>	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(a) <u>Fee income:</u>				
Commissions	<b>19,108</b>	18,236	<b>59,619</b>	61,546
Service charges and fees	<b>8,625</b>	8,126	<b>24,438</b>	23,191
Portfolio management fees	<b>8</b>	9	<b>24</b>	26
Corporate advisory fees	<b>90</b>	58	<b>455</b>	1,313
Brokerage fees	<b>9,558</b>	7,160	<b>30,939</b>	24,213
Guarantee fees	<b>3,672</b>	3,560	<b>10,168</b>	9,032
Processing fees	<b>2,284</b>	3,782	<b>12,635</b>	11,578
Commitment fees	<b>3,889</b>	3,721	<b>11,477</b>	11,023
Underwriting commissions	<b>210</b>	511	<b>526</b>	913
Other fee income	<b>27,325</b>	26,349	<b>88,990</b>	105,395
	<b>74,769</b>	71,512	<b>239,271</b>	248,230
(b) <u>Fee and commission expense:</u>				
Commissions expense	<b>(504)</b>	(324)	<b>(1,650)</b>	(1,088)
Guarantee fees expense	<b>(225)</b>	(91)	<b>(731)</b>	(349)
Brokerage fees expense	<b>(4,520)</b>	(3,505)	<b>(15,205)</b>	(12,160)
Other fee expense	<b>(23,894)</b>	(22,032)	<b>(68,152)</b>	(64,525)
	<b>(29,143)</b>	(25,952)	<b>(85,738)</b>	(78,122)
(c) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	<b>17</b>	-	<b>7</b>	(863)
- Financial investments available-for-sale	<b>512</b>	4,456	<b>16,592</b>	20,953
- Financial investments held-to-maturity	<b>-</b>	567	<b>-</b>	3,742
Unrealised gain/(loss) from revaluation of:				
- Financial assets held-for-trading	<b>18</b>	(6)	<b>42</b>	(118)
- Derivative instruments	<b>84,725</b>	2,019	<b>112,461</b>	2,378
Realised (loss)/gain on derivative instruments	<b>(69,695)</b>	14,387	<b>(59,548)</b>	30,773
Gross dividend income from:				
- Financial investments available-for-sale	<b>288</b>	240	<b>2,179</b>	4,516
	<b>15,865</b>	21,663	<b>71,733</b>	61,381
(d) <u>Other income :</u>				
Foreign exchange gain	<b>8,078</b>	2,642	<b>6,521</b>	24,403
Gain on disposal of property, plant and equipment	<b>-</b>	223	<b>1</b>	226
Gain from disposal of a subsidiary	<b>-</b>	-	<b>-</b>	1,169
Others	<b>8,454</b>	5,159	<b>20,323</b>	14,200
	<b>16,532</b>	8,024	<b>26,845</b>	39,998
Total other operating income	<b>78,023</b>	75,247	<b>252,111</b>	271,487



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**A26 Other Operating Expenses**

	3rd Quarter Ended		Nine Months Ended	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b><u>BANK</u></b>				
Personnel costs				
- Salaries, allowances and bonuses	<b>53,738</b>	52,453	<b>162,227</b>	156,668
- Contribution to EPF	<b>9,190</b>	9,018	<b>28,154</b>	26,952
- Share options/grants under ESS	<b>(301)</b>	2,702	<b>5,644</b>	7,029
- Others	<b>7,036</b>	3,712	<b>30,593</b>	36,940
	<b>69,663</b>	67,885	<b>226,618</b>	227,589
Establishment costs				
- Depreciation of property, plant and equipment	<b>5,217</b>	4,895	<b>15,194</b>	15,758
- Amortisation of computer software	<b>4,443</b>	4,550	<b>13,254</b>	14,813
- Rental of premises	<b>5,255</b>	5,404	<b>15,800</b>	16,199
- Water and electricity	<b>1,593</b>	1,430	<b>5,220</b>	4,094
- Repairs and maintenance	<b>2,256</b>	1,971	<b>6,292</b>	6,076
- Information technology expenses	<b>7,991</b>	8,148	<b>20,777</b>	25,295
- Others	<b>1,278</b>	1,584	<b>3,935</b>	3,113
	<b>28,033</b>	27,982	<b>80,472</b>	85,348
Marketing expenses				
- Promotion and advertisement	<b>587</b>	1,436	<b>1,403</b>	2,843
- Branding and publicity	<b>4,247</b>	2,548	<b>10,999</b>	5,262
- Others	<b>1,197</b>	1,455	<b>3,507</b>	3,343
	<b>6,031</b>	5,439	<b>15,909</b>	11,448
Administration and general expenses				
- Communication expenses	<b>2,601</b>	2,205	<b>7,925</b>	6,312
- Printing and stationery	<b>903</b>	749	<b>2,439</b>	2,401
- Insurance	<b>2,353</b>	2,100	<b>6,907</b>	6,039
- Professional fees	<b>3,416</b>	2,608	<b>10,366</b>	11,291
- Others	<b>3,597</b>	2,400	<b>11,697</b>	8,015
	<b>12,870</b>	10,062	<b>39,334</b>	34,058
Total other operating expenses	<b>116,597</b>	111,368	<b>362,333</b>	358,443

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**A26 Other Operating Expenses (contd.)**

	3rd Quarter Ended		Nine Months Ended	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b>GROUP</b>				
Personnel costs				
- Salaries, allowances and bonuses	73,696	70,922	220,661	213,932
- Contribution to EPF	12,368	12,078	37,584	36,420
- Share options/grants under ESS	(344)	2,929	5,820	7,675
- Others	10,231	5,649	39,385	42,498
	<u>95,951</u>	<u>91,578</u>	<u>303,450</u>	<u>300,525</u>
Establishment costs				
- Depreciation of property, plant and equipment	5,319	5,056	15,520	16,184
- Amortisation of computer software	4,513	4,607	13,444	15,006
- Rental of premises	6,998	6,930	20,914	21,039
- Water and electricity	2,276	1,851	7,112	5,520
- Repairs and maintenance	2,940	2,511	8,296	7,949
- Information technology expenses	10,848	9,762	29,353	31,482
- Others	4,029	3,771	12,162	10,348
	<u>36,923</u>	<u>34,488</u>	<u>106,801</u>	<u>107,528</u>
Marketing expenses				
- Promotion and advertisement	1,508	1,837	4,497	4,729
- Branding and publicity	4,508	2,626	11,521	5,448
- Others	2,094	1,281	6,078	3,824
	<u>8,110</u>	<u>5,744</u>	<u>22,096</u>	<u>14,001</u>
Administration and general expenses				
- Communication expenses	3,539	2,909	10,636	8,663
- Printing and stationery	1,136	920	3,023	2,966
- Insurance	2,549	2,228	7,448	6,446
- Professional fees	4,884	3,509	14,548	14,012
- Others	3,148	1,852	10,482	6,815
	<u>15,256</u>	<u>11,418</u>	<u>46,137</u>	<u>38,902</u>
Total other operating expenses	<u>156,240</u>	<u>143,228</u>	<u>478,484</u>	<u>460,956</u>

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

	3rd Quarter Ended		Nine Months Ended	
	31 December 2014 RM'000	31 December 2013 RM'000	31 December 2014 RM'000	31 December 2013 RM'000
<b><u>BANK</u></b>				
Allowance for/(write-back of) impaired loans and financing:				
(a) Individual assessment allowance				
- made during the period (net)	<b>2,906</b>	1,426	<b>6,143</b>	1,291
(b) Collective assessment allowance				
- made during the period (net)	<b>21,825</b>	6,075	<b>33,995</b>	9,381
(c) Bad debts on loans and financing				
- Recovered	<b>(5,211)</b>	(6,775)	<b>(36,832)</b>	(27,220)
- Written-off	<b>3,043</b>	2,578	<b>9,379</b>	13,360
	<b>22,563</b>	3,304	<b>12,685</b>	(3,188)
Allowance for other assets	<b>578</b>	680	<b>1,508</b>	2,380
	<b>23,141</b>	3,984	<b>14,193</b>	(808)
<b><u>GROUP</u></b>				
Allowance for/(write-back of) impaired loans and financing:				
(a) Individual assessment allowance				
- made during the period (net)	<b>2,996</b>	2,071	<b>638</b>	5,140
(b) Collective assessment allowance				
- made during the period (net)	<b>28,645</b>	8,550	<b>55,906</b>	15,132
(c) Bad debts on loans and financing				
- Recovered	<b>(9,327)</b>	(12,279)	<b>(48,575)</b>	(37,769)
- Written-off	<b>3,997</b>	4,347	<b>12,983</b>	19,201
	<b>26,311</b>	2,689	<b>20,952</b>	1,704
Allowance for other assets	<b>639</b>	733	<b>1,162</b>	2,900
	<b>26,950</b>	3,422	<b>22,114</b>	4,604

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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:

	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk- Weighted Assets RM'000</b>
<b>Bank</b>				
<b>31 December 2014</b>				
<u>Credit-related exposures</u>				
Direct credit substitutes	722,835	-	722,835	722,835
Transaction-related contingent items	577,302	-	288,651	288,651
Short-term self-liquidating trade-related contingencies	222,038	-	44,408	44,408
Irrevocable commitments to extend credit:				
- maturity exceeding one year	3,802,646	-	1,901,323	1,516,178
- maturity not exceeding one year	5,501,737	-	1,100,347	988,140
unutilised credit card lines	1,445,740	-	289,148	227,333
	<u>12,272,298</u>	<u>-</u>	<u>4,346,712</u>	<u>3,787,545</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	8,257,071	163,357	236,699	114,821
- over one year to three years	32,835	-	2,955	591
- over three years	31,515	-	3,467	1,733
Interest rate related contracts:				
- one year or less	1,985,000	4,597	8,884	3,192
- over one year to three years	750,000	1,463	12,463	3,445
- over three years	841,022	770	31,858	8,349
Equity related contracts				
- one year or less	30,754	453	2,298	1,149
- over one year to three years	21,700	159	1,895	947
	<u>11,949,897</u>	<u>170,799</u>	<u>300,519</u>	<u>134,227</u>
	<u>24,222,195</u>	<u>170,799</u>	<u>4,647,231</u>	<u>3,921,772</u>

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**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.):

	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk- Weighted Assets RM'000</b>
<b>Group</b>				
<b>31 December 2014</b>				
<u>Credit-related exposures</u>				
Direct credit substitutes	773,449	-	773,449	773,449
Transaction-related contingent items	633,529	-	316,765	316,765
Short-term self-liquidating trade-related contingencies	252,134	-	50,427	50,427
Irrevocable commitments to extend credit:				
- maturity exceeding one year	4,420,352	-	2,210,176	1,783,640
- maturity not exceeding one year	6,803,190	-	1,360,638	1,165,499
unutilised credit card lines	1,445,740	-	289,148	227,333
	<u>14,328,394</u>	<u>-</u>	<u>5,000,603</u>	<u>4,317,113</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	8,257,071	163,357	236,699	114,821
- over one year to three years	32,835	-	2,955	591
- over three years	31,515	-	3,467	1,733
Interest rate related contracts:				
- one year or less	1,985,000	4,597	8,884	3,192
- over one year to three years	750,000	1,463	12,463	3,445
- over three years	841,022	770	31,858	8,349
Equity related contracts				
- one year or less	30,754	453	2,298	1,149
- over one year to three years	21,700	159	1,895	947
	<u>11,949,897</u>	<u>170,799</u>	<u>300,519</u>	<u>134,227</u>
	<u>26,278,291</u>	<u>170,799</u>	<u>5,301,122</u>	<u>4,451,340</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.):

	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk- Weighted Assets RM'000</b>
<b><u>Bank</u></b>				
<b>31 March 2014</b>				
<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.):

	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk- Weighted Assets RM'000</b>
<b>Group</b>				
<b>31 March 2014</b>				
<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:

<b><u>BANK/GROUP</u></b>	<b>As at 31 December 2014</b>			<b>As at 31 March 2014</b>		
	<b>Principal RM'000</b>	<b>Fair value</b>		<b>Principal RM'000</b>	<b>Fair value</b>	
		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
Foreign exchange and commodity contracts						
Currency forwards						
- one year or less	<b>980,008</b>	<b>46,402</b>	<b>(2,711)</b>	561,345	4,292	(2,955)
Currency swaps						
- one year or less	<b>6,957,926</b>	<b>116,181</b>	<b>(57,663)</b>	5,711,425	24,997	(40,930)
- over one year to three years	<b>32,835</b>	-	<b>(2,033)</b>	32,835	293	-
- over three years	<b>31,515</b>	-	<b>(3,493)</b>	31,515	-	(1,185)
Currency spots						
- less than one year	<b>233,254</b>	<b>177</b>	<b>(333)</b>	190,557	254	(309)
Currency options						
- one year or less	<b>85,883</b>	<b>597</b>	<b>(204)</b>	388,046	2,125	(1,344)
DCI Gold						
- one year or less	-	-	-	7,878	32	(107)
	<b>8,321,421</b>	<b>163,357</b>	<b>(66,437)</b>	6,923,601	31,993	(46,830)
Interest rate derivatives						
Interest rate swap	<b>3,295,000</b>	<b>6,830</b>	<b>(3,255)</b>	2,645,000	6,814	(1,988)
- one year or less	<b>1,985,000</b>	<b>4,597</b>	<b>(979)</b>	250,000	160	-
- over one year to three years	<b>750,000</b>	<b>1,463</b>	<b>(1,298)</b>	2,135,000	5,178	(520)
- over three years	<b>560,000</b>	<b>770</b>	<b>(978)</b>	260,000	1,476	(1,468)
Equity related derivatives						
- one year or less	<b>30,754</b>	<b>453</b>	<b>(1,334)</b>	57,582	870	(870)
- over one year to three years	<b>21,700</b>	<b>159</b>	-	-	-	-
<b>Hedging Derivatives</b>						
Interest rate swap						
- over three years	<b>281,022</b>	-	<b>(16,598)</b>	538,376	-	(15,186)
<b>Total derivatives assets/(liabilities)</b>	<b>11,949,897</b>	<b>170,799</b>	<b>(87,624)</b>	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.



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**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.)**

<b>Group</b>	Consumer Banking	Business Banking	Financial Markets	Investment Banking	Others	Total Operations	Inter-segment Elimination	Total
<b>3rd Quarter ended 31 December 2014</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income								
- External income	107,473	77,276	29,046	1,825	18	215,638	(3,222)	212,416
- inter-segment	(25,702)	13,441	13,531	(1,270)	-	-	-	-
	81,771	90,717	42,577	555	18	215,638	(3,222)	212,416
Net income from Islamic banking business	21,894	18,344	11,179	-	-	51,417	6,862	58,279
Other operating income	23,542	40,266	8,147	6,015	11,100	89,070	(11,047)	78,023
Net income	127,207	149,327	61,903	6,570	11,118	356,125	(7,407)	348,718
Other operating expenses	(68,151)	(52,056)	(11,697)	(10,467)	(5,960)	(148,331)	1,923	(146,408)
Depreciation and amortisation	(5,469)	(3,302)	(932)	(129)	-	(9,832)	-	(9,832)
Operating profit/(loss)	53,587	93,969	49,274	(4,026)	5,158	197,962	(5,484)	192,478
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(10,022)	(16,413)	(649)	134	-	(26,950)	-	(26,950)
Write-back of impairment	-	1,743	-	-	-	1,743	-	1,743
Segment result	43,565	79,299	48,625	(3,892)	5,158	172,755	(5,484)	167,271
Share of results of associates								3
Share of profit of joint venture accounted for using the equity method								8
Taxation and zakat								(41,676)
Net profit after taxation and zakat								125,606
Segment assets	21,213,323	13,873,326	17,541,398	196,569	17,287	52,841,903	(2,096,349)	50,745,554
Reconciliation of segment assets to consolidated assets:								
Investments in associates								507
Investments in joint venture								408
Property, plant and equipment								95,235
Unallocated assets								31,855
Intangible assets								356,978
Total assets								51,230,537
Segment Liabilities	19,130,814	16,643,658	12,390,604	102,723	13,785	48,281,584	(1,271,932)	47,009,652
Unallocated liabilities								8,637
Total liabilities								47,018,289

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**A30 Segment information (contd.)**

<b>Group</b>	Consumer Banking	Business Banking	Financial Markets	Investment Banking	Others	Total Operations	Inter-segment Elimination	Total
<b>Nine months ended 31 December 2014</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income								
- External income	301,829	237,458	97,310	5,368	34	641,999	(10,043)	631,956
- inter-segment	(57,133)	22,307	38,721	(3,895)	-	-	-	-
	244,696	259,765	136,031	1,473	34	641,999	(10,043)	631,956
Net income from Islamic banking business	61,859	50,880	32,472	-	-	145,211	20,661	165,872
Other operating income	82,056	117,513	32,602	19,797	21,910	273,878	(21,767)	252,111
Net income	388,611	428,158	201,105	21,270	21,944	1,061,088	(11,149)	1,049,939
Other operating expenses	(198,541)	(160,328)	(36,221)	(32,566)	(28,765)*	(456,421)	6,901	(449,520)
Depreciation and amortisation	(15,981)	(9,792)	(2,772)	(419)	-	(28,964)	-	(28,964)
Operating profit/(loss)	174,089	258,038	162,112	(11,715)	(6,821)	575,703	(4,248)	571,455
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(39,086)	16,146	10	816	-	(22,114)	-	(22,114)
Write-back of impairment	-	4,356	833	-	-	5,189	-	5,189
Segment result	135,003	278,540	162,955	(10,899)	(6,821)	558,778	(4,248)	554,530
Share of results of associates								7
Share of profit of joint venture accounted for using the equity method								14
Taxation and zakat								(137,949)
Net profit after taxation and zakat								416,602
Segment assets	21,213,323	13,873,326	17,541,398	196,569	17,287	52,841,903	(2,096,349)	50,745,554
Reconciliation of segment assets to consolidated assets:								
Investments in associates								507
Investments in joint ventures								408
Property, plant and equipment								95,235
Unallocated assets								31,855
Intangible assets								356,978
Total assets								51,230,537
Segment Liabilities	19,130,814	16,643,658	12,390,604	102,723	13,785	48,281,584	(1,271,932)	47,009,652
Unallocated liabilities								8,637
Total liabilities								47,018,289

\* Includes rationalisation cost of RM10,648,000.

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**A30 Segment information (contd.)**

<b>Group</b>	<b>Consumer Banking</b>	<b>Business Banking</b>	<b>Financial Markets</b>	<b>Investment Banking</b>	<b>Others</b>	<b>Total Operations</b>	<b>Inter-segment Elimination</b>	<b>Total</b>
<b>3rd Quarter ended 31 December 2013</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net interest income								
- External income	80,383	82,678	39,485	1,730	22	204,298	(4,623)	199,675
- inter-segment	(6,723)	8,347	(617)	(1,007)	-	-	-	-
	<u>73,660</u>	<u>91,025</u>	<u>38,868</u>	<u>723</u>	<u>22</u>	<u>204,298</u>	<u>(4,623)</u>	<u>199,675</u>
Net income from Islamic banking business	20,280	15,773	9,192	-	-	45,245	7,496	52,741
Other operating income	23,592	35,446	10,688	5,532	3,728	78,986	(3,739)	75,247
Net income	<u>117,532</u>	<u>142,244</u>	<u>58,748</u>	<u>6,255</u>	<u>3,750</u>	<u>328,529</u>	<u>(866)</u>	<u>327,663</u>
Other operating expenses	(62,138)	(50,353)	(11,391)	(5,439)	(6,565)	(135,886)	2,321	(133,565)
Depreciation and amortisation	(5,058)	(3,402)	(1,037)	(166)	-	(9,663)	-	(9,663)
Operating profit/(loss)	<u>50,336</u>	<u>88,489</u>	<u>46,320</u>	<u>650</u>	<u>(2,815)</u>	<u>182,980</u>	<u>1,455</u>	<u>184,435</u>
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(14,904)	11,294	151	37	-	(3,422)	-	(3,422)
Segment result	<u>35,432</u>	<u>99,783</u>	<u>46,471</u>	<u>687</u>	<u>(2,815)</u>	<u>179,558</u>	<u>1,455</u>	<u>181,013</u>
Share of results of associates								3
Taxation and zakat								(44,766)
Net profit after taxation and zakat								<u>136,250</u>
Segment assets	<u>18,427,515</u>	<u>11,571,319</u>	<u>17,422,753</u>	<u>131,890</u>	<u>9,489</u>	<u>47,562,966</u>	<u>(1,702,759)</u>	<u>45,860,207</u>
Reconciliation of segment assets to consolidated assets:								
Investments in associates								506
Property, plant and equipment								74,530
Unallocated assets								25,218
Intangible assets								354,512
Total assets								<u>46,314,973</u>
Segment Liabilities	<u>17,720,745</u>	<u>14,418,461</u>	<u>11,022,142</u>	<u>57,165</u>	<u>8,972</u>	<u>43,227,485</u>	<u>(880,124)</u>	<u>42,347,361</u>
Unallocated liabilities								5,724
Total liabilities								<u>42,353,085</u>

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**A30 Segment information (contd.)**

<b>Group</b>	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
<b>Group</b>								
<b>Nine months ended 31 December 2013</b>								
Net interest income								
- External income	227,196	228,398	125,430	5,044	118	586,186	(10,575)	575,611
- inter-segment	(1,755)	20,466	(15,569)	(3,142)	-	-	-	-
	225,441	248,864	109,861	1,902	118	586,186	(10,575)	575,611
Net income from Islamic banking business	64,723	46,707	24,590	-	-	136,020	22,330	158,350
Other operating income	107,654	105,357	42,421	18,714	12,976	287,122	(15,635)	271,487
Net income	397,818	400,928	176,872	20,616	13,094	1,009,328	(3,880)	1,005,448
Other operating expenses	(192,310)	(150,655)	(32,967)	(19,070)	(41,508)*	(436,510)	6,744	(429,766)
Depreciation and amortisation	(16,012)	(10,588)	(4,144)	(446)	-	(31,190)	-	(31,190)
Operating profit/(loss)	189,496	239,685	139,761	1,100	(28,414)	541,628	2,864	544,492
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(25,714)	21,226	(89)	(27)	-	(4,604)	-	(4,604)
Write-back of impairment	-	622	280	-	-	902	-	902
Segment result	163,782	261,533	139,952	1,073	(28,414)	537,926	2,864	540,790
Share of results of associates								9
Taxation and zakat								(135,782)
Net profit after taxation and zakat								405,017
Segment assets	18,427,515	11,571,319	17,422,753	131,890	9,489	47,562,966	(1,702,759)	45,860,207
Reconciliation of segment assets to consolidated assets:								
Investments in associates								506
Property, plant and equipment								74,530
Unallocated assets								25,218
Intangible assets								354,512
Total assets								46,314,973
Segment Liabilities	17,720,745	14,418,461	11,022,142	57,165	8,972	43,227,485	(880,124)	42,347,361
Unallocated liabilities								5,724
Total liabilities								42,353,085

\* 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><b>BANK</b></u>		<u><b>GROUP</b></u>	
	<b>31 December 2014</b>	31 March 2014	<b>31 December 2014</b>	31 March 2014
<u>Before deducting proposed dividends</u>				
CET I capital ratio	<b>11.216%</b>	10.987%	<b>10.865%</b>	10.908%
Tier I capital ratio	<b>11.216%</b>	12.235%	<b>10.865%</b>	11.961%
Total capital ratio	<b>11.293%</b>	12.295%	<b>12.914%</b>	14.201%
<u>After deducting proposed dividends</u>				
CET I capital ratio	<b>11.216%</b>	10.361%	<b>10.865%</b>	10.379%
Tier I capital ratio	<b>11.216%</b>	11.609%	<b>10.865%</b>	11.433%
Total capital ratio	<b>11.293%</b>	11.670%	<b>12.914%</b>	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:

	<b>BANK</b>		<b>GROUP</b>	
	<b>31 December</b>	31 March	<b>31 December</b>	31 March
	<b>2014</b>	2014	<b>2014</b>	2014
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b><u>CET I Capital</u></b>				
Paid-up share capital	<b>796,517</b>	596,517	<b>796,517</b>	596,517
Share premium	<b>401,517</b>	201,517	<b>401,517</b>	201,517
Retained profits	<b>1,791,484</b>	1,840,384	<b>1,914,943</b>	1,957,952
Statutory reserves	<b>601,561</b>	601,561	<b>938,861</b>	929,055
Revaluation reserves	<b>(9,702)</b>	(7,546)	<b>9,767</b>	7,071
Other reserves	-	-	<b>10,018</b>	10,018
	<b>3,581,377</b>	3,232,433	<b>4,071,623</b>	3,702,130
Less: Regulatory adjustment				
- Goodwill and other intangibles	<b>(242,242)</b>	(238,665)	<b>(356,978)</b>	(353,256)
- Deferred tax assets	<b>(5,443)</b>	(18,036)	<b>(19,575)</b>	(32,343)
- 55% of revaluation reserve	-	-	<b>(5,372)</b>	(3,889)
- Investment in subsidiaries, associates and joint venture	<b>(158,610)</b>	(158,610)	<b>(907)</b>	(824)
Total CET I capital	<b>3,175,082</b>	2,817,122	<b>3,688,791</b>	3,311,818
<b><u>Tier I Capital</u></b>				
ICPS	-	3,200	-	3,200
Share premium	-	316,800	-	316,800
Total additional Tier I capital	-	320,000	-	320,000
Total Tier I capital	<b>3,175,082</b>	3,137,122	<b>3,688,791</b>	3,631,818
<b><u>Tier II Capital</u></b>				
Subordinated obligations	<b>479,382</b>	479,082	<b>479,382</b>	479,082
Collective assessment allowance	<b>176,856</b>	170,942	<b>219,774</b>	204,226
Less: Regulatory adjustment				
- Investment in subsidiaries and associates	<b>(634,440)</b>	(634,440)	<b>(3,628)</b>	(3,297)
Total Tier II capital	<b>21,798</b>	15,584	<b>695,528</b>	680,011
<b>Total Capital</b>	<b>3,196,880</b>	3,152,706	<b>4,384,319</b>	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
<b>31 December 2014</b>		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	<b>11.093%</b>	<b>96.306%</b>
Tier I capital ratio	<b>11.093%</b>	<b>96.306%</b>
Total capital ratio	<b>11.860%</b>	<b>96.306%</b>
<u>After deducting proposed dividends</u>		
CET I capital ratio	<b>11.093%</b>	<b>96.306%</b>
Tier I capital ratio	<b>11.093%</b>	<b>96.306%</b>
Total capital ratio	<b>11.860%</b>	<b>96.306%</b>
<b>31 March 2014</b>		
<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:

	<b><u>BANK</u></b>		<b><u>GROUP</u></b>	
	<b>31 December 2014 RM'000</b>	31 March 2014 RM'000	<b>31 December 2014 RM'000</b>	31 March 2014 RM'000
Credit risk	<b>25,850,328</b>	23,283,157	<b>30,988,273</b>	27,484,255
Market risk	<b>190,442</b>	201,614	<b>190,442</b>	201,614
Operational risk	<b>2,268,946</b>	2,156,708	<b>2,771,569</b>	2,676,791
Total RWA and capital requirements	<b><u>28,309,716</u></b>	<u>25,641,479</u>	<b><u>33,950,284</u></b>	<u>30,362,660</u>

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**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.

**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>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 December 2014	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	5,070	-	5,070
Financial investments available-for-sale	-	7,771,142	94,385	7,865,527
Derivative financial assets	-	170,799	-	170,799

<u>Liabilities</u>				
Derivative financial liabilities	-	87,624	-	87,624

<u>GROUP</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 December 2014	RM'000	RM'000	RM'000	RM'000

<u>Assets</u>				
Financial assets held-for-trading	-	5,070	-	5,070
Financial investments available-for-sale	-	9,741,350	140,220	9,881,570
Derivative financial assets	-	170,799	-	170,799

<u>Liabilities</u>				
Derivative financial liabilities	-	87,624	-	87,624

<u>BANK</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 March 2014	RM'000	RM'000	RM'000	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>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 March 2014	RM'000	RM'000	RM'000	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

**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>	
	31 December	31 March	31 December	31 March
	2014	2014	2014	2014
	RM'000	RM'000	RM'000	RM'000
At beginning of year	<b>100,122</b>	99,472	<b>141,111</b>	137,392
Total gains recognised in:				
- Statement of comprehensive income				
(i) Gain arising from sales financial investments available-for-sales	<b>11,224</b>	12,509	<b>11,224</b>	12,509
- Other comprehensive (expense)/income				
(i) Revaluation reserves	<b>(2,872)</b>	3,853	<b>1,974</b>	6,922
Disposal/redemption	<b>(14,089)</b>	(15,712)	<b>(14,089)</b>	(15,712)
At end of period/year	<b>94,385</b>	100,122	<b>140,220</b>	141,111

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.

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**A33 COMPARATIVES**

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

(i) <u>Statements of Comprehensive Income</u> <u>for the 3rd Quarter ended 31 December 2013</u>	As previously	<u>BANK</u>	As
	stated	Restatement	restated
	RM'000	RM'000	RM'000
Fee and commission income	-	62,538	62,538
Fee and commission expense	-	(22,447)	(22,447)
Investment income	-	42,617	42,617
Other income	-	7,915	7,915
Other operating income	90,623	(90,623)	-
Other operating income (restated)	<u>90,623</u>	<u>-</u>	<u>90,623</u>

Statements of Comprehensive Income  
for the financial period ended 31 December 2013

Fee and commission income	-	217,607	217,607
Fee and commission expense	-	(65,962)	(65,962)
Investment income	-	95,850	95,850
Other income	-	41,722	41,722
Other operating income	289,217	(289,217)	-
Other operating income (restated)	<u>289,217</u>	<u>-</u>	<u>289,217</u>

(ii) <u>Statements of Comprehensive Income</u> <u>for the 3rd Quarter ended 31 December 2013</u>	As previously	<u>GROUP</u>	As
	stated	Restatement	restated
	RM'000	RM'000	RM'000
Fee and commission income	-	71,512	71,512
Fee and commission expense	-	(25,952)	(25,952)
Investment income	-	21,663	21,663
Other income	-	8,024	8,024
Other operating income	75,247	(75,247)	-
Other operating income (restated)	<u>75,247</u>	<u>-</u>	<u>75,247</u>

Statements of Comprehensive Income  
for the financial period ended 31 December 2013

Fee and commission income	-	248,230	248,230
Fee and commission expense	-	(78,122)	(78,122)
Investment income	-	61,381	61,381
Other income	-	39,998	39,998
Other operating income	271,487	(271,487)	-
Other operating income (restated)	<u>271,487</u>	<u>-</u>	<u>271,487</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. The restatement has been reflected in audited Annual Financial Statements of the Bank and the Group for the financial year ended 31 March 2014.

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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 RM416.6 million for the 9 months ended 31 December 2014, an increase of RM11.6 million or 2.9% over the corresponding period last year.

Net interest income grew by RM56.4 million or 9.8% driven by year-on-year loans growth of 16.3% to RM35.6 billion as at 31 December 2014. Other operating income (non-interest income) decreased by RM19.4 million or 7.1% due mainly to a one-off sign-on fee of RM30.0 million from a bancassurance arrangement recognized last year. Other operating expenses increased by RM17.5 million or 3.8% on higher marketing and administrative expenses. Allowance for losses on loans, advances and financing recorded an increase of RM17.5 million to RM22.1 million.

Total deposits from customers registered a growth of 5.9% to RM41.6 billion as at 31 December 2014 compared to 31 March 2014, with CASA deposits increasing by RM1.1 billion or 8.3% to RM14.4 billion. CASA ratio remains strong at 34.7%.

The Group's total capital ratio remained sound at 12.9%, with Common Equity Tier 1 ratio of 10.9% as at 31 December 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 RM135.0 million for the 9 months ended 31 December 2014 was RM28.8 million or 17.6% 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 RM2.8 billion or 15.1% year-on-year to RM21.2 billion as at 31 December 2014.

Business Banking's profit before taxation of RM278.5 million for the 9 months ended 31 December 2014 was RM17.0 million or 6.5% higher compared to the corresponding period last year, mainly due to higher net interest income and other operating income by RM27.2 million. Segment assets increased by RM2.3 billion or 19.9% year-on-year to RM13.9 billion as at 31 December 2014.

Financial Markets' profit before taxation of RM163.0 million for the 9 months ended 31 December 2014 was RM23.0 million or 16.4% 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 RM10.9 million for the 9 months ended 31 December 2014, mainly attributed to higher operating expenses.

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**B2 Current Year Prospect**

The Group will continue to generate sustainable revenue from Consumer Banking, Transactional Banking and Business Banking.

The Group expects continued loans growth in Consumer Banking, driven mainly by mortgage lending and personal loans.

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.

Investment Banking's priority will be to expand its research business to provide greater depth in equities research coverage, as well as 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.