

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements
Unaudited Statements of Financial Position as at 30 June 2015

	Note	BANK		GROUP	
		30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
ASSETS					
Cash and short-term funds		1,130,626	2,443,337	1,637,329	2,690,353
Deposits and placements with banks and other financial institutions		179,713	298,167	184,713	298,167
Balances due from clients and brokers	A12	-	-	95,607	102,743
Financial assets held-for-trading	A13	95,941	10,037	95,941	10,037
Financial investments available-for-sale	A14	7,593,458	7,882,199	9,484,372	9,753,856
Financial investments held-to-maturity	A15	718,074	714,915	1,322,825	1,319,035
Derivative financial assets	A29	113,877	132,460	113,877	132,460
Loans, advances and financing	A16	30,118,107	29,853,853	36,984,420	36,566,032
Other assets	A17	120,483	95,839	111,956	89,592
Tax recoverable		31,896	20,186	42,763	27,017
Statutory deposits with Bank Negara Malaysia		1,407,870	1,344,000	1,752,546	1,675,326
Investments in subsidiaries		792,820	792,820	-	-
Investment in associate		230	230	513	511
Investment in joint venture		-	-	513	410
Property, plant and equipment		93,257	95,458	95,023	97,343
Deferred tax assets		-	-	12,606	12,020
Intangible assets		247,680	244,522	363,071	359,935
TOTAL ASSETS		42,644,032	43,928,023	52,298,075	53,134,837
LIABILITIES AND EQUITY					
Deposits from customers	A18	35,773,175	36,856,167	43,991,105	44,723,429
Deposits and placements of banks and other financial institutions	A19	1,442,117	928,495	2,108,649	1,489,775
Balances due to clients and brokers	A20	-	-	61,467	62,833
Bills and acceptances payable		34,369	801,578	34,369	801,578
Derivative financial liabilities	A29	143,148	115,224	143,148	115,224
Amount due to Cagamas Berhad		6,747	7,003	6,747	7,003
Other liabilities	A21	728,015	746,890	901,113	933,572
Provision for taxation and zakat		-	-	131	1,946
Deferred tax liabilities		9,826	3,241	19,846	13,041
Subordinated obligations		606,161	613,267	606,161	613,267
TOTAL LIABILITIES		38,743,558	40,071,865	47,872,736	48,761,668
Share capital		796,517	796,517	796,517	796,517
Reserves		3,103,957	3,059,641	3,628,822	3,576,652
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNER OF THE PARENT		3,900,474	3,856,158	4,425,339	4,373,169
TOTAL LIABILITIES AND EQUITY		42,644,032	43,928,023	52,298,075	53,134,837
COMMITMENTS AND CONTINGENCIES	A28	20,817,444	20,691,697	22,874,769	22,745,783

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 2015.

ALLIANCE BANK MALAYSIA BERHAD

(88103-W)

(Incorporated in Malaysia)

**Condensed Interim Financial Statements
Unaudited Statements of Comprehensive Income
for the Financial Period Ended 30 June 2015**

	Note	1st Quarter Ended		Three Months Ended	
		30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
BANK					
Interest income	A22	453,608	406,636	453,608	406,636
Interest expense	A23	(247,993)	(211,883)	(247,993)	(211,883)
Net interest income		205,615	194,753	205,615	194,753
Fee and commission income	A25	60,004	63,959	60,004	63,959
Fee and commission expense	A25	(23,595)	(22,908)	(23,595)	(22,908)
Investment income	A25	29,397	56,049	29,397	56,049
Other income	A25	10,884	3,138	10,884	3,138
Other operating income	A25	76,690	100,238	76,690	100,238
Net income		282,305	294,991	282,305	294,991
Other operating expenses	A26	(130,027)	(124,229)	(130,027)	(124,229)
Operating profit before allowance		152,278	170,762	152,278	170,762
Allowance for losses on loans, advances and financing and other receivables	A27	(5,252)	(196)	(5,252)	(196)
Write-back of impairment on securities		466	-	466	-
Profit before taxation		147,492	170,566	147,492	170,566
Taxation		(34,450)	(35,472)	(34,450)	(35,472)
Net profit for the financial period		113,042	135,094	113,042	135,094
Other comprehensive (expense)/income:					
Items that may be reclassified subsequently to profit and loss:					
Revaluation reserve on financial investments available-for-sale					
- Net (loss)/gain from change in fair value		(845)	12,666	(845)	12,666
- Realised gain transferred to statement of income on disposal and impairment		(957)	(6,396)	(957)	(6,396)
- Transfer from/(to) deferred tax		433	(3,027)	433	(3,027)
Other comprehensive (expense)/income, net of tax		(1,369)	3,243	(1,369)	3,243
Total comprehensive income for the period		111,673	138,337	111,673	138,337
Earnings per share attributable to owner of the parent					
- Basic (sen)		14.2	22.6	14.2	22.6
- Diluted (sen)		14.2	17.0	14.2	17.0

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 2015.

ALLIANCE BANK MALAYSIA BERHAD

(88103-W)

(Incorporated in Malaysia)

Condensed Interim Financial Statements

Unaudited Consolidated Statements of Comprehensive Income

for the Financial Period Ended 30 June 2015

GROUP	Note	1st Quarter Ended		Three Months Ended	
		30 June	30 June	30 June	30 June
		2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Interest income	A22	463,718	423,485	463,718	423,485
Interest expense	A23	(257,032)	(224,252)	(257,032)	(224,252)
Net interest income		206,686	199,233	206,686	199,233
Net income from Islamic banking business	A24	58,552	53,674	58,552	53,674
		265,238	252,907	265,238	252,907
Fee and commission income	A25	70,436	74,385	70,436	74,385
Fee and commission expense	A25	(27,789)	(27,677)	(27,789)	(27,677)
Investment income	A25	24,264	33,136	24,264	33,136
Other income	A25	11,110	3,399	11,110	3,399
Other operating income	A25	78,021	83,243	78,021	83,243
Net income		343,259	336,150	343,259	336,150
Other operating expenses	A26	(167,202)	(161,104)	(167,202)	(161,104)
Operating profit before allowance		176,057	175,046	176,057	175,046
Allowance for losses on loans, advances and financing and other receivables	A27	(17,114)	(1,752)	(17,114)	(1,752)
Write-back of impairment on securities		676	-	676	-
Operating profit after allowance		159,619	173,294	159,619	173,294
Share of results of associate		2	2	2	2
Share of profit of equity accounted, net of tax joint venture		103	-	103	-
Profit before taxation and zakat		159,724	173,296	159,724	173,296
Taxation and zakat		(38,446)	(42,182)	(38,446)	(42,182)
Net profit for the financial period		121,278	131,114	121,278	131,114
Other comprehensive (expense)/income:					
Items that may be reclassified subsequently to profit or loss:					
Revaluation reserve on financial investments available-for-sale					
- Net (loss)/gain from change in fair value		(965)	17,055	(965)	17,055
- Realised gain transferred to statement of income on disposal and impairment		(1,318)	(6,976)	(1,318)	(6,976)
- Transfer from/(to) deferred tax		548	(3,980)	548	(3,980)
Other comprehensive (expense)/income, net of tax		(1,735)	6,099	(1,735)	6,099
Total comprehensive income for the period		119,543	137,213	119,543	137,213

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

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Consolidated Statements of Comprehensive Income****for the Financial Period Ended 30 June 2015 (contd.)**

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
<u>GROUP</u>	RM'000	RM'000	RM'000	RM'000
Net profit for the period attributable to:				
Owner of the parent	<u>121,278</u>	<u>131,114</u>	<u>121,278</u>	<u>131,114</u>
Total comprehensive income for the period attributable to:				
Owner of the parent	<u>119,543</u>	<u>137,213</u>	<u>119,543</u>	<u>137,213</u>
Earnings per share attributable to owner of the parent				
- Basic (sen)	15.2	22.0	15.2	22.0
- Diluted (sen)	15.2	16.5	15.2	16.5

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 2015.

ALLIANCE BANK MALAYSIA BERHAD
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Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity for the Financial Period Ended 30 June 2015

	← 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	
<u>BANK</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2015	796,517	-	401,517	722,368	43,838	10,731	1,881,187	3,856,158
Net profit after taxation	-	-	-	-	-	-	113,042	113,042
Other comprehensive expense	-	-	-	-	(1,369)	-	-	(1,369)
Total comprehensive (expense)/income for the period	-	-	-	-	(1,369)	-	113,042	111,673
Share-based payment under Employees' Share Scheme ("ESS")	-	-	-	-	-	2,027	-	2,027
Payment for ESS recharged from parent	-	-	-	-	-	(1,998)	-	(1,998)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	(619)	619	-
Transfer to retained profits on share options lapsed	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	(67,386)	(67,386)
At 30 June 2015	796,517	-	401,517	722,368	42,469	10,141	1,927,462	3,900,474
At 1 April 2014	596,517	4,000	597,517	601,561	(7,546)	17,377	1,840,384	3,649,810
Net profit after taxation	-	-	-	-	-	-	135,094	135,094
Other comprehensive income	-	-	-	-	3,243	-	-	3,243
Total comprehensive income for the period	-	-	-	-	3,243	-	135,094	138,337
Share-based payment under ESS	-	-	-	-	-	2,675	-	2,675
Payment for ESS recharged from parent	-	-	-	-	-	(294)	-	(294)
Transfer of ESS recharged difference on shares vested	-	-	-	-	-	(19)	19	-
Dividends paid	-	-	-	-	-	-	(160,463)	(160,463)
At 30 June 2014	596,517	4,000	597,517	601,561	(4,303)	19,739	1,815,034	3,630,065

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 2015.

ALLIANCE BANK MALAYSIA BERHAD
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Condensed Interim Financial Statements
Unaudited Statements of Changes in Equity for the Financial Period Ended 30 June 2015 (contd.)

GROUP	←----- Attributable to owner of the parent ----->								
	Ordinary		Share	Statutory	Other	Revaluation	Equity	Retained	Total
	shares	ICPS	premium	reserve	reserves	reserves	contribution	profits	equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	from parent	RM'000	RM'000
At 1 April 2015	796,517	-	401,517	1,069,665	10,018	78,232	11,405	2,005,815	4,373,169
Net profit after taxation and zakat	-	-	-	-	-	-	-	121,278	121,278
Other comprehensive expense	-	-	-	-	-	(1,735)	-	-	(1,735)
Total comprehensive (expense)/income for the period	-	-	-	-	-	(1,735)	-	121,278	119,543
Share-based payment under ESS	-	-	-	-	-	-	2,103	-	2,103
Payment for ESS recharged from parent	-	-	-	-	-	-	(2,090)	-	(2,090)
Transfer of ESS recharged	-	-	-	-	-	-	-	-	-
difference on shares vested	-	-	-	-	-	-	(643)	643	-
Dividends paid	-	-	-	-	-	-	-	(67,386)	(67,386)
At 30 June 2015	796,517	-	401,517	1,069,665	10,018	76,497	10,775	2,060,350	4,425,339
At 1 April 2014	596,517	4,000	597,517	929,055	10,018	7,071	18,412	1,957,952	4,120,542
Net profit after taxation and zakat	-	-	-	-	-	-	-	131,114	131,114
Other comprehensive income	-	-	-	-	-	6,099	-	-	6,099
Total comprehensive income for the period	-	-	-	-	-	6,099	-	131,114	137,213
Share-based payment under ESS	-	-	-	-	-	-	2,761	-	2,761
Payment for ESS recharged from parent	-	-	-	-	-	-	(298)	-	(298)
Transfer of ESS recharged	-	-	-	-	-	-	-	-	-
difference on shares vested	-	-	-	-	-	-	(27)	27	-
Dividend paid	-	-	-	-	-	-	-	(160,463)	(160,463)
At 30 June 2014	596,517	4,000	597,517	929,055	10,018	13,170	20,848	1,928,630	4,099,755

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 2015.

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

(Incorporated in Malaysia)

Condensed Interim Financial Statements**Unaudited Condensed Statements of Cash Flows for the Financial Period Ended 30 June 2015**

	<u>BANK</u>		<u>GROUP</u>	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Profit before taxation and zakat	147,492	170,566	159,724	173,296
Adjustments for non-cash items	(29,731)	(110,242)	(18,162)	(94,234)
Operating profit before changes in working capital	117,761	60,324	141,562	79,062
Changes in working capital	(1,678,074)	385,694	(1,420,024)	458,560
Taxation and zakat paid	(38,614)	(41,962)	(48,712)	(48,056)
Net cash (used in)/generated from operating activities	(1,598,927)	404,056	(1,327,174)	489,566
Net cash generated from/(used in) investing activities	373,182	(440,011)	356,418	(340,196)
Net cash used in financing activities	(86,966)	(174,883)	(82,268)	(174,883)
Net changes in cash and cash equivalents	(1,312,711)	(210,838)	(1,053,024)	(25,513)
Cash and cash equivalents at beginning of the year	2,443,337	1,842,996	2,690,353	2,129,759
Cash and cash equivalents at end of the period	1,130,626	1,632,158	1,637,329	2,104,246
Cash and cash equivalents comprise:				
Cash and short-term funds	1,130,626	1,632,158	1,637,329	2,104,246

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 2015.

Explanatory Notes

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

A1 Basis of Preparation

The unaudited condensed interim financial statements for the 1st financial quarter ended 30 June 2015 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 2015. 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 2015.

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 2015, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2015:

- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2010 - 2012 Cycle" (effective 1 January 2015)
 - MFRS 2 "Share-based Payment"
 - MFRS 3 "Business Combinations"
 - MFRS 8 "Operating Segments"
 - MFRS 13 "Fair Value Measurement"
 - MFRS 116 "Property, Plant and Equipment and MFRS 138 Intangible Assets"
 - MFRS 124 "Related Party Disclosure"

- Amendment to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2011 - 2013 Cycle" (effective 1 January 2015)
 - MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standards"
 - MFRS 3 "Business Combinations"
 - MFRS 13 "Fair Value Measurement"
 - MFRS 140 "Investment Property"

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.

A1 Basis of Preparation (contd.)

The following MFRS have been issued by the MASB and are effective for annual period commencing on or after 1 April 2015, and have yet to be adopted by the Bank and the Group:

- Amendments to MFRS 11 "Joint Arrangement" (effective from 1 January 2016)
- Amendments to MFRS 116 "Property, Plant and Equipment" and MFRS 138 "Intangible Assets" (effective from 1 January 2016)
- Amendments to MFRS 10 and MFRS 128 "Sales or Contribution of Assets between an Investor and its Associate or Joint Venture" (effective 1 January 2016)
- Amendments to MFRS 127 "Separate Financial Statements - Equity Method in Separate Financial Statements" (effective 1 January 2016)
- Annual Improvements to MFRSs 2012 - 2014 Cycle (effective 1 January 2016)
- Amendments to MFRS 101 "Disclosure Initiative" (effective 1 January 2016)
- Amendments to MFRS 10, MFRS 12 and MFRS 128 "Investment Entities: Applying the Consolidation Exception" (effective 1 January 2016)
- MFRS 15 "Revenue from Contracts with Customers (effective from 1 January 2017)
- 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 2015 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 1st financial quarter ended 30 June 2015.

A4 Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Bank and the Group in the 1st financial quarter ended 30 June 2015.

A5 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 1st financial quarter ended 30 June 2015.

A6 Issuance and Repayment of Debt and Equity Securities

There were no issuance or repayment of debt and equity securities during the 1st financial quarter ended 30 June 2015.

A7 Dividend Paid

A second interim dividend of 8.46 sen, tax exempt under the single tier tax system, on 796,517,043 ordinary shares amounting to approximately RM67,386,000 in respect of the financial year ended 31 March 2015, was paid on 15 June 2015.

A8 Significant Events

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

On 22 June 2015, Alliance Financial Group Berhad, the holding company of the Bank awarded a total of 1,844,700 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 33.0% of the share grants are to be vested at the end of the first year and remaining 67% of share grants are to be vested at the end of the second 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.

A10 Related Party Transactions

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

A11 Proposed Dividends

No dividend has been proposed or declared for the 1st financial quarter ended 30 June 2015.

ALLIANCE BANK MALAYSIA BERHAD
(88103-W)
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A12 Balances Due From Clients And Brokers

	<u>GROUP</u>	
	30 June 2015 RM'000	31 March 2015 RM'000
Due from clients	69,177	60,289
Due from brokers	27,272	43,294
	<u>96,449</u>	<u>103,583</u>
Less:		
Allowance for other losses	<u>(842)</u>	<u>(840)</u>
	<u><u>95,607</u></u>	<u><u>102,743</u></u>

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

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

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

	<u>GROUP</u>	
	30 June 2015 RM'000	31 March 2015 RM'000
Classified as doubtful	97	128
Classified as bad	927	927
	<u>1,024</u>	<u>1,055</u>

The movements in allowance for other losses are as follows:

At beginning of year	840	1,194
Allowance for/(write-back) during the period/year (net)	2	(354)
At end of period/year	<u>842</u>	<u>840</u>

A13 Financial Assets Held-for-trading

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government investment certificates	20,720	-	20,720	-
Malaysian Government securities	30,013	-	30,013	-
<u>Unquoted securities:</u>				
Medium term notes	45,208	10,037	45,208	10,037
Total financial assets held-for-trading	<u>95,941</u>	<u>10,037</u>	<u>95,941</u>	<u>10,037</u>

ALLIANCE BANK MALAYSIA BERHAD
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A14 Financial Investments Available-for-sale

	BANK		GROUP	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
At fair value				
<u>Money market instruments:</u>				
Malaysian Government securities	1,967,564	2,281,744	2,264,297	2,607,781
Malaysian Government investment certificates	1,781,694	1,797,682	2,652,555	2,723,129
Negotiable instruments of deposits	1,483,215	1,393,801	1,381,479	1,241,534
Bankers' acceptances	-	-	54,482	105,531
Khazanah bonds	196,154	194,349	196,154	194,349
	5,428,627	5,667,576	6,548,967	6,872,324
<u>Quoted securities in Malaysia:</u>				
Shares	22	22	22	22
Accumulated impairment	(11)	(11)	(11)	(11)
	11	11	11	11
<u>Unquoted securities:</u>				
Shares	94,329	94,376	141,604	141,651
Accumulated impairment	-	-	(1,440)	(1,440)
	94,329	94,376	140,164	140,211
Debt securities and medium term notes	2,206,172	2,255,917	3,032,984	2,979,271
Accumulated impairment	(135,681)	(135,681)	(237,754)	(237,961)
	2,070,491	2,120,236	2,795,230	2,741,310
	2,164,820	2,214,612	2,935,394	2,881,521
Total financial investments available-for-sale	7,593,458	7,882,199	9,484,372	9,753,856

A15 Financial Investments Held-to-maturity

	BANK		GROUP	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
At amortised cost				
<u>Money market instruments:</u>				
Malaysian Government securities	581,165	579,201	704,181	701,521
Malaysian Government investment certificates	-	-	423,145	423,739
Khazanah bonds	136,572	135,377	185,568	183,932
	717,737	714,578	1,312,894	1,309,192
At cost				
<u>Unquoted securities:</u>				
Debt securities	2,863	3,329	25,672	37,668
Accumulated impairment	(2,526)	(2,992)	(15,741)	(27,825)
	337	337	9,931	9,843
Total financial investments held-to-maturity	718,074	714,915	1,322,825	1,319,035

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A16 Loans, Advances and Financing

	BANK		GROUP	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
Overdrafts	1,825,866	1,829,357	2,160,374	2,142,270
Term loans/financing				
- Housing loans/financing	11,898,653	11,675,464	14,504,717	14,257,710
- Syndicated term loans/financing	390,540	392,195	427,085	431,427
- Hire purchase receivables	769,977	797,001	1,508,878	1,564,527
- Other term loans/financing	9,618,022	9,505,072	12,062,714	11,751,901
Bills receivables	259,215	299,587	269,250	300,866
Trust receipts	141,140	157,148	162,897	182,437
Claims on customers under acceptance credits	2,042,370	2,058,188	2,535,683	2,567,211
Staff loans [including loans to Directors of a subsidiary of RM147,000 (31.03.15: RM155,000)]	14,198	14,422	37,887	37,691
Credit/charge card receivables	655,047	653,068	655,047	653,068
Revolving credits	1,359,297	1,275,633	1,523,988	1,467,301
Share margin financing	1,427,274	1,481,795	1,498,364	1,566,703
Gross loans, advances and financing	30,401,599	30,138,930	37,346,884	36,923,112
Add: Sales commissions and handling fees	37,953	39,713	34,070	33,927
Less: Allowance for impairment on loans, advances and financing				
- Individual assessment allowance	(47,347)	(46,191)	(62,370)	(56,303)
- Collective assessment allowance	(274,098)	(278,599)	(334,164)	(334,704)
Total net loans, advances and financing	30,118,107	29,853,853	36,984,420	36,566,032

A16a By type of customers:

	BANK		GROUP	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
Domestic non-bank financial institutions	476,895	542,938	511,921	576,252
Domestic business enterprises				
- Small and medium enterprises	6,129,584	6,044,630	7,660,296	7,481,367
- Others	5,790,495	5,778,514	6,920,841	6,890,104
Government and statutory bodies	7,905	8,258	7,905	8,258
Individuals	17,044,505	16,789,912	21,178,193	20,866,962
Other domestic entities	208,327	215,146	208,327	215,146
Foreign entities	743,888	759,532	859,401	885,023
Gross loans, advances and financing	30,401,599	30,138,930	37,346,884	36,923,112

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A16 Loans, Advances and Financing (contd.)

A16b By interest/profit rate sensitivity:

	BANK		GROUP	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
Fixed rate				
- Housing loans/financing	8,665	9,282	55,708	57,528
- Hire purchase receivables	718,801	744,962	1,457,702	1,512,488
- Other fixed rate loans/financing	1,346,140	1,345,930	2,364,568	2,248,229
Variable rate				
- Base lending rate plus	22,535,059	22,343,074	26,872,640	26,582,088
- Base rate plus	227,590	27,173	260,588	29,334
- Cost plus	5,367,434	5,439,567	6,126,550	6,253,494
- Other variable rates loans/financing	197,910	228,942	209,128	239,951
Gross loans, advances and financing	30,401,599	30,138,930	37,346,884	36,923,112

A16c By economic purposes:

	BANK		GROUP	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
Purchase of securities	1,447,132	1,512,265	1,518,221	1,597,174
Purchase of transport vehicles	624,850	652,535	1,369,707	1,426,986
Purchase of landed property	18,353,524	18,029,980	21,981,001	21,587,935
of which: - Residential	12,830,527	12,589,545	15,412,971	15,137,475
- Non-residential	5,522,997	5,440,435	6,568,030	6,450,460
Purchase of fixed assets excluding land & buildings	198,256	200,433	207,607	209,585
Personal use	1,421,516	1,380,111	2,371,224	2,276,090
Credit card	655,047	653,068	655,047	653,068
Construction	490,232	552,008	501,978	564,122
Mergers and acquisitions	117,687	117,687	117,687	117,687
Working capital	5,463,853	5,550,309	6,530,986	6,623,099
Others	1,629,502	1,490,534	2,093,426	1,867,366
Gross loans, advances and financing	30,401,599	30,138,930	37,346,884	36,923,112

A16d By geographical distribution:

	BANK		GROUP	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
Northern region	2,021,882	1,999,996	2,444,600	2,413,727
Central region	22,285,549	22,103,352	27,105,098	26,845,424
Southern region	3,262,010	3,204,564	4,348,804	4,246,477
Sabah region	2,190,661	2,189,040	2,655,596	2,634,948
Sarawak region	641,497	641,978	792,786	782,536
Gross loans, advances and financing	30,401,599	30,138,930	37,346,884	36,923,112

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A16 Loans, Advances and Financing (contd.)

A16e By maturity structure:

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
Within one year	7,481,134	7,350,615	8,674,602	8,508,239
One year to three years	945,536	1,138,482	1,173,012	1,426,070
Three years to five years	1,454,561	1,395,031	1,902,400	1,825,760
Over five years	20,520,368	20,254,802	25,596,870	25,163,043
Gross loans, advances and financing	<u>30,401,599</u>	<u>30,138,930</u>	<u>37,346,884</u>	<u>36,923,112</u>

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

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
At beginning of year	321,497	353,880	380,712	442,781
Impaired during the period/year	102,032	560,117	136,524	688,569
Reclassified as unimpaired during the period/year	(66,303)	(335,872)	(84,841)	(412,159)
Recoveries	(27,795)	(184,976)	(40,188)	(235,458)
Amount written-off	(12,099)	(71,652)	(16,103)	(103,021)
At end of period/year	317,332	321,497	376,104	380,712
Individual allowance for impairment	(47,347)	(46,191)	(62,370)	(56,303)
Collective allowance for impairment (impaired portion)	(85,417)	(89,487)	(99,797)	(102,533)
Net impaired loans, advances and financing	<u>184,568</u>	<u>185,819</u>	<u>213,937</u>	<u>221,876</u>
Gross impaired loans as % of gross loans, advances and financing	<u>1.0%</u>	<u>1.1%</u>	<u>1.0%</u>	<u>1.0%</u>

A16g Impaired loans analysed by economic purposes are as follows:

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
Purchase of securities	47	515	47	515
Purchase of transport vehicles	4,185	4,356	8,596	8,263
Purchase of landed property	216,220	220,432	243,981	255,939
of which: - Residential	200,294	200,590	227,012	233,894
- Non-residential	15,926	19,842	16,969	22,045
Purchase of fixed assets excluding land & buildings	908	541	908	541
Personal use	20,231	18,056	30,853	27,164
Credit card	8,737	7,611	8,737	7,611
Construction	3,549	3,978	3,549	3,979
Working capital	48,366	50,188	60,676	58,158
Others	15,089	15,820	18,757	18,542
Gross impaired loans	<u>317,332</u>	<u>321,497</u>	<u>376,104</u>	<u>380,712</u>

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A16 Loans, Advances and Financing (contd.)

A16h Impaired loans by geographical distribution:

	BANK		GROUP	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
Northern region	43,212	42,274	46,412	45,294
Central region	217,868	221,285	264,217	267,873
Southern region	27,403	30,309	34,151	37,759
Sabah region	25,108	23,797	27,057	25,501
Sarawak region	3,741	3,832	4,267	4,285
Gross impaired loans	317,332	321,497	376,104	380,712

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

	BANK		GROUP	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
Individual assessment allowance				
At beginning of year	46,191	67,281	56,303	97,159
(Write-back of)/allowance made during the period/year (net)	(687)	9,159	4,224	3,475
Amount written-off	(714)	(29,888)	(714)	(43,873)
Transfers from/(to) collective assessment allowance	2,557	(361)	2,557	(458)
At end of period/year	47,347	46,191	62,370	56,303

	BANK		GROUP	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
Collective assessment allowance				
At beginning of year	278,599	266,907	334,704	313,296
Allowance made during the period/year (net)	9,441	51,693	17,406	78,193
Amount written-off	(11,385)	(40,362)	(15,389)	(57,243)
Transfers (to)/from individual assessment allowance	(2,557)	361	(2,557)	458
At end of period/year	274,098	278,599	334,164	334,704

A17 Other Assets

	BANK		GROUP	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
Other receivables, deposits and prepayment Amount due from subsidiaries and related companies	131,209	107,511	137,955	119,463
	12,074	10,528	245	576
	143,283	118,039	138,200	120,039
Less:				
Allowance for other losses	(22,800)	(22,200)	(26,244)	(30,447)
	120,483	95,839	111,956	89,592

A18 Deposits from Customers

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
A18a By type of deposits:				
Amortised cost				
Demand deposits	10,908,977	11,040,092	13,352,809	13,222,415
Savings deposits	1,469,756	1,453,258	1,789,788	1,767,621
Fixed/investment deposits	16,880,368	17,714,630	20,532,287	21,164,118
Money market deposits	1,603,929	2,520,874	3,106,539	4,173,244
Negotiable instruments of deposits	4,487,698	3,733,216	4,787,235	4,001,934
Structured deposits	324,167	330,602	324,167	330,602
	35,674,895	36,792,672	43,892,825	44,659,934
At fair value through profit and loss				
Structured deposits	98,280	63,495	98,280	63,495
	35,773,175	36,856,167	43,991,105	44,723,429

Note

- (a) Structured deposits issued by the Bank include foreign currency time deposits with embedded foreign exchange, equity linked options and interest rate index linked placements.
- (b) The Group and the Bank has undertaken a fair value hedge on the interest rate risk of certain structured deposits amounting to RM280,013,000 (31.03.15: RM281,371,000) using interest rate swaps.

	<u>BANK/GROUP</u>	
	30 June 2015 RM'000	31 March 2015 RM'000
Structured deposits	280,013	281,371
Fair value changes arising from fair value hedges	(9,125)	(8,702)
	270,888	272,669

The fair value loss of the interest rate swap in this hedge transaction as at financial period ended 30 June 2015 is RM9,125,000 (31.03.15: RM8,702,000). There were no ineffectiveness.

- (c) During the financial period ended 30 June 2015, the Bank designated certain structured deposits at fair value through profit or loss. This designation is permitted under MFRS 139 "Financial Instruments: Recognition and Measurement" as it includes embedded derivatives that are not closely related to its underlying deposits. The structured deposits are recorded at fair value. The carrying amount of the structured deposits were RM8,224,000 lower than the contractual amount at maturity.

	<u>BANK/GROUP</u>	
	30 June 2015 RM'000	31 March 2015 RM'000
Structured deposits	105,177	67,232
Fair value changes arising from designation at fair value through profit or loss	(6,897)	(3,737)
	98,280	63,495

The fair value changes of the structured deposits that are attributable to the changes in own credit risk are not significant.

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A18 Deposits from Customers (contd.)

A18b By type of customers:

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
Domestic financial institutions	4,585,932	3,813,411	4,858,565	4,057,149
Domestic non-bank financial institutions	1,849,565	2,406,296	3,458,925	4,443,347
Government and statutory bodies	1,638,721	1,766,434	2,968,397	2,998,668
Business enterprises	10,209,107	11,332,469	13,516,474	14,250,724
Individuals	16,521,791	16,579,623	17,969,421	17,906,583
Foreign entities	574,498	523,371	630,554	591,360
Others	393,561	434,563	588,769	475,598
	35,773,175	36,856,167	43,991,105	44,723,429

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

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
Due within six months	18,749,622	19,635,124	23,666,262	24,128,402
Six months to one year	4,179,077	4,279,806	4,719,196	5,156,361
One year to three years	36,128	47,655	33,181	48,134
Three years to five years	7,168	6,135	7,422	6,399
	22,971,995	23,968,720	28,426,061	29,339,296

A19 Deposits and Placements of Banks and Other Financial Institutions

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
Licensed banks	1,050,287	601,968	1,599,978	852,198
Licensed Investment banks	68,506	-	68,506	-
Licensed Islamic banks	-	-	-	200,020
Bank Negara Malaysia	301,392	326,527	418,233	437,557
Other financial institutions	21,932	-	21,932	-
	1,442,117	928,495	2,108,649	1,489,775

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A20 Balances Due To Clients And Brokers

	GROUP	
	30 June	31 March
	2015	2015
	RM'000	RM'000
Due to clients	61,467	62,833
	61,467	62,833

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 RM76,755,000 (31.3.15: RM78,850,000) have been excluded accordingly.

A21 Other Liabilities

	BANK		GROUP	
	30 June	31 March	30 June	31 March
	2015	2015	2015	2015
	RM'000	RM'000	RM'000	RM'000
Other payable and accruals	714,738	729,919	867,848	901,303
Remisiers' accounts	-	-	21,204	21,305
Finance lease liabilities	9,768	10,299	9,768	10,299
Amount due to subsidiaries	1,553	6,081	-	-
Amount due to holding company	1,956	591	2,293	665
	728,015	746,890	901,113	933,572

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A22 Interest Income

	1st Quarter Ended		Three Months Ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
<u>BANK</u>				
Loans, advances and financing	353,305	304,349	353,305	304,349
Money at call and deposit placements with financial institutions	4,187	6,707	4,187	6,707
Financial assets held-for-trading	819	214	819	214
Financial investments available-for-sale	70,974	72,456	70,974	72,456
Financial investments held-to-maturity	5,448	5,488	5,448	5,488
Others	3,058	2,330	3,058	2,330
	437,791	391,544	437,791	391,544
Accretion of discount less amortisation of premium	15,817	15,092	15,817	15,092
	453,608	406,636	453,608	406,636
<u>GROUP</u>				
Loans, advances and financing	357,567	312,447	357,567	312,447
Money at call and deposit placements with financial institutions	3,296	5,759	3,296	5,759
Financial assets held-for-trading	819	214	819	214
Financial investments available-for-sale	75,753	78,569	75,753	78,569
Financial investments held-to-maturity	6,711	6,755	6,711	6,755
Others	3,058	2,330	3,058	2,330
	447,204	406,074	447,204	406,074
Accretion of discount less amortisation of premium	16,514	17,411	16,514	17,411
	463,718	423,485	463,718	423,485

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A23 Interest Expense

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
Deposits and placements of banks and other financial institutions	6,559	13,879	6,559	13,879
Deposits from customers	228,627	186,813	228,627	186,813
Subordinated obligations	7,314	7,308	7,314	7,308
Others	5,493	3,883	5,493	3,883
	247,993	211,883	247,993	211,883
<u>GROUP</u>				
Deposits and placements of banks and other financial institutions	10,532	19,775	10,532	19,775
Deposits from customers	233,693	193,286	233,693	193,286
Subordinated obligations	7,314	7,308	7,314	7,308
Others	5,493	3,883	5,493	3,883
	257,032	224,252	257,032	224,252

A24 Net Income from Islamic Banking Business

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<u>GROUP</u>				
Income derived from investment of depositors' funds and others	101,872	83,227	101,872	83,227
Income derived from investment of Islamic Banking funds	8,938	8,051	8,938	8,051
Income attributable to depositors and financial institutions	(59,119)	(45,195)	(59,119)	(45,195)
	51,691	46,083	51,691	46,083
Add: Income due to head office eliminated at Group level	6,861	7,591	6,861	7,591
	58,552	53,674	58,552	53,674

A25 Other Operating Income

	1st Quarter Ended		Three Months Ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
<u>BANK</u>				
(a) <u>Fee and commission income:</u>				
Commissions	17,848	18,676	17,848	18,676
Service charges and fees	7,413	8,145	7,413	8,145
Guarantee fees	3,700	3,152	3,700	3,152
Processing fees	2,106	3,346	2,106	3,346
Commitment fees	3,742	3,731	3,742	3,731
Other fee income	25,195	26,909	25,195	26,909
	60,004	63,959	60,004	63,959
(b) <u>Fee and commission expense:</u>				
Commissions expense	(222)	(422)	(222)	(422)
Guarantee fees expense	(507)	(446)	(507)	(446)
Brokerage fees expense	(2)	(2)	(2)	(2)
Other fee expense	(22,864)	(22,038)	(22,864)	(22,038)
	(23,595)	(22,908)	(23,595)	(22,908)
(c) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	(558)	(28)	(558)	(28)
- Financial investments available-for-sale	957	6,396	957	6,396
Marked-to-market revaluation of:				
- Financial assets held-for-trading	101	24	101	24
- Derivative instruments	(49,903)	11,419	(49,903)	11,419
- Unrealised gain arising from financial liabilities designated at fair value	6,897	-	6,897	-
Realised gain on derivative instruments	63,648	13,132	63,648	13,132
Gross dividend income from:				
- Financial investments available-for-sale	2,281	1,613	2,281	1,613
- Subsidiaries	5,974	23,493	5,974	23,493
	29,397	56,049	29,397	56,049
(d) <u>Other income:</u>				
Foreign exchange gain/(loss)	3,586	(2,854)	3,586	(2,854)
Rental income	91	99	91	99
(Loss)/gain on disposal of property, plant and equipment	(12)	1	(12)	1
Others	7,219	5,892	7,219	5,892
	10,884	3,138	10,884	3,138
Total other operating income	76,690	100,238	76,690	100,238

A25 Other Operating Income (contd.)

GROUP	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
(a) <u>Fee income:</u>				
Commissions	17,848	18,676	17,848	18,676
Service charges and fees	7,612	8,362	7,612	8,362
Portfolio management fees	-	7	-	7
Corporate advisory fees	486	165	486	165
Brokerage fees	9,030	9,550	9,030	9,550
Guarantee fees	3,960	3,417	3,960	3,417
Processing fees	2,558	3,541	2,558	3,541
Commitment fees	3,747	3,737	3,747	3,737
Other fee income	25,195	26,930	25,195	26,930
	70,436	74,385	70,436	74,385
(b) <u>Fee and commission expense:</u>				
Commissions expense	(222)	(422)	(222)	(422)
Guarantee fees expense	(507)	(446)	(507)	(446)
Brokerage fees expense	(4,196)	(4,771)	(4,196)	(4,771)
Other fee expense	(22,864)	(22,038)	(22,864)	(22,038)
	(27,789)	(27,677)	(27,789)	(27,677)
(c) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	(558)	(28)	(558)	(28)
- Financial investments available-for-sale	1,318	6,976	1,318	6,976
Marked-to-market revaluation of:				
- Financial assets held-for-trading	101	24	101	24
- Derivative instruments	(49,903)	11,419	(49,903)	11,419
- Unrealised gain arising from financial liabilities designated at fair value	6,897	-	6,897	-
Realised gain on derivative instruments	63,648	13,132	63,648	13,132
Gross dividend income from:				
- Financial investments available-for-sale	2,761	1,613	2,761	1,613
	24,264	33,136	24,264	33,136
(d) <u>Other income :</u>				
Foreign exchange gain/(loss)	3,689	(2,744)	3,689	(2,744)
(Loss)/gain on disposal of property, plant and equipment	(12)	1	(12)	1
Others	7,433	6,142	7,433	6,142
	11,110	3,399	11,110	3,399
Total other operating income	78,021	83,243	78,021	83,243

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A26 Other Operating Expenses

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<u>BANK</u>				
Personnel costs				
- Salaries, allowances and bonuses	62,174	52,215	62,174	52,215
- Contribution to EPF	10,100	9,925	10,100	9,925
- Share options/grants under ESS	2,027	2,675	2,027	2,675
- Others	5,921	15,931	5,921	15,931
	<u>80,222</u>	<u>80,746</u>	<u>80,222</u>	<u>80,746</u>
Establishment costs				
- Depreciation of property, plant and equipment	5,699	5,049	5,699	5,049
- Amortisation of computer software	5,099	4,382	5,099	4,382
- Rental of premises	5,988	5,251	5,988	5,251
- Water and electricity	1,571	1,618	1,571	1,618
- Repairs and maintenance	1,021	1,922	1,021	1,922
- Information technology expenses	8,510	5,595	8,510	5,595
- Others	1,112	1,610	1,112	1,610
	<u>29,000</u>	<u>25,427</u>	<u>29,000</u>	<u>25,427</u>
Marketing expenses				
- Promotion and advertisement	802	1,479	802	1,479
- Branding and publicity	1,065	1,995	1,065	1,995
- Others	1,075	1,257	1,075	1,257
	<u>2,942</u>	<u>4,731</u>	<u>2,942</u>	<u>4,731</u>
Administration and general expenses				
- Communication expenses	2,346	2,347	2,346	2,347
- Printing and stationery	535	895	535	895
- Insurance	6,176	1,978	6,176	1,978
- Professional fees	3,815	3,428	3,815	3,428
- Others	4,991	4,677	4,991	4,677
	<u>17,863</u>	<u>13,325</u>	<u>17,863</u>	<u>13,325</u>
Total other operating expenses	<u>130,027</u>	<u>124,229</u>	<u>130,027</u>	<u>124,229</u>

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A26 Other Operating Expenses (contd.)

	1st Quarter Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
GROUP				
Personnel costs				
- Salaries, allowances and bonuses	82,094	71,470	82,094	71,470
- Contribution to EPF	13,233	12,990	13,233	12,990
- Share options/grants under ESS	2,103	2,761	2,103	2,761
- Others	7,614	18,490	7,614	18,490
	<u>105,044</u>	<u>105,711</u>	<u>105,044</u>	<u>105,711</u>
Establishment costs				
- Depreciation of property, plant and equipment	5,818	5,170	5,818	5,170
- Amortisation of computer software	5,167	4,437	5,167	4,437
- Rental of premises	7,780	6,971	7,780	6,971
- Water and electricity	2,047	2,260	2,047	2,260
- Repairs and maintenance	1,469	2,573	1,469	2,573
- Information technology expenses	10,620	8,172	10,620	8,172
- Others	4,039	4,276	4,039	4,276
	<u>36,940</u>	<u>33,859</u>	<u>36,940</u>	<u>33,859</u>
Marketing expenses				
- Promotion and advertisement	1,774	2,541	1,774	2,541
- Branding and publicity	1,175	2,114	1,175	2,114
- Others	1,870	1,975	1,870	1,975
	<u>4,819</u>	<u>6,630</u>	<u>4,819</u>	<u>6,630</u>
Administration and general expenses				
- Communication expenses	3,233	3,369	3,233	3,369
- Printing and stationery	731	1,096	731	1,096
- Insurance	6,965	2,131	6,965	2,131
- Professional fees	4,473	4,707	4,473	4,707
- Others	4,997	3,601	4,997	3,601
	<u>20,399</u>	<u>14,904</u>	<u>20,399</u>	<u>14,904</u>
Total other operating expenses	<u>167,202</u>	<u>161,104</u>	<u>167,202</u>	<u>161,104</u>

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

	1st Quarter Ended		Three Months Ended	
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
<u>BANK</u>				
Allowance for/(write-back of) impaired loans and financing and other receivables:				
(a) Individual assessment allowance				
- made during the period (net)	(687)	(805)	(687)	(805)
(b) Collective assessment allowance				
- made during the period (net)	9,441	8,041	9,441	8,041
(c) Bad debts on loans and financing				
- Recovered	(6,246)	(10,477)	(6,246)	(10,477)
- Written-off	2,144	2,842	2,144	2,842
	4,652	(399)	4,652	(399)
Allowance for other receivables	600	595	600	595
	5,252	196	5,252	196
<u>GROUP</u>				
Allowance for/(write-back of) impaired loans and financing and other receivables:				
(a) Individual assessment allowance				
- made during the period (net)	4,224	(5,972)	4,224	(5,972)
(b) Collective assessment allowance				
- made during the period (net)	17,406	15,563	17,406	15,563
(c) Bad debts on loans and financing				
- Recovered	(8,777)	(12,688)	(8,777)	(12,688)
- Written-off	3,342	4,171	3,342	4,171
	16,195	1,074	16,195	1,074
Allowance for other receivables	919	678	919	678
	17,114	1,752	17,114	1,752

A28 Commitments and Contingencies

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

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
<u>Credit-related exposures</u>				
Direct credit substitutes	717,467	714,754	793,012	789,038
Transaction-related contingent items	642,626	596,203	698,312	653,199
Short-term self-liquidating trade-related contingencies	143,301	140,377	185,508	164,832
Irrevocable commitments to extend credit:				
- maturity exceeding one year	3,149,914	3,589,874	3,645,665	4,189,365
- maturity not exceeding one year	5,381,348	5,335,806	6,769,484	6,634,666
unutilised credit card lines	1,526,438	1,457,307	1,526,438	1,457,307
	<u>11,561,094</u>	<u>11,834,321</u>	<u>13,618,419</u>	<u>13,888,407</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- one year or less	5,595,226	4,794,524	5,595,226	4,794,524
- over one year to three years	75,460	69,675	75,460	69,675
- over three years	37,730	31,515	37,730	31,515
Interest rate related contracts:				
- one year or less	1,635,000	2,085,000	1,635,000	2,085,000
- over one year to three years	827,923	828,153	827,923	828,153
- over three years	1,011,039	1,012,269	1,011,039	1,012,269
Equity related contracts				
- one year or less	8,112	23,460	8,112	23,460
- over one year to three years	65,860	12,780	65,860	12,780
	<u>9,256,350</u>	<u>8,857,376</u>	<u>9,256,350</u>	<u>8,857,376</u>
	<u>20,817,444</u>	<u>20,691,697</u>	<u>22,874,769</u>	<u>22,745,783</u>

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A29 Derivative Financial Assets/(Liabilities)

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

<u>BANK/GROUP</u>	As at 30 June 2015			As at 31 March 2015		
	Principal RM'000	Fair value		Principal RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Foreign exchange and commodity contracts						
Currency forwards						
- one year or less	1,045,148	53,990	(6,884)	1,083,171	70,152	(5,529)
Currency swaps						
- one year or less	3,938,225	55,749	(103,255)	3,184,221	56,121	(76,726)
- over one year to three years	75,460	811	(4,741)	69,675	234	(4,133)
- over three years	37,730	-	(6,251)	31,515	-	(5,562)
Currency spots						
- one year or less	398,901	537	(563)	219,795	347	(869)
Currency options						
- one year or less	212,952	319	(162)	307,337	1,562	(803)
	5,708,416	111,406	(121,856)	4,895,714	128,416	(93,622)
Interest rate derivatives						
Interest rate swap	3,195,000	2,237	(5,691)	3,645,000	4,044	(9,276)
- one year or less	1,635,000	547	(207)	2,085,000	2,205	(562)
- over one year to three years	800,000	870	(2,065)	800,000	1,030	(2,440)
- over three years	760,000	820	(3,419)	760,000	809	(6,274)
Equity related derivatives						
- one year or less	8,112	4	(2,840)	23,460	-	(3,554)
- over one year to three years	65,860	230	(3,636)	12,780	-	(70)
Hedging Derivatives						
Interest rate swap						
- over one year to three years	27,923	-	(420)	28,153	-	(429)
- over three years	251,039	-	(8,705)	252,269	-	(8,273)
Total derivatives assets/(liabilities)	9,256,350	113,877	(143,148)	8,857,376	132,460	(115,224)

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 2015.

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.

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.

Funds are allocated between segments and inter-segment funding cost transfers are reflected in net interest income. In addition to the operating segments, the segment information disclosed also includes inter-segment eliminations. Transactions between reportable segments are eliminated based on principles of consolidation as described in accounting policy . Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated in inter-segment eliminations.

The Group is organised into the following key operating segments:

(i) Consumer Banking

Consumer Banking provides a wide range of personal banking solutions covering mortgages, term loans, personal loans, hire purchase facilities, credit cards, 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.)

Group	Consumer Banking	Business Banking	Financial Markets	Investment Banking	Others	Total Operations	Inter-segment Elimination	Total
1st Quarter ended 30 June 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income								
- External income	101,800	79,545	29,445	1,285	22	212,097	(5,411)	206,686
- inter-segment	(19,568)	16,214	4,350	(996)	-	-	-	-
	82,232	95,759	33,795	289	22	212,097	(5,411)	206,686
Net income from Islamic banking business	23,169	17,269	11,253	-	-	51,691	6,861	58,552
Other operating income	26,818	35,413	9,623	6,253	5,326	83,433	(5,412)	78,021
Net income	132,219	148,441	54,671	6,542	5,348	347,221	(3,962)	343,259
Other operating expenses	(72,687)	(56,650)	(14,244)	(10,057)	(4,866)	(158,504)	2,287	(156,217)
Depreciation and amortisation	(5,881)	(4,017)	(947)	(140)	-	(10,985)	-	(10,985)
Operating profit/(loss)	53,651	87,774	39,480	(3,655)	482	177,732	(1,675)	176,057
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(14,723)	(2,654)	242	21	-	(17,114)	-	(17,114)
Write-back of impairment on securities	-	3	673	-	-	676	-	676
Segment result	38,928	85,123	40,395	(3,634)	482	161,294	(1,675)	159,619
Share of results of associates								2
Share of profit of joint venture accounted for using the equity method								103
Taxation and zakat								(38,446)
Net profit after taxation and zakat								121,278
Segment assets	22,069,041	14,750,429	16,639,825	34,092	17,595	53,510,982	(1,727,396)	51,783,586
Reconciliation of segment assets to consolidated assets:								
Investments in associates								513
Investments in joint venture								513
Property, plant and equipment								95,023
Unallocated assets								55,369
Intangible assets								363,071
Total assets								52,298,075
Segment Liabilities	21,017,924	18,409,464	9,226,053	87,260	12,970	48,753,671	(900,912)	47,852,759
Unallocated liabilities								19,977
Total liabilities								47,872,736

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A30 Segment information (contd.)

Group	Consumer Banking	Business Banking	Financial Markets	Investment Banking	Others	Total Operations	Inter-segment Elimination	Total
Three months ended 30 June 2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income								
- External income	101,800	79,545	29,445	1,285	22	212,097	(5,411)	206,686
- inter-segment	(19,568)	16,214	4,350	(996)	-	-	-	-
	82,232	95,759	33,795	289	22	212,097	(5,411)	206,686
Net income from Islamic banking business	23,169	17,269	11,253	-	-	51,691	6,861	58,552
Other operating income	26,818	35,413	9,623	6,253	5,326	83,433	(5,412)	78,021
Net income	132,219	148,441	54,671	6,542	5,348	347,221	(3,962)	343,259
Other operating expenses	(72,687)	(56,650)	(14,244)	(10,057)	(4,866)	(158,504)	2,287	(156,217)
Depreciation and amortisation	(5,881)	(4,017)	(947)	(140)	-	(10,985)	-	(10,985)
Operating profit/(loss)	53,651	87,774	39,480	(3,655)	482	177,732	(1,675)	176,057
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(14,723)	(2,654)	242	21	-	(17,114)	-	(17,114)
Write-back of impairment on securities	-	3	673	-	-	676	-	676
Segment result	38,928	85,123	40,395	(3,634)	482	161,294	(1,675)	159,619
Share of results of associates								2
Share of profit of joint venture accounted for using the equity method								103
Taxation and zakat								(38,446)
Net profit after taxation and zakat								121,278
Segment assets	22,069,041	14,750,429	16,639,825	34,092	17,595	53,510,982	(1,727,396)	51,783,586
Reconciliation of segment assets to consolidated assets:								
Investments in associates								513
Investments in joint ventures								513
Property, plant and equipment								95,023
Unallocated assets								55,369
Intangible assets								363,071
Total assets								52,298,075
Segment Liabilities	21,017,924	18,409,464	9,226,053	87,260	12,970	48,753,671	(900,912)	47,852,759
Unallocated liabilities								19,977
Total liabilities								47,872,736

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A30 Segment information (contd.)

<u>Group</u>	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Investment Banking RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
1st Quarter ended 30 June 2014								
Net interest income								
- External income	84,483	77,948	38,352	1,710	4	202,497	(3,264)	199,233
- inter-segment	(10,888)	2,023	10,085	(1,220)	-	-	-	-
	73,595	79,971	48,437	490	4	202,497	(3,264)	199,233
Net income from Islamic banking business	20,228	16,168	9,687	-	-	46,083	7,591	53,674
Other operating income	28,558	37,238	11,773	5,566	6,531	89,666	(6,423)	83,243
Net income	122,381	133,377	69,897	6,056	6,535	338,246	(2,096)	336,150
Other operating expenses	(63,221)	(52,610)	(11,580)	(9,951)	(17,294)*	(154,656)	3,159	(151,497)
Depreciation and amortisation	(5,222)	(3,311)	(921)	(153)	-	(9,607)	-	(9,607)
Operating profit/(loss)	53,938	77,456	57,396	(4,048)	(10,759)	173,983	1,063	175,046
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(14,399)	12,837	(240)	50	-	(1,752)	-	(1,752)
Segment result	39,539	90,293	57,156	(3,998)	(10,759)	172,231	1,063	173,294
Share of results of associates								2
Taxation and zakat								(42,182)
Net profit after taxation and zakat								131,114
Segment assets	19,982,106	12,622,842	18,496,184	335,322	18,568	51,455,022	(1,828,341)	49,626,681
Reconciliation of segment assets to consolidated assets:								
Investments in associates								503
Investments in joint ventures								394
Property, plant and equipment								90,708
Unallocated assets								27,638
Intangible assets								354,484
Total assets								50,100,408
Segment Liabilities	18,980,367	14,487,729	13,344,537	168,721	18,793	47,000,147	(1,009,022)	45,991,125
Unallocated liabilities								9,528
Total liabilities								46,000,653

* Includes rationalisation cost of RM10,648,000.

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A30 Segment information (contd.)

Group	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Investment Banking RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
Three months ended 30 June 2014								
Net interest income								
- External income	84,483	77,948	38,352	1,710	4	202,497	(3,264)	199,233
- inter-segment	(10,888)	2,023	10,085	(1,220)	-	-	-	-
	73,595	79,971	48,437	490	4	202,497	(3,264)	199,233
Net income from Islamic banking business	20,228	16,168	9,687	-	-	46,083	7,591	53,674
Other operating income	28,558	37,238	11,773	5,566	6,531	89,666	(6,423)	83,243
Net income	122,381	133,377	69,897	6,056	6,535	338,246	(2,096)	336,150
Other operating expenses	(63,221)	(52,610)	(11,580)	(9,951)	(17,294)*	(154,656)	3,159	(151,497)
Depreciation and amortisation	(5,222)	(3,311)	(921)	(153)	-	(9,607)	-	(9,607)
Operating profit/(loss)	53,938	77,456	57,396	(4,048)	(10,759)	173,983	1,063	175,046
(Allowance for)/write-back of impairment on loans, advances and financing and other receivables	(14,399)	12,837	(240)	50	-	(1,752)	-	(1,752)
Segment result	39,539	90,293	57,156	(3,998)	(10,759)	172,231	1,063	173,294
Share of results of associates								2
Taxation and zakat								(42,182)
Net profit after taxation and zakat								131,114
Segment assets	19,982,106	12,622,842	18,496,184	335,322	18,568	51,455,022	(1,828,341)	49,626,681
Reconciliation of segment assets to consolidated assets:								
Investments in associates								503
Investments in joint ventures								394
Property, plant and equipment								90,708
Unallocated assets								27,638
Intangible assets								354,484
Total assets								50,100,408
Segment Liabilities	18,980,367	14,487,729	13,344,537	168,721	18,793	47,000,147	(1,009,022)	45,991,125
Unallocated liabilities								9,528
Total liabilities								46,000,653

* Includes rationalisation cost of RM10,648,000.

A31 Capital Adequacy

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

	<u>BANK</u>		<u>GROUP</u>	
	30 June 2015	31 March 2015	30 June 2015	31 March 2015
<u>Before deducting proposed dividends</u>				
CET I capital ratio	11.091%	11.291%	11.098%	11.301%
Tier I capital ratio	11.091%	11.291%	11.098%	11.301%
Total capital ratio	11.552%	11.751%	12.964%	13.160%
<u>After deducting proposed dividends</u>				
CET I capital ratio	11.091%	11.058%	11.098%	11.108%
Tier I capital ratio	11.091%	11.058%	11.098%	11.108%
Total capital ratio	11.552%	11.518%	12.964%	12.967%

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A31 Capital Adequacy (contd.)

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

	BANK		GROUP	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
<u>CET I Capital/Tier I Capital</u>				
Paid-up share capital	796,517	796,517	796,517	796,517
Share premium	401,517	401,517	401,517	401,517
Retained profits	1,813,801	1,881,187	1,938,429	2,005,815
Statutory reserves	722,368	722,368	1,069,665	1,069,665
Revaluation reserves	42,469	43,838	76,497	78,232
Other reserves	-	-	10,018	10,018
	3,776,672	3,845,427	4,292,643	4,361,764
Less: Regulatory adjustment				
- Goodwill and other intangibles	(247,680)	(244,522)	(363,071)	(359,935)
- Deferred tax assets	-	-	(12,606)	(12,020)
- 55% of revaluation reserve	(23,358)	(24,111)	(42,073)	(43,028)
- Investment in subsidiaries, associates and joint venture	(317,220)	(317,220)	(1,858)	(1,816)
Total CET I capital/Total Tier I capital	3,188,414	3,259,574	3,873,035	3,944,965
<u>Tier II Capital</u>				
Subordinated obligations	419,654	419,581	419,654	419,581
Collective assessment allowance	188,681	189,112	234,367	232,171
Less: Regulatory adjustment				
- Investment in subsidiaries and associates	(475,830)	(475,830)	(2,788)	(2,725)
Total Tier II capital	132,505	132,863	651,233	649,027
Total Capital	3,320,919	3,392,437	4,524,268	4,593,992

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

	BANK		GROUP	
	30 June 2015 RM'000	31 March 2015 RM'000	30 June 2015 RM'000	31 March 2015 RM'000
Credit risk	26,260,531	26,471,112	31,914,713	32,011,298
Market risk	187,250	125,778	187,250	125,778
Operational risk	2,300,888	2,271,723	2,797,291	2,770,484
Total RWA and capital requirements	28,748,669	28,868,613	34,899,254	34,907,560

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A31 Capital Adequacy (contd.)

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

	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
30 June 2015		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	10.877%	101.607%
Tier I capital ratio	10.877%	101.607%
Total capital ratio	11.631%	101.607%
<u>After deducting proposed dividends</u>		
CET I capital ratio	10.877%	101.607%
Tier I capital ratio	10.877%	101.607%
Total capital ratio	11.631%	101.607%
31 March 2015		
<u>Before deducting proposed dividends</u>		
CET I capital ratio	11.013%	94.504%
Tier I capital ratio	11.013%	94.504%
Total capital ratio	11.731%	94.504%
<u>After deducting proposed dividends</u>		
CET I capital ratio	11.013%	93.448%
Tier I capital ratio	11.013%	93.448%
Total capital ratio	11.731%	93.448%

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> 30 June 2015	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	95,941	-	95,941
Financial investments available-for-sale				
- Money market instruments	-	5,428,627	-	5,428,627
- Quoted securities in Malaysia	-	-	11	11
- Unquoted securities	-	2,070,491	94,329	2,164,820
Derivative financial assets	-	113,877	-	113,877
<u>Liabilities</u>				
Derivative financial liabilities	-	143,148	-	143,148
<u>GROUP</u> 30 June 2015	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	95,941	-	95,941
Financial investments available-for-sale				
- Money market instruments	-	6,548,967	-	6,548,967
- Quoted securities in Malaysia	-	-	11	11
- Unquoted securities	-	2,795,230	140,164	2,935,394
Derivative financial assets	-	113,877	-	113,877
<u>Liabilities</u>				
Derivative financial liabilities	-	143,148	-	143,148

A32 Fair Value Measurements (contd.)

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

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 (contd.):

<u>BANK</u> 31 March 2015	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	10,037	-	10,037
Financial investments available-for-sale				
- Money market instruments	-	5,667,576	-	5,667,576
- Quoted securities in Malaysia	-	-	11	11
- Unquoted securities	-	2,120,236	94,376	2,214,612
Derivative financial assets	-	132,460	-	132,460
<u>Liabilities</u>				
Derivative financial liabilities	-	115,224	-	115,224

<u>GROUP</u> 31 March 2015	<u>Level 1</u> RM'000	<u>Level 2</u> RM'000	<u>Level 3</u> RM'000	<u>Total</u> RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	10,037	-	10,037
Financial investments available-for-sale				
- Money market instruments	-	6,872,324	-	6,872,324
- Quoted securities in Malaysia	-	-	11	11
- Unquoted securities	-	2,741,310	140,211	2,881,521
Derivative financial assets	-	132,460	-	132,460
<u>Liabilities</u>				
Derivative financial liabilities	-	115,224	-	115,224

A32 Fair Value Measurements (contd.)

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

Reconciliation of movements in Level 3 financial instruments:

	<u>BANK</u>		<u>GROUP</u>	
	30 June	31 March	30 June	31 March
	2015	2015	2015	2015
	RM'000	RM'000	RM'000	RM'000
At beginning of year	94,387	100,122	140,222	141,111
Total (losses)/gains recognised in:				
- Statement of comprehensive income				
(i) (Loss)/gain arising from sales financial investments available-for-sales	(549)	11,224	(549)	11,224
- Other comprehensive income				
(i) Revaluation reserves	528	(2,870)	528	1,976
Disposal	(26)	(14,089)	(26)	(14,089)
At end of period/year	94,340	94,387	140,175	140,222

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.

PART B - Review of Performance & Current Year Prospect

B1 Review of Performance

For the first quarter ended 30 June 2015, the Group's net profit after taxation and zakat was RM121.3 million, a strong increase of RM28.1 million or 30.2% compared to the preceding quarter (4Q ended March 2015), but a decrease of RM9.8 million or 7.5% over previous year's corresponding period (1Q ended June 2014), primarily due to higher allowance for losses on loans.

1Q FY2016 vs. 4Q FY2015

Key quarter-on-quarter performance highlights:

- Revenue registered growth of RM35.3 million or 11.5% quarter-on-quarter. However, if normalised for the one-off interest income accounting adjustment in 4Q FY2015, growth would be 5.2% quarter-on-quarter.
- Gross interest margin improvement by 9 bps to 4.67% and gross loans growth of RM0.4 billion; driven by the new focus towards higher risk-adjusted-return loans and better pricing discipline.
- Net Interest Margin registered marginal improvement to 2.16%, weighed down by the increase in cost of funds.
- Non-interest income was higher by RM14.4 million driven by growth in wealth management income (which grew 20.5% quarter-on-quarter) and non-customer based income (revaluation/realized gain, translation gain and dividend income).
- Current account and Saving account ("CASA") deposit grew by RM0.2 billion, as a result, the CASA ratio improved to 34.4% as at 30 June 2015, from 33.5% as at 31 March 2015.
- The Group's total capital ratio remained sound at 13.0%, with a Common Equity Tier 1 Capital ratio of 11.1% as at 30 June 2015.

1Q FY2016 vs. 1Q FY2015

Key year-on-year performance highlights:

- Revenue registered growth of RM7.1 million or 2.1% year-on-year.
- Net interest income, including Islamic Banking income, grew by RM12.3 million or 4.9% year-on-year.
- Total gross loans grew by 12.5% to RM37.3 billion.
- Operating profit before allowance improved by RM1.0 million to RM176.1 million on higher revenue growth.
- The Group's Net Bad Debts ("NBD") recorded a higher net charge of RM17.1 million as credit cost normalized and due to lower recoveries. However, the gross impaired loans ratio remains contained at 1.0%.
- Other operating income (fee income) declined by RM5.2 million or 6.3% mainly due to lower gain from sale/redemption of financial investments.
- Operating expenses increased by RM6.1 million or 3.8% on higher deposit insurance premium and information technology expenses.

PART B - Review of Performance & Current Year Prospect (contd.)

B1 Review of Performance (contd.)

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.

1Q FY2016 vs. 4Q FY2015

Consumer Banking's profit before taxation was RM38.9 million for the 3 months ended 30 June 2015, which was 45% higher compared to the preceding quarter (4Q ended 31 March 2015), before normalization for the one-off accounting adjustment in interest income:

- Revenue was RM26.9 million (or 25.5%) higher compared to the preceding quarter (4Q FY2015). After normalizing for the one-off accounting adjustment in interest income, the quarter-on-quarter growth is RM8.5 million (or 6.9%).
- Correspondingly, after normalizing for the one-off accounting adjustment in interest income, profit before tax registered quarter-on-quarter decline of RM6.3 million (or -13.9%). This is primarily due to the higher allowances for impairment on loans.

Business Banking's profit before taxation was RM85.1 million for the 3 months ended 30 June 2015, which was 32% higher compared to the preceding quarter (4Q ended 31 March 2015):

- Revenue was RM7.2 million (or 5%) higher compared to the preceding quarter (4Q FY2015).
- Net profit before tax registered quarter-on-quarter growth of RM20.8 million, driven by revenue growth and lower allowances for impairment on loans.

Financial Markets' profit before taxation was RM40.4 million for the 3 months ended 30 June 2015, which was 16% higher compared to the preceding quarter (4Q ended 31 March 2015):

- Revenue was RM2.6 million (or 5%) higher compared to the preceding quarter (4Q FY2015).
- Profit before tax registered quarter-on-quarter growth of RM5.6 million, driven by revenue growth and lower operating expenses.

Investment Banking registered a loss of RM3.6 million for the 3 months ended 30 June 2015, which is a deterioration of RM0.6 million compared to the preceding quarter (4Q ended 31 March 2015) due to operating expenses growing faster than revenue growth.

PART B - Review of Performance & Current Year Prospect (contd.)

B1 Review of Performance (contd.)

Performance by business segment (contd.):

1Q FY2016 vs. 1Q FY2015

The year-on-year performance comparison (1Q FY2016 vs. 1Q FY2015) for Consumer Banking is as follows:

- Revenue was RM9.8 million (or 8.0%) higher compared to the corresponding period last year.
- Asset growth was RM2.1 billion (or 10.4%) higher year-on-year, while liabilities registered growth of RM2.0 billion (or 10.7%) higher year-on-year.
- However, operating profit was marginally lower (0.5% decrease) year-on-year mainly due to higher operating expenses. Profit before tax was also 1.5% lower year-on-year.

The year-on-year performance comparison (1Q FY2016 vs. 1Q FY2015) for Business Banking is as follows:

- Revenue was RM15.1 million (or 11.3%) higher compared to the corresponding period last year.
- Asset growth was RM2.1 billion (or 16.9%) higher year-on-year, while liabilities registered strong growth of RM3.9 billion (or 27.1%) higher year-on-year.
- Operating profit was RM10.3 million (or 13.3%) higher year-on-year. However profit before tax was RM5.2 million (or 5.7%) lower compared to the corresponding period last year, mainly due to higher allowance for impairment on loans, advances and financing by RM15.5 million.

The year-on-year performance comparison (1Q FY2016 vs. 1Q FY2015) for Financial Markets is as follows:

- Operating profit was RM16.8 million or 29.3% lower compared to the corresponding period last year due to lower net interest income and other operating income by RM15.2 million.

Investment Banking covers stockbroking, capital market activities and corporate advisory services.

- Investment Bankings' loss of RM3.6 million for the 3 months ended 30 June 2015, saw an improvement of 9.1% over the loss of RM4.0 million incurred during the corresponding period last year.

B2 Current Year Prospect

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

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

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

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

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

The Group expects that these actions will position its businesses for sustainable revenue and to deliver a satisfactory performance for financial year 2016.