

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2014

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	4th Quarter Ended		Cumulative 12 Months Ended	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
		RM'000	RM'000	RM'000	RM'000
Interest income	C1	418,371	360,724	1,601,346	1,429,325
Interest expense	C2	(217,346)	(173,297)	(822,711)	(698,866)
Net interest income		201,025	187,427	778,635	730,459
Net income from Islamic banking business	C3	52,567	57,284	210,917	242,158
		253,592	244,711	989,552	972,617
Fee and commission income		65,779	68,054	314,012	266,928
Fee and commission expense		(25,756)	(23,339)	(103,878)	(91,950)
Investment income		42,577	29,378	103,958	116,554
Other income		5,222	36,201	45,320	68,882
Other operating income	C4	87,822	110,294	359,412	360,414
Net income		341,414	355,005	1,348,964	1,333,031
Other operating expenses	C5	(165,266)	(171,671)	(628,161)	(639,270)
Operating profit before allowance		176,148	183,334	720,803	693,761
Write-back of/(allowance for) losses on loans, advances and financing and other losses	C6	17,573	(4,224)	13,621	24,513
Write-back of impairment		14,025	-	14,927	474
Operating profit after allowance		207,746	179,110	749,351	718,748
Share of results of associate		-	(808)	-	(4,728)
Profit before taxation and zakat		207,746	178,302	749,351	714,020
Taxation and zakat	B5	(49,733)	(39,452)	(185,803)	(175,897)
Net profit after taxation and zakat		158,013	138,850	563,548	538,123
Other comprehensive expense:					
Items that may be reclassified subsequently to profit and loss:					
Revaluation reserve on financial investments available-for-sale					
- Net loss from change in fair value		(7,317)	(13,262)	(149,414)	(23,163)
- Transfer from deferred tax		5,564	3,316	41,088	5,791
Other comprehensive expense, net of tax		(1,753)	(9,946)	(108,326)	(17,372)
Total comprehensive income for the year		156,260	128,904	455,222	520,751
Profit attributable to:					
Owners of the parent		158,013	138,824	563,548	538,044
Non-controlling interests		-	26	-	79
Net profit after taxation and zakat		158,013	138,850	563,548	538,123
Total comprehensive income attributable to:					
Owners of the parent		156,260	128,878	455,222	520,672
Non-controlling interests		-	26	-	79
Total comprehensive income for the year		156,260	128,904	455,222	520,751
Earnings per share attributable to owners of the parent:					
- Basic (sen)	B13(a)	10.4	9.1	37.2	35.3
- Diluted (sen)	B13(b)	10.4	9.1	37.1	35.3

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited Annual Financial Statements of the Group for the financial year ended 31 March 2013)

ALLIANCE FINANCIAL GROUP BERHAD

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		UNAUDITED	
		AS AT	AS AT
		31.03.2014	31.03.2013
		RM'000	RM'000
ASSETS			
Cash and short-term funds		2,129,782	1,296,681
Deposits and placements with banks and other financial institutions		655,305	153,236
Balances due from clients and brokers	C7	76,265	50,122
Financial assets held-for-trading	C8	110,172	1,519,930
Financial investments available-for-sale	C9	9,738,760	10,362,450
Financial investments held-to-maturity	C10	1,320,122	596,949
Derivative financial assets	B10	39,677	19,792
Loans, advances and financing	C11	31,818,991	27,771,741
Other assets	C12	94,969	76,007
Tax recoverable		99	476
Statutory deposits		1,584,244	1,330,972
Investment property		-	27,748
Property, plant and equipment		92,633	83,217
Intangible assets		353,256	356,168
Deferred tax assets		32,671	11,361
		48,046,946	43,656,850
Non-current assets and subsidiary held for sale	C13	27,748	35,179
TOTAL ASSETS		48,074,694	43,692,029
LIABILITIES AND EQUITY			
Deposits from customers	B9(a), C14	39,237,077	36,004,315
Deposits and placements of banks and other financial institutions	B9(b), C15	3,059,357	2,009,996
Balances due to clients and brokers	C16	44,834	30,852
Bills and acceptances payable		-	73,713
Derivative financial liabilities	B10	64,874	15,870
Amount due to Cagamas Berhad		14,014	16,290
Other liabilities	C17	859,623	823,636
Subordinated obligations	B9(c)	612,718	612,193
Provision for taxation		10,814	26,274
Deferred tax liabilities		5,367	24,430
		43,908,678	39,637,569
Liabilities directly associated with non-current assets and subsidiary held for sale	C13	-	19,291
TOTAL LIABILITIES		43,908,678	39,656,860
Share capital		1,548,106	1,548,106
Reserves		2,730,173	2,558,548
Shares held for Employees' Share Scheme		(112,263)	(76,232)
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT		4,166,016	4,030,422
Non-controlling interests		-	4,747
TOTAL EQUITY		4,166,016	4,035,169
TOTAL LIABILITIES AND EQUITY		48,074,694	43,692,029
COMMITMENTS AND CONTINGENCIES	C19	24,146,075	19,079,207
Net assets per share attributable to owners of the parent (RM)*		2.69	2.60

* The net assets per share attributable to owners of the parent is computed as total equity (excluding non-controlling interests) divided by total number of ordinary shares in circulation.

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited Annual Financial Statements of the Group for the financial year ended 31 March 2013)

ALLIANCE FINANCIAL GROUP BERHAD

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2014

	← Attributable to Owners of the Parent →											
	Share Capital	Share Premium	Statutory Reserve	Capital Reserve	Revaluation Reserve	Employees' Share Scheme ("ESS") Reserve	Profit Equalisation Reserve ("PER")	Shares held for ESS	Retained Profits	Total	Non- controlling Interests	Total Equity
31 March 2014												
At 1 April 2013	1,548,106	304,289	643,706	7,013	115,397	14,739	1,033	(76,232)	1,472,371	4,030,422	4,747	4,035,169
Net profit after taxation and zakat	-	-	-	-	-	-	-	-	563,548	563,548	-	563,548
Other comprehensive expense	-	-	-	-	(108,326)	-	-	-	-	(108,326)	-	(108,326)
Total comprehensive (expense)/income for the year	-	-	-	-	(108,326)	-	-	-	563,548	455,222	-	455,222
Transfer to statutory reserve	-	-	43,311	-	-	-	-	-	(43,311)	-	-	-
Purchase of shares pursuant to ESS	-	-	-	-	-	-	-	(47,500)	-	(47,500)	-	(47,500)
Share-based payment under ESS	-	-	-	-	-	10,589	-	-	-	10,589	-	10,589
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(289,033)	(289,033)	-	(289,033)
ESS shares grant vested to:												
- employees of subsidiaries	-	-	-	-	-	(4,167)	-	4,167	-	-	-	-
- own employees	-	-	-	-	-	(84)	-	84	-	-	-	-
ESS shares option exercised by:												
- employees of subsidiaries	-	-	-	-	-	(822)	-	822	-	-	-	-
- own employees	-	-	-	-	-	(80)	-	80	-	-	-	-
Proceeds from share option exercised	-	-	-	-	-	-	-	6,316	-	6,316	-	6,316
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	(1,263)	-	-	1,263	-	-	-
Transfer PER to retained profit	-	-	-	-	-	-	(1,033)	-	1,033	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	(4,747)	(4,747)
At 31 March 2014	1,548,106	304,289	687,017	7,013	7,071	18,912	-	(112,263)	1,705,871	4,166,016	-	4,166,016
31 March 2013												
At 1 April 2012	1,548,106	304,289	600,129	7,013	132,769	14,001	1,033	(68,194)	1,227,804	3,766,950	4,905	3,771,855
Net profit after taxation and zakat	-	-	-	-	-	-	-	-	538,044	538,044	79	538,123
Other comprehensive expense	-	-	-	-	(17,372)	-	-	-	-	(17,372)	-	(17,372)
Total comprehensive (expense)/income for the year	-	-	-	-	(17,372)	-	-	-	538,044	520,672	79	520,751
Transfer to statutory reserve	-	-	43,577	-	-	-	-	-	(43,577)	-	-	-
Purchase of shares pursuant to ESS	-	-	-	-	-	-	-	(18,174)	-	(18,174)	-	(18,174)
Share-based payment under ESS	-	-	-	-	-	8,449	-	-	-	8,449	-	8,449
Transfer to retained profits on share lapsed:												
- employees of subsidiaries	-	-	-	-	-	(2,579)	-	-	2,579	-	-	-
- own employees	-	-	-	-	-	(52)	-	-	52	-	-	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(252,482)	(252,482)	(237)	(252,719)
ESS shares grant vested to:												
- employees of subsidiaries	-	-	-	-	-	(3,822)	-	3,822	-	-	-	-
- own employees	-	-	-	-	-	(65)	-	65	-	-	-	-
ESS shares option exercise by:												
- employees of subsidiaries	-	-	-	-	-	(1,226)	-	1,226	-	-	-	-
- own employees	-	-	-	-	-	(16)	-	16	-	-	-	-
Proceeds from share option exercised	-	-	-	-	-	-	-	5,007	-	5,007	-	5,007
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	49	-	-	(49)	-	-	-
At 31 March 2013	1,548,106	304,289	643,706	7,013	115,397	14,739	1,033	(76,232)	1,472,371	4,030,422	4,747	4,035,169

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited Annual Financial Statements of the Group for the financial year ended 31 March 2013)

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2014

	Unaudited 12 Months Ended 31.03.2014 RM'000	Unaudited 12 Months Ended 31.03.2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	749,351	714,020
Adjustments for:		
Accretion of discount less amortisation of premium of financial investments	(76,491)	(125,996)
Depreciation of property, plant and equipment	21,262	26,432
Dividends from financial investments available-for-sale	(5,430)	(3,739)
Loss/(gain) on disposal of property, plant and equipment	58	(472)
Gain on disposal of an associate company	-	(23,176)
Gain on disposal of non-current assets held for sale	(1,169)	(7,556)
Net gain from redemption of financial investments held-to-maturity	(3,742)	(7,771)
Net loss/(gain) from sale of financial assets held-for-trading	450	(704)
Net gain from sale of financial investments available-for-sale	(38,986)	(61,526)
Unrealised loss/(gain) on revaluation of financial assets held-for-trading	142	(46)
Unrealised loss/(gain) on revaluation of derivative instruments	15,007	(5,407)
Interest expense on subordinated obligations	29,444	29,419
Interest income from financial investments held-to-maturity	(19,791)	(12,527)
Interest income from financial investments available-for-sale	(302,038)	(245,750)
Interest income from financial assets held-for-trading	(1,539)	(2,755)
Allowance for loans, advances and financing (net of recoveries)	17,359	27,708
Allowance for other assets	3,622	4,676
Write-back of commitments and contingencies	-	(197)
Net write-back of financial investments available-for-sale	(12,236)	(474)
Net write-back of financial investments held-to-maturity	(2,691)	-
Amortisation of computer software	19,621	20,334
Share options/grants under ESS	10,589	8,449
Property, plant and equipment written off	622	511
Computer software written off	11	1
Share of results of associate	-	4,728
Operating profit before working capital changes	403,425	338,182
Changes in working capital:		
Deposits from customers	3,232,762	3,817,402
Deposits and placements of banks and other financial institutions	547,292	(213,601)
Bills and acceptances payable	(73,713)	73,535
Balance due from clients and brokers	(12,160)	21,868
Other liabilities	35,987	(27,694)
Financial assets held-for-trading	1,415,953	(2,936)
Loans, advances and financing	(4,064,609)	(3,310,617)
Other assets	(7,930)	(16,668)
Statutory deposits with Bank Negara Malaysia	(253,272)	(167,889)
Amount due to Cagamas Berhad	(2,276)	(5,754)
Cash generated from operations	1,221,459	505,828
Taxes and zakat paid	(200,075)	(163,302)
Net cash generated from operating activities	1,021,384	342,526

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2014 (contd.)

	Unaudited 12 Months Ended 31.03.2014 RM'000	Unaudited 12 Months Ended 31.03.2013 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from financial investments available-for-sale	5,339	3,735
Interest received from financial investments held-to-maturity	19,791	12,527
Interest received from financial investments available-for-sale	302,038	245,750
Interest received from financial assets held-for-trading	1,539	2,755
Purchase of property, plant and equipment	(35,535)	(20,909)
Purchase of computer software	(17,130)	(23,776)
Purchase of shares held for ESS	(47,500)	(18,174)
Proceeds from disposal of property, plant and equipment	4,176	1,507
Proceeds from disposal of an associate company	-	45,000
Net cash outflow from disposal of a subsidiary held for sale	(236)	-
Proceeds from disposal of non-current assets held for sale	-	11,370
Proceeds from share option exercised by own employees	6,316	5,007
Purchase of financial investments held-to-maturity, net of proceeds for redemption and maturity	(658,217)	265,191
Proceeds from disposal of financial investments available-for-sale (net of purchase)	<u>536,603</u>	<u>(1,157,776)</u>
Net cash generated from/(used in) investing activities	<u>117,184</u>	<u>(627,793)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid on subordinated obligations	(28,920)	(28,841)
Dividends paid to non-controlling interest	-	(237)
Dividends paid to shareholders of the Company	(289,033)	(252,482)
Net cash used in financing activities	<u>(317,953)</u>	<u>(281,560)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	820,615	(566,827)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,309,167	1,875,994
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>2,129,782</u>	<u>1,309,167</u>
Cash and cash equivalents comprise the following:		
Cash and short-term funds	2,129,782	1,296,681
Cash and short-term funds reclassified to non-current assets held for sale (Note C13)	-	12,486
	<u>2,129,782</u>	<u>1,309,167</u>

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited Annual Financial Statements of the Group for the financial year ended 31 March 2013)

[A] Explanatory Notes Pursuant To Malaysian Financial Reporting Standard 134 ("MFRS 134") : Interim Financial Reporting

A1. Basis Of Preparation

The unaudited condensed interim financial statements for the fourth financial quarter and the financial year ended 31 March 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 Appendix 9B of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Listing Requirements.

The unaudited condensed interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 March 2013. 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 Group since the financial year ended 31 March 2013.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2013, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2013:

- MFRS 10 "Consolidated financial statements" (effective 1 January 2013)
- MFRS 11 "Joint arrangements" (effective 1 January 2013)
- MFRS 12 "Disclosures of interests in other entities" (effective 1 January 2013)
- MFRS 13 "Fair value measurement" (effective 1 January 2013)
- MFRS 127 (revised) "Separate financial statements" (effective 1 January 2013)
- MFRS 128 (revised) "Investments in associates and joint ventures" (effective 1 January 2013)
- Amendment to MFRS 7 "Financial instruments: Disclosures" (effective 1 January 2013)
- Amendment to MFRS 101 "Presentation of items of other comprehensive income" (effective 1 July 2012)
- Amendment to MFRS 119 "Employee benefits" (effective 1 January 2013)
- Amendment to MFRS 134 "Interim financial reporting" (effective 1 January 2013)
- Amendments to MFRS 10, MFRS 11 and MFRS 12 "Consolidated financial statements, Joint arrangements and Disclosure of interests in other entities: Transition Guidance" (effective 1 January 2013)
- Annual Improvements 2009 - 2011 cycle (effective 1 January 2013)

The adoption of the above MFRSs and amendments to MFRSs did not have any financial impact to the Group and the Company.

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

- MFRS 9 "Financial instruments - Classifications and measurement of financial assets and financial liabilities" (effective 1 January 2017)
- Amendment to MFRS 132 "Offsetting Financial Assets and Financial Liabilities" (effective 1 January 2014)
- Amendment to MFRS 10, 12 & 127 "Investment entities" (effective 1 January 2014)

A1. Basis Of Preparation (contd.)

- Amendment to MFRS 132 “Financial instruments: Presentation” (effective from 1 January 2014)
- IC Interpretation 21, ‘Levies’ (effective from 1 January 2014)

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

A2. Declaration Of Audit Confirmation

The auditors' report on the annual financial statements for the financial year ended 31 March 2013 was not subject to any qualification.

A3. Seasonal And Cyclical Factors

The operations of the Group were not materially affected by any seasonal or cyclical fluctuations in the fourth financial quarter and the financial year ended 31 March 2014.

A4. Nature And Amount Of Items Affecting Assets, Liabilities, Equity, Net Income Or Cash Flows That Are Unusual Because Of Their Nature, Size Or Incidence

The assets, liabilities, equity, net income and cash flows of the Group in the fourth financial quarter and the financial year ended 31 March 2014 were not substantially affected by any item of a material and unusual nature.

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 fourth financial quarter and the financial year ended 31 March 2014.

A6. Changes In Debt And Equity Securities

There were no issuance or repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the fourth financial quarter and the financial year ended 31 March 2014.

A7. Dividends Paid

- (a) A first interim dividend of 7.5 sen per share, tax exempt under the single tier tax system in respect of the financial year ended 31 March 2014, on 1,548,105,929 ordinary shares amounting to RM116,107,957 was paid on 16 August 2013.
- (b) A second interim dividend of 11.5 sen per share, tax exempt under the single tier tax system in respect of the financial year ended 31 March 2014, on 1,548,105,929 ordinary shares amounting to RM178,032,194 was paid on 31 December 2013.

Dividends paid on the shares held in Trust pursuant to the Company's ESS which are classified as shares held for ESS are not accounted in the total equity. An amount of RM1,829,689 and RM3,276,994 being dividends paid for those shares were added back to the appropriation of retained profits in respect of the first and second interim dividends respectively.

A8. 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 holding company operations.

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2014

A8. **Segment Information** (contd.)

Group 4th Financial Quarter Ended 31 March 2014	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Investment Banking RM'000	Others RM'000	Total Operations RM'000	Inter- segment Elimination RM'000	Total RM'000
Net interest income/(expense)								
- external income/(expense)	91,024	77,714	34,447	1,602	189	204,976	(3,951)	201,025
- inter-segment	(9,618)	2,347	8,252	(981)	-	-	-	-
	81,406	80,061	42,699	621	189	204,976	(3,951)	201,025
Net income from Islamic banking business	21,057	14,273	9,942	-	-	45,272	7,295	52,567
Other operating income	26,448	34,016	22,592	4,753	6,885	94,694	(6,872)	87,822
Net income	128,911	128,350	75,233	5,374	7,074	344,942	(3,528)	341,414
Other operating expenses	(71,695)	(59,268)	(12,929)	(7,291)	(8,084)	(159,267)	3,656	(155,611)
Depreciation and amortisation	(5,091)	(3,396)	(1,000)	(155)	(13)	(9,655)	-	(9,655)
Operating profit/(loss)	52,125	65,686	61,304	(2,072)	(1,023)	176,020	128	176,148
Write-back of/(allowance for) losses on loans, advances and financing and other losses	6,535	11,319	(541)	262	(2)	17,573	-	17,573
Write-back of impairment	-	11,025	3,000	-	941	14,966	(941)	14,025
Segment result	58,660	88,030	63,763	(1,810)	(84)	208,559	(813)	207,746
Taxation and zakat								(49,733)
Net profit after taxation and zakat								158,013
Segment assets	19,197,500	12,367,653	17,684,359	156,808	59,044	49,465,364	(1,869,329)	47,596,035
Reconciliation of segment assets to consolidated assets:								
Property, plant and equipment								92,633
Unallocated assets								32,770
Intangible assets								353,256
Total assets								48,074,694
Segment liabilities	18,727,368	15,076,238	11,049,774	73,003	49,141	44,975,524	(1,083,027)	43,892,497
Unallocated liabilities								16,181
Total liabilities								43,908,678

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A8. **Segment Information** (contd.)

Group Twelve months ended 31 March 2014	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Investment Banking RM'000	Others RM'000	Total Operations RM'000	Inter-segment Elimination RM'000	Total RM'000
Net interest income/(expense)								
- external income/(expense)	318,220	306,112	159,877	6,646	2,306	793,161	(14,526)	778,635
- inter-segment	(9,652)	24,296	(10,521)	(4,123)	-	-	-	-
	<u>308,568</u>	<u>330,408</u>	<u>149,356</u>	<u>2,523</u>	<u>2,306</u>	<u>793,161</u>	<u>(14,526)</u>	<u>778,635</u>
Net income from Islamic banking business	85,986	61,464	33,842	-	-	181,292	29,625	210,917
Other operating income	134,102	139,373	65,013	23,467	433,084	795,039	(435,627)	359,412
	<u>528,656</u>	<u>531,245</u>	<u>248,211</u>	<u>25,990</u>	<u>435,390</u>	<u>1,769,492</u>	<u>(420,528)</u>	<u>1,348,964</u>
Net income	(264,005)	(209,923)	(45,896)	(26,361)	(53,297)	(599,482)	12,204	(587,278)
Other operating expenses	(21,103)	(13,984)	(5,144)	(601)	(51)	(40,883)	-	(40,883)
Depreciation and amortisation								
Operating profit/(loss)	243,548	307,338	197,171	(972)	382,042	1,129,127	(408,324)	720,803
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(19,179)	32,545	(630)	235	650	13,621	-	13,621
Write-back of impairment	-	11,647	3,280	-	1,413	16,340	(1,413)	14,927
	<u>224,369</u>	<u>351,530</u>	<u>199,821</u>	<u>(737)</u>	<u>384,105</u>	<u>1,159,088</u>	<u>(409,737)</u>	<u>749,351</u>
Segment result								(185,803)
Taxation and zakat								<u>563,548</u>
Net profit after taxation and zakat								
Segment assets	19,197,500	12,367,653	17,684,359	156,808	59,044	49,465,364	(1,869,329)	47,596,035
Reconciliation of segment assets to consolidated assets:								
Property, plant and equipment								92,633
Unallocated assets								32,770
Intangible assets								353,256
Total assets								<u>48,074,694</u>
Segment liabilities	18,727,368	15,076,238	11,049,774	73,003	49,141	44,975,524	(1,083,027)	43,892,497
Unallocated liabilities								16,181
Total liabilities								<u>43,908,678</u>

* Includes one-off rationalisation cost of RM22,328,000.

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A8. Segment Information (contd.)

Group	Consumer	Business	Financial	Investment	Others	Total	Inter-	Total
4th Financial Quarter Ended	Banking	Banking	Markets	Banking	RM'000	Operations	segment	Total
31 March 2013	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Elimination	RM'000
							RM'000	RM'000
Net interest income/(expense)								
- external income/(expense)	63,414	78,406	45,500	1,940	1,096	190,356	(2,929)	187,427
- inter-segment	13,067	4,804	(16,317)	(1,554)	-	-	-	-
	<u>76,481</u>	<u>83,210</u>	<u>29,183</u>	<u>386</u>	<u>1,096</u>	<u>190,356</u>	<u>(2,929)</u>	<u>187,427</u>
Net income from Islamic banking business	25,972	15,179	8,754	(1)	-	49,904	7,380	57,284
Other operating income	43,583	36,607	4,562	3,205	9,497	97,454	12,840	110,294
	<u>146,036</u>	<u>134,996</u>	<u>42,499</u>	<u>3,590</u>	<u>10,593</u>	<u>337,714</u>	<u>17,291</u>	<u>355,005</u>
Other operating expenses	(72,016)	(57,701)	(13,828)	(10,341)	(8,520)	(162,406)	2,677	(159,729)
Depreciation and amortisation	(5,720)	(4,092)	(1,727)	(382)	(21)	(11,942)	-	(11,942)
Operating profit/(loss)	68,300	73,203	26,944	(7,133)	2,052	163,366	19,968	183,334
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(8,522)	3,895	10	406	(13)	(4,224)	-	(4,224)
Segment result	59,778	77,098	26,953	(6,727)	2,039	159,141	19,968	179,110
Share of results in an associate								(808)
Taxation and zakat								(39,452)
Net profit after taxation and zakat								<u>138,850</u>
Segment assets	16,318,157	11,248,853	17,392,781	115,924	1,912,006	46,987,721	(3,746,914)	43,240,807
Reconciliation of segment assets to consolidated assets:								
Property, plant and equipment								83,217
Unallocated assets								11,837
Intangible assets								356,168
Total assets								<u>43,692,029</u>
Segment liabilities	16,844,796	13,567,665	10,280,216	(13,478)	90,181	40,769,380	(1,163,224)	39,606,156
Unallocated liabilities								50,704
Total liabilities								<u>39,656,860</u>

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A8. Segment Information (contd.)

Group	Consumer Banking	Business Banking	Financial Markets	Investment Banking	Others	Total Operations	Inter-segment Elimination	Total
Twelve months ended 31 March 2013	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income/(expense)								
- external income/(expense)	203,811	317,738	209,698	7,395	2,953	741,595	(11,136)	730,459
- inter-segment	73,662	1,770	(69,859)	(5,573)	-	-	-	-
	<u>277,473</u>	<u>319,508</u>	<u>139,839</u>	<u>1,822</u>	<u>2,953</u>	<u>741,595</u>	<u>(11,136)</u>	<u>730,459</u>
Net income from Islamic banking business	108,501	62,009	41,712	-	-	212,222	29,936	242,158
Other operating income	112,997	143,094	71,050	17,106	381,451	725,698	(365,284)	360,414
	<u>498,971</u>	<u>524,611</u>	<u>252,601</u>	<u>18,928</u>	<u>384,404</u>	<u>1,679,515</u>	<u>(346,484)</u>	<u>1,333,031</u>
Other operating expenses	(272,383)	(217,029)	(46,020)	(35,381)	(31,425)	(602,238)	9,734	(592,504)
Depreciation and amortisation	(22,237)	(16,805)	(6,809)	(820)	(95)	(46,766)	-	(46,766)
	<u>204,351</u>	<u>290,777</u>	<u>199,772</u>	<u>(17,273)</u>	<u>352,884</u>	<u>1,030,511</u>	<u>(336,750)</u>	<u>693,761</u>
Operating profit/(loss)								
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(52,796)	76,908	126	529	(254)	24,513	-	24,513
Write-back of impairment	-	-	474	-	-	474	-	474
	<u>151,555</u>	<u>367,685</u>	<u>200,372</u>	<u>(16,744)</u>	<u>352,630</u>	<u>1,055,498</u>	<u>(336,750)</u>	<u>718,748</u>
Segment result								
Share of results in an associate								(4,728)
Taxation and zakat								(175,897)
								<u>538,123</u>
Net profit after taxation and zakat								
Segment assets	<u>16,318,157</u>	<u>11,248,853</u>	<u>17,392,781</u>	<u>115,924</u>	<u>1,912,006</u>	<u>46,987,721</u>	<u>(3,746,914)</u>	<u>43,240,807</u>
Reconciliation of segment assets to consolidated assets:								
Property, plant and equipment								83,217
Unallocated assets								11,837
Intangible assets								356,168
Total assets								<u>43,692,029</u>
Segment liabilities	<u>16,844,796</u>	<u>13,567,665</u>	<u>10,280,216</u>	<u>(13,478)</u>	<u>90,181</u>	<u>40,769,380</u>	<u>(1,163,224)</u>	<u>39,606,156</u>
Unallocated liabilities								50,704
Total liabilities								<u>39,656,860</u>

A9. Material Event During The Financial Reporting Period

(a) Employees' Share Scheme ("ESS")

On 16 August 2013, the Company offered/awarded the following share options and share grants to Directors and employees of the Company and its subsidiaries who have met the criteria of eligibility for the participation in the ESS:

- (i) 14,921,500 share options under the Share Option Plan at an option price of RM5.36 per share which will be vested subject to the achievement of performance conditions.
- (ii) 1,290,300 share grants under the Share Grant Plan. The first 33.3% of the share grants are to be vested at the end of the first year, the second 33.3% are to be vested at the end of the second year and the remaining 33.4% of the share grants are to be vested at the end of the third year from the date on which an award is made.

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

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

(b) Shares Purchased pursuant to ESS

During the financial year ended 31 March 2014, the Trustee of the ESS had purchased 9,781,100 ordinary shares of RM1.00 each fully paid in the Company from the open market at an average price of RM4.86 per share. The total consideration paid for the purchase including transaction costs was RM47,499,822. The shares purchased are being held in trust by the Trustee of the ESS in accordance with the Trust Deed dated 3 December 2007.

In the financial year ended 31 March 2014, 3,604,050 shares have been vested and transferred from the Trustee to the eligible employees of the Company and its subsidiaries in accordance with the terms under the Share Grant Plan and Share Option Plan of the ESS. As at 31 March 2014, the Trustee of the ESS held 31,872,650 ordinary shares representing 2.06% of the issued and paid-up capital of the Company.

A10. Material Events Subsequent To The End Of The Financial Reporting Period

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 Alliance Bank Malaysia Berhad ("ABMB"), which in turn a wholly-owned subsidiary of the Company, 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 Company 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.

A11. Changes In The Composition Of The Group

There was no change in the composition of the Group during the fourth financial quarter and the financial year ended 31 March 2014.

A12. Changes In Contingent Liabilities Since The Last Annual Financial Reporting Date

Please refer to Note C19.

[B] Explanatory Notes Pursuant To Appendix 9B Of Bursa Securities' Listing Requirements

B1. Review Of Performance

(a) Current Year-to-Date vs. Previous Year-to-Date

For the financial year ended ("FYE") 31 March 2014, the Group's net profit after taxation and zakat was RM563.5 million, an increase of RM25.4 million or 4.7% compared to FYE2013 due to higher net income and lower operating expenses.

Arising from the improvement in profits, the Group achieved a return on equity of 13.8% and its earnings per share rose to 37.2 sen (FYE2013: 35.3 sen). The Group has declared a special dividend of 10.5 sen, thereby raising the total dividends declared in respect of financial year ended 31 March 2014 to 29.5 sen.

The Group's net interest income grew by RM48.2 million or 6.6%, but it was partly offset by a decline of RM31.2 million or 12.9% in Islamic Banking income due to lower financing income from personal financing.

Operating expenses were contained, decreasing by 1.7% to RM628.2 million despite the one-off staff rationalisation cost of RM22.3 million.

Gross loans grew by 14.1% to RM32.2 billion, from RM28.2 billion a year ago. The loans growth was led by an expansion in lending for the purchase of residential and non-residential properties, transport vehicles and securities, as well as lending for the small and medium enterprises.

Customer deposits registered a growth of 9.0% to RM39.2 billion, of which CASA deposits grew by RM1.2 billion or 10.1%. CASA ratio improved to 34.0% while the loans-to-deposits ratio has risen to 82.1% as at 31 March 2014, from 78.4% last year.

The Group's asset quality registered further improvement, with the gross impaired loans ratio declining to 1.4% as at 31 March 2014 while the loan loss coverage has increased to 92.7%.

The Group's total capital ratio remained strong at 13.7%, with Common Equity Tier 1 ratio of 10.4% as at 31 March 2014.

Performance by business segment

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

Consumer Banking's profit before taxation of RM224.4 million for the financial year ended 31 March 2014 was RM72.8 million higher compared to the corresponding period last year. The increase was due to higher fee income and net interest income, as well as decline in operating expenses and loan loss allowances. Segment assets increased by RM2.9 billion or 17.6% year-on-year to RM19.2 billion as at 31 March 2014.

Business Banking's profit before taxation of RM351.5 million for the financial year ended 31 March 2014 was 4.4% lower compared to the corresponding period last year, mainly due to lower write-back of net bad debts. Operating profit before allowance improved by RM16.6 million or 5.7% to RM307.3 million on higher net interest income and lower operating expenses. Segment assets increased by RM1.1 billion or 9.9% year-on-year to RM12.4 billion as at 31 March 2014.

Financial Markets' profit before taxation of RM199.8 million for the financial year ended 31 March 2014 was 0.3% lower compared to the corresponding period last year mainly due to lower gain from sales and redemption of financial investments.

Investment Banking's loss before taxation was RM0.7 million for the financial year ended 31 March 2014 compared to loss of RM16.7 million in the corresponding period last year, mainly attributed to a growth in brokerage and fee income as well as lower operating expenses.

B1. Review Of Performance (Contd.)

(b) Current Quarter vs. Previous Year Corresponding Quarter

The Group's profit before taxation and zakat of RM207.7 million for the quarter ended 31 March 2014 was RM29.4 million or 16.5% higher than the corresponding quarter ended 31 March 2013. The increase in profit was mainly due to higher write-back of losses on loans/financing and impairment.

B2. Comparison With Immediate Preceding Quarter

The Group's profit before taxation and zakat of RM207.7 million for the fourth quarter ended 31 March 2014 was RM26.3 million or 14.5% higher than the immediate preceding quarter ended 31 December 2013. The increase in profit was mainly due to higher write-back of losses on loans/financing and impairment.

B3. Current Year Prospect

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

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

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

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

Investment Banking's priority will be to expand its research business to provide greater depth in equities research coverage, rebuild its advisory business and continue to focus on improving efficiency and productivity.

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

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B4. Profit Forecast

There was no profit forecast issued by the Group.

B5. Taxation And Zakat

GROUP	4th Quarter Ended		Cumulative 12 Months Ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	RM'000	RM'000	RM'000	RM'000
Taxation				
- Income tax	54,825	41,801	184,566	177,444
- Under/(over) provision in prior year	130	(827)	323	(12,609)
	54,955	40,974	184,889	164,835
Deferred tax	(5,421)	(1,677)	715	10,888
Zakat	199	155	199	174
	49,733	39,452	185,803	175,897

The Group's effective tax rate for the financial year ended 31 March 2014 was lower than the current statutory tax rate mainly due to non-taxable of certain income.

B6. Profit/(Loss) On Sale Of Unquoted Investments Or Properties

There was no material profit/(loss) on sale of unquoted investments or properties for the fourth financial quarter and the financial year ended 31 March 2014 other than in the ordinary course of business.

B7. Purchase And Disposal Of Quoted Securities

There was no purchase or disposal of quoted securities for the fourth financial quarter and the financial year ended 31 March 2014 other than investments held by the Group whose activities are regulated by law relating to banking companies and are subject to supervision by BNM.

B8. Status Of Corporate Proposals

There were no corporate proposals announced but not completed as at the financial reporting date.

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B9. Group Borrowings, Deposits From Customers, Deposits And Placements Of Banks And Other Financial Institutions And Debts Securities

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
(a) Deposits from customers		
Fixed deposits, negotiable instruments of deposits and money market deposits:		
- One year or less (short term)	25,517,740	23,631,656
- More than one year (medium/long term)	68,589	128,902
	25,586,329	23,760,558
Others	13,650,748	12,243,757
	39,237,077	36,004,315
(b) Deposits and placements of banks and other financial institutions		
- One year or less (short term)	2,727,564	1,567,026
- More than one year (medium/long term)	331,793	442,970
	3,059,357	2,009,996
(c) Subordinated obligations		
Unsecured and more than one year (medium/long term)		
- Tier II Subordinated Medium Term Notes	612,718	612,193

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B10. Derivative Financial Assets/(Liabilities)

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

	As at 31 March 2014			As at 31 March 2013		
	Principal RM'000	Fair value		Principal RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives						
Foreign exchange and commodity contracts:						
Currency forwards						
- one year or less	561,345	4,292	(2,955)	766,579	2,571	(4,572)
Currency swaps						
- one year or less	5,711,425	24,997	(40,929)	2,972,174	11,465	(5,918)
- over one year to three years	32,835	293	-	-	-	-
- over three years	31,515	-	(1,186)	-	-	-
Currency spots						
- less than one year	190,557	254	(309)	119,254	162	(152)
Currency options						
- one year or less	388,046	2,125	(1,344)	80,105	209	(105)
DCI Gold						
- one year or less	7,878	32	(107)	-	-	-
	6,923,601	31,993	(46,830)	3,938,112	14,407	(10,747)
Interest rate derivatives:						
Interest rate swap	2,645,000	6,814	(1,988)	2,045,000	5,094	(3,084)
- one year or less	250,000	160	-	1,060,000	640	(753)
- one year to three years	2,135,000	5,178	(520)	775,000	2,521	(892)
- over three years	260,000	1,476	(1,468)	210,000	1,933	(1,439)
Equity related derivatives:						
- one year or less	57,582	870	(870)	-	-	-
- one year to three years	-	-	-	54,032	291	(291)
Hedging derivatives						
Interest rate swap						
- over three years	538,376	-	(15,186)	211,608	-	(1,748)
Total derivatives assets/(liabilities)	10,164,559	39,677	(64,874)	6,248,752	19,792	(15,870)

The credit risk, market risk and liquidity risk associated with the derivatives and the policies in place for mitigating or controlling the risk 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.

B10. 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.

B11. Dividend Declared

On 22 May 2014, the Directors has declared a special dividend of 10.5 sen per share tax exempt under the single tier tax system, in respect of financial year ended 31 March 2014, to be paid on 26 June 2014. The entitlement date for the special dividend payment is on 11 June 2014. The Directors do not propose any final dividend in respect of the financial year ended 31 March 2014.

The total dividend paid/declared for the financial year ended 31 March 2014 is 29.5 sen per share, tax exempt under the single tier tax system (2013: 16.6 sen per share, tax exempt under the single tier tax system).

B12. 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.

B13. Earnings Per Share (EPS)

(a) **Basic**

The calculation of the basic earnings per share is based on the net profit attributable to owners of the parent divided by the weighted average number of ordinary shares of RM1.00 each in issue during the period excluding the weighted average shares held for ESS.

	4th Quarter Ended		Cumulative 12 Months Ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Net profit attributable to owners of the parent (RM'000)	158,013	138,824	563,548	538,044
Weighted average number of ordinary shares in issue ('000)	1,548,106	1,548,106	1,548,106	1,548,106
Effect of shares bought back for ESS ('000)	(31,872)	(25,739)	(31,872)	(25,739)
	1,516,234	1,522,367	1,516,234	1,522,367
Basic earnings per share (sen)	10.4	9.1	37.2	35.3

B13. Earnings Per Share (EPS) (contd.)

(b) **Diluted**

The calculation of the diluted earnings per share is based on the net profit attributable to owners of the parent divided by the weighted average number of ordinary shares of RM1.00 each in issue during the period, excluding the weighted average shares held for ESS and taken into account the assumed Share Grants to employees under ESS were vested to the employees as at 31 March 2013.

	4th Quarter Ended		Cumulative 12 Months Ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Net profit attributable to owners of the parent (RM'000)	158,013	138,824	563,548	538,044
Weighted average number of ordinary shares in issue ('000)	1,548,106	1,548,106	1,548,106	1,548,106
Effect of shares bought back for ESS ('000)	(31,872)	(25,739)	(31,872)	(25,739)
Effect of Share Grants under ESS ('000)	3,329	3,787	3,329	3,787
	1,519,563	1,526,154	1,519,563	1,526,154
Diluted earnings per share (sen)	10.4	9.1	37.1	35.3

B14. Realised And Unrealised Unappropriated Profits Disclosure

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 25 March 2010, is as follows:

	Year Ended	
	31.03.2014 RM'000	31.03.2013 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	1,934,970	1,724,099
- Unrealised	54,440	28,843
	1,989,410	1,752,942
Less: Consolidation adjustments	(283,539)	(280,571)
Total group retained profits as per consolidated accounts	1,705,871	1,472,371

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

Accordingly, the unrealised retained profits of the Group as disclosed above excludes translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts, as these gains and losses are incurred in the ordinary course of business of the Group, and are hence deemed as realised.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

C. Explanatory Notes Pursuant To Appendix C Of Revised BNM/GP8

C1. Interest Income

Group	4th Quarter Ended		Cumulative 12 Months Ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	310,359	270,025	1,186,571	1,033,185
Money at call and deposit placements with financial institutions	2,816	1,214	9,416	7,682
Financial assets held-for-trading	633	266	1,539	2,755
Financial investments available-for-sale	79,025	64,378	302,038	245,750
Financial investments held-to-maturity	6,619	1,721	19,791	12,527
Others	3,541	229	5,500	1,430
	402,993	337,833	1,524,855	1,303,329
Accretion of discount less amortisation of premium	15,378	22,891	76,491	125,996
	418,371	360,724	1,601,346	1,429,325

C2. Interest Expense

Group	4th Quarter Ended		Cumulative 12 Months Ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	20,927	10,061	65,271	54,668
Deposits from customers	184,079	155,051	716,720	610,948
Subordinated obligations	7,299	7,293	29,444	29,419
Others	5,041	892	11,276	3,831
	217,346	173,297	822,711	698,866

C3. Net Income From Islamic Banking Business

Group	4th Quarter Ended		Cumulative 12 Months Ended	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	75,189	78,287	302,186	326,733
Income derived from investment of Islamic Banking funds	7,911	7,568	31,783	33,150
Income attributable to depositors and financial institutions	(37,828)	(35,951)	(152,677)	(147,661)
	45,272	49,904	181,292	212,222
Add: Income due to head office eliminated at Group level	7,295	7,380	29,625	29,936
	52,567	57,284	210,917	242,158

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C4. Other Operating Income

Group	4th Quarter Ended		Cumulative 12 Months Ended	
	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000
(a) <u>Fee and commission income:</u>				
Commissions	16,177	20,225	77,723	77,148
Service charges and fees	7,255	7,300	30,446	30,561
Portfolio management fees	6	1,513	32	6,557
Corporate advisory fees	-	479	1,313	4,378
Brokerage fees	8,134	4,395	32,347	19,815
Guarantee fees	2,653	2,570	11,685	10,344
Processing fees	2,461	1,157	14,039	6,850
Commitment fees	3,639	3,627	14,662	14,731
Underwriting commissions	-	-	910	705
Other fee income	25,454	26,788	130,855	95,839
	65,779	68,054	314,012	266,928
(b) <u>Fee and commission expense:</u>				
Commissions expense	(386)	(427)	(1,474)	(1,408)
Brokerage fees expense	(3,960)	(2,227)	(16,120)	(9,796)
Guarantee fees expense	(277)	(348)	(626)	(1,135)
Other fee expense	(21,133)	(20,337)	(85,658)	(79,611)
	(25,756)	(23,339)	(103,878)	(91,950)
(c) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	413	433	(450)	704
- Financial investments available-for-sale	18,033	20,405	38,986	61,526
- Financial investments held-to-maturity	-	1,887	3,742	7,771
Marked-to-market revaluation of:				
- Financial assets held-for-trading	(24)	78	(142)	46
- Derivative financial instruments	(17,385)	(106)	(15,007)	5,407
Realised gain on revaluation of derivative instruments	40,626	6,651	71,399	37,361
Gross dividend income from:				
- Financial investments available-for-sale	914	30	5,430	3,739
	42,577	29,378	103,958	116,554
(d) <u>Other income:</u>				
Foreign exchange (loss)/gain	(4,526)	7,325	19,877	18,871
(Loss)/gain on disposal of property, plant and equipment	(284)	608	(58)	472
Gain on disposal of non-current assets/subsidiary held for sale	-	-	1,169	7,556
Gain from disposal of an associate	-	23,176	-	23,176
Others	10,032	5,092	24,332	18,807
	5,222	36,201	45,320	68,882
Total other operating income	87,822	110,294	359,412	360,414

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C5. Other Operating Expenses

Group	4th Quarter Ended		Cumulative 12 Months Ended	
	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000
<u>Personnel costs:</u>				
Salaries, allowances and bonuses	77,404	79,140	292,626	318,657
Contribution to EPF	11,998	13,285	48,672	51,713
Share options/grants under ESS	2,701	2,202	10,589	8,449
Others	6,308	17,052	47,201	38,772
	98,411	111,679	399,088	417,591
<u>Establishment costs:</u>				
Depreciation of property, plant and equipment	5,040	6,293	21,262	26,432
Amortisation of computer software	4,615	5,649	19,621	20,334
Rental of premises	6,996	7,085	28,089	28,654
Water and electricity	1,852	1,942	7,371	7,279
Repairs and maintenance	2,359	3,222	10,374	10,990
Information technology expenses	13,823	9,628	45,307	41,296
Others	3,722	2,689	14,255	11,898
	38,407	36,508	146,279	146,883
<u>Marketing expenses:</u>				
Promotion and advertisement	3,873	5,522	8,602	12,039
Branding and publicity	4,870	1,902	10,318	5,382
Others	1,178	1,163	5,002	5,112
	9,921	8,587	23,922	22,533
<u>Administration and general expenses:</u>				
Communication expenses	2,879	3,124	11,540	12,858
Printing and stationery	888	1,041	3,859	3,661
Insurance	2,789	2,249	9,235	8,219
Professional fees	8,524	6,039	22,739	16,046
Others	3,447	2,444	11,499	11,479
	18,527	14,897	58,872	52,263
Total other operating expenses	165,266	171,671	628,161	639,270

C6. (Write-back of)/allowance for Losses On Loans, Advances And Financing And Other Losses

Group	4th Quarter Ended		Cumulative 12 Months Ended	
	31.03.2014 RM'000	31.03.2013 RM'000	31.03.2014 RM'000	31.03.2013 RM'000
Allowance for/(write-back of) impaired loans and financing:				
(a) Individual assessment allowance - made during the period (net)	473	6,977	5,613	19,674
(b) Collective assessment allowance - (write-back)/made during the period (net)	(3,386)	4,521	11,746	8,034
(c) Bad debts on loans and financing				
- Recovered	(21,344)	(12,853)	(59,113)	(78,360)
- Written off	5,310	5,141	24,511	21,660
	(18,947)	3,786	(17,243)	(28,992)
Write-back of commitments and contingencies	-	(1)	-	(197)
Allowance for other assets	1,374	439	3,622	4,676
	(17,573)	4,224	(13,621)	(24,513)

C7. Balances Due From Clients And Brokers

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
Due from clients	77,459	34,205
Due from brokers	-	17,132
	77,459	51,337
Less: Allowance for other losses	(1,194)	(1,215)
	76,265	50,122

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:

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
Classified as doubtful	102	58
Classified as bad	1,294	1,290
	1,396	1,348

The movements in allowance for other losses are as follows:

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
At beginning of year	1,215	1,196
(Write-back)/allowance made during the year, (net)	(21)	19
At end of year	1,194	1,215

C8. Financial Assets Held-for-trading

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Bank Negara Malaysia bills	-	1,519,930
Malaysian Government securities	110,172	-
Total financial assets held-for-trading	110,172	1,519,930

C9. Financial Investments Available-for-sale

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Malaysian Government securities	2,897,516	1,265,606
Malaysian Government investment certificates	2,575,869	2,336,784
Negotiable instruments of deposits	861,808	1,676,828
Bankers' acceptances	361,979	2,113,749
Khazanah bonds	186,734	-
<u>Quoted securities in Malaysia:</u>		
Shares	22	20
<u>Unquoted securities:</u>		
Shares	145,505	141,788
Debt securities and medium term notes	2,951,962	3,082,546
	9,981,395	10,617,321
Accumulated impairment	(242,635)	(254,871)
	9,738,760	10,362,450

The table below shows the movements in accumulated impairment during the financial year:

	31.03.2014	31.03.2013
	RM'000	RM'000
At beginning of year	254,871	262,470
Write-back during the year	(12,236)	(7,599)
At end of year	242,635	254,871

C10. Financial Investments Held-to-maturity

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government securities	702,507	152,497
Malaysian Government investment certificates	434,574	438,766
Khazanah bonds	177,514	-
<u>Unquoted securities:</u>		
Debt securities	39,730	46,217
	1,354,325	637,480
Accumulated impairment	(34,203)	(40,531)
Total financial investments held-to-maturity	1,320,122	596,949

C11. Loans, Advances And Financing

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
Overdrafts	1,960,984	1,902,717
Term loans/financing		
- Housing loans/financing	12,576,157	10,980,836
- Syndicated term loans/financing	472,331	454,866
- Hire purchase receivables	1,219,366	820,934
- Other term loans/financing	9,721,105	8,511,897
Bills receivables	208,765	263,450
Trust receipts	153,840	176,776
Claims on customers under acceptance credits	2,513,103	2,262,586
Staff loans [including loans to Directors of a banking subsidiary of RM187,000 (2013: RM219,000)]	41,194	50,120
Credit/charge card receivables	601,297	581,335
Revolving credits	1,169,632	1,197,953
Share margin financing	1,561,622	1,022,010
Gross loans, advances and financing	32,199,396	28,225,480
Add: Sales commissions and handling fees	30,050	23,935
Less: Allowance for impairment on loans, advances and financing		
- Individual assessment allowance	(97,159)	(128,471)
- Collective assessment allowance	(313,296)	(349,203)
Total net loans, advances and financing	31,818,991	27,771,741

(a) By type of customer:

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
Domestic non-bank financial institutions	530,796	473,745
Domestic business enterprises		
- Small and medium enterprises	5,899,643	5,040,629
- Others	6,283,048	5,977,591
Government and statutory bodies	9,653	10,905
Individuals	18,426,080	15,714,244
Other domestic entities	231,066	248,380
Foreign entities	819,110	759,986
Gross loans, advances and financing	32,199,396	28,225,480

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C11. Loans, Advances And Financing (contd.)

(b) By interest/profit rate sensitivity:

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
Fixed rate		
- Housing loans/financing	70,535	83,318
- Hire purchase receivables	1,219,366	820,934
- Other fixed rate loans/financing	2,038,485	1,843,089
Variable rate		
- Base lending rate plus	22,831,752	19,556,732
- Cost plus	5,850,762	5,668,573
- Other variable rate loans/financing	188,496	252,834
Gross loans, advances and financing	32,199,396	28,225,480

(c) By economic purposes:

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
Purchase of securities	1,607,281	1,076,433
Purchase of transport vehicles	1,117,797	737,908
Purchase of landed property	18,098,160	15,335,694
of which: - Residential	13,337,595	11,609,873
- Non-residential	4,760,565	3,725,821
Purchase of fixed assets excluding land and buildings	155,410	130,994
Personal use	2,047,339	1,952,851
Credit card	601,297	581,335
Construction	436,317	296,431
Merger and acquisition	369,151	369,164
Working capital	6,379,804	6,266,473
Others	1,386,840	1,478,197
Gross loans, advances and financing	32,199,396	28,225,480

(d) By geographical distribution:

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
Northern region	2,036,287	1,884,397
Central region	24,315,069	21,463,279
Southern region	3,217,794	2,492,437
Sabah region	2,175,692	2,011,188
Sarawak region	454,554	374,179
Gross loans, advances and financing	32,199,396	28,225,480

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C11. Loans, Advances And Financing (contd.)

(e) By residual contractual maturity:

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
Within one year	8,691,796	7,839,679
One year to three years	764,219	776,896
Three years to five years	1,685,425	1,318,636
Over five years	21,057,956	18,290,269
Gross loans, advances and financing	32,199,396	28,225,480

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

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
At beginning of year	579,233	629,236
Impaired during the year	555,392	524,030
Reclassified as unimpaired during the year	(381,732)	(315,366)
Recoveries	(225,534)	(156,795)
Amount written off	(84,578)	(101,872)
At end of year	442,781	579,233
Individual allowance for impairment	(97,159)	(128,471)
Collective allowance for impairment (impaired portion)	(109,070)	(128,050)
Net impaired loans, advances and financing	236,552	322,712
Gross impaired loans as a percentage of gross loans, advances and financing	1.4%	2.1%

(g) Impaired loans by economic purposes:

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
Purchase of securities	5,207	5,092
Purchase of transport vehicles	9,765	5,611
Purchase of landed property	254,194	282,371
of which: - Residential	222,781	213,718
- Non-residential	31,413	68,653
Purchase of fixed assets excluding land and buildings	96	204
Personal use	30,263	32,089
Credit card	7,847	9,107
Construction	7,225	11,330
Working capital	92,830	197,330
Others	35,354	36,099
Gross impaired loans	442,781	579,233

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C11. Loans, Advances And Financing (contd.)

(h) Impaired loans by geographical distribution:

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
Northern region	69,548	112,029
Central region	304,328	379,755
Southern region	34,124	40,911
Sabah region	31,703	43,154
Sarawak region	3,078	3,384
Gross impaired loans	442,781	579,233

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

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
Individual assessment allowance		
At beginning of year	128,471	157,966
Allowance made during the year (net)	5,613	19,674
Amount written off	(30,655)	(47,649)
Transfers to collective assessment allowance	(6,270)	(1,520)
At end of year	97,159	128,471

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
Collective assessment allowance		
At beginning of year	349,203	393,872
Allowance made during the year (net)	11,746	8,034
Amount written-off	(53,923)	(54,223)
Transfers from individual assessment allowance	6,270	1,520
At end of year	313,296	349,203

C12. Other Assets

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
Other receivables, deposits and prepayments	123,666	103,601
Trade receivables	46	46
	123,712	103,647
Less: Allowance for other losses	(28,743)	(27,640)
	94,969	76,007

C13. Non-current Assets/Liabilities Directly Associated with Non-current Assets and Subsidiary Held for Sale

(a) Investment Property

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
Freehold land	27,748	-

Investment property where deposits have been received from buyers of the property and where a definitive buyer have been identified will be classified as non-current assets held for sale. The disposal is expected to be completed in next financial year end.

The fair value of the freehold land was RM45,000,000 (2013: RM34,758,000) is derived based on an independent professional valuation using the open market value on a direct comparison basis.

The investment property incurred direct expenses amounting to RM332,557 (2013: RM278,870;) for the current financial year.

(b) Subsidiary held for sale

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
ASSETS		
Cash and short-term funds	-	12,486
Deposits and placements with banks and other financial institutions	-	7,069
Other assets	-	12,802
Tax recoverable	-	338
Property, plant and equipment	-	8
Deferred tax assets	-	301
Computer software	-	68
	-	33,072
Goodwill	-	2,107
Total assets of subsidiary held for sale	-	35,179
LIABILITIES		
Other liabilities	-	19,291
Total liabilities of subsidiary held for sale	-	19,291

The assets and liabilities of the above subsidiary held for sale is related to Alliance Investment Management Berhad ("AIMB"), a 70% owned subsidiary of ABMB. On 25 September 2012, an announcement was made to Bursa Malaysia on the proposed disposal by the ABMB, its 70% equity interest in AIMB for a total consideration of RM12,250,000. The proposed disposal had been completed and AIMB ceased to be subsidiary of ABMB with effect from 15 April 2013.

C14. Deposits From Customers

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
<u>By type of deposits:</u>		
Demand deposits	11,559,004	10,386,420
Savings deposits	1,763,153	1,712,779
Fixed/investment deposits	18,637,176	17,111,582
Money market deposits	3,211,369	4,675,375
Negotiable instruments of deposits	3,737,784	1,973,601
Structured deposits [Note]	328,591	144,558
	<u>39,237,077</u>	<u>36,004,315</u>

Note:

(a) Structured deposits represent foreign currency time deposits with embedded foreign exchange, gold commodity linked options and interest rate index linked placements.

(b) The Group has undertaken a fair value hedge on the interest rate risk of the structured deposits amounting to RM269,952,000 (2013: RM105,804,000) using interest rate swaps.

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
Structured deposits	269,952	105,804
Fair value changes arising from fair value hedges	(15,186)	(1,748)
	<u>254,766</u>	<u>104,056</u>

The fair value loss of the interest rate swap in this hedge transaction as at financial year ended 31 March 2014 is RM15,186,000 (2013: RM1,748,000).

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
(i) <u>By type of customers:</u>		
Domestic financial institutions	3,868,358	2,402,307
Government and statutory bodies	3,002,636	1,474,286
Business enterprises	12,207,731	12,914,181
Individuals	17,564,502	16,205,037
Others	2,593,850	3,008,504
	<u>39,237,077</u>	<u>36,004,315</u>

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

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
Due within six months	20,059,225	19,162,880
Six months to one year	5,458,515	4,468,776
One year to three years	59,470	112,328
Three years to five years	9,119	16,574
	<u>25,586,329</u>	<u>23,760,558</u>

C15. Deposits And Placements Of Banks And Other Financial Institutions

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
Licensed banks	1,998,196	790,228
Licensed investment banks	351,649	425,940
Licensed Islamic banks	145,017	150,342
Bank Negara Malaysia	464,487	643,486
Other financial institutions	100,008	-
	3,059,357	2,009,996

C16. Balances Due To Clients And Brokers

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
Due to clients	22,623	30,852
Due to brokers	22,211	-
	44,834	30,852

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 client 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 RM128,020,000 (2013: RM63,290,000) have been excluded accordingly.

C17. Other Liabilities

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
Other payable and accruals	827,023	802,985
Remisiers' accounts	20,950	20,651
Finance lease liabilities	11,650	-
	859,623	823,636

C18. Capital Adequacy

The capital adequacy ratios of the Banking 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 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 Banking Group are as follows:

	31.03.2014	31.03.2013
<u>Before deducting proposed dividends</u>		
CET I capital ratio	10.908%	11.221%
Tier I capital ratio	11.961%	12.513%
Total capital ratio	14.201%	15.226%
<u>After deducting proposed dividends</u>		
CET I capital ratio	10.379%	10.620%
Tier I capital ratio	11.433%	11.913%
Total capital ratio	13.673%	14.625%

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

	31.03.2014	31.03.2013
	RM'000	RM'000
<u>CET I Capital</u>		
Paid-up share capital	596,517	596,517
Share premium	201,517	201,517
Retained profits	1,957,952	1,749,256
Statutory reserves	929,055	885,744
Revaluation reserves	7,071	115,397
Other reserves	10,018	10,018
	3,702,130	3,558,449
Less: Regulatory adjustment		
- Goodwill and other intangibles	(353,256)	(358,275)
- Deferred tax assets	(32,343)	(11,040)
- 55% of revaluation reserve	(3,889)	(63,468)
- Investment in subsidiaries and an associate	(824)	-
Total CET I Capital	3,311,818	3,125,666
<u>Tier I Capital</u>		
ICPS	3,200	3,600
Share premium	316,800	356,400
Total additional Tier I Capital	320,000	360,000
Total Tier I Capital	3,631,818	3,485,666
<u>Tier II Capital</u>		
Subordinated obligations	479,082	538,495
Collective assessment allowance	204,226	221,153
Less: Regulatory adjustment		
- Investment in subsidiaries and associates	(3,297)	(4,117)
Total Tier II Capital	680,011	755,531
Total Capital	4,311,829	4,241,197

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C18. Capital Adequacy (contd.)

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

	Alliance Bank Malaysia Berhad	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
2014			
<u>Before deducting proposed dividends</u>			
CET I capital ratio	10.987%	13.426%	93.737%
Tier I capital ratio	12.235%	13.426%	93.737%
Total capital ratio	12.295%	14.134%	93.767%
<u>After deducting proposed dividends</u>			
CET I capital ratio	10.361%	13.113%	92.148%
Tier I capital ratio	11.609%	13.113%	92.148%
Total capital ratio	11.670%	13.821%	92.178%
2013			
<u>Before deducting proposed dividends</u>			
CET I capital ratio	12.235%	12.927%	96.235%
Tier I capital ratio	13.445%	12.927%	96.235%
Total capital ratio	13.445%	13.718%	96.398%
<u>After deducting proposed dividends</u>			
CET I capital ratio	11.514%	12.927%	94.956%
Tier I capital ratio	12.723%	12.927%	94.956%
Total capital ratio	12.723%	13.718%	95.119%

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

	31.03.2014 RM'000	31.03.2013 RM'000
Credit risk	27,484,255	25,175,746
Market risk	201,614	76,045
Operational risk	2,676,791	2,603,941
Total RWA and capital requirements	30,362,660	27,855,732

C19. Commitments And Contingencies

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

Group	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
2014				
<u>Credit-related exposures</u>				
Direct credit substitutes	471,930	-	471,930	471,930
Transaction-related contingent items	590,667	-	295,334	295,334
Short-term self-liquidating trade-related contingencies	169,493	-	33,899	33,442
Irrevocable commitments to extend credit:				
- maturity exceeding one year	5,108,092	-	2,554,046	2,023,308
- maturity not exceeding one year	6,225,736	-	1,245,147	1,065,474
Unutilised credit card lines	1,415,598	-	283,120	223,570
	13,981,516	-	4,883,476	4,113,058
<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	161	485	97
- over one year to three years	2,135,000	5,178	27,028	5,406
- over three years	798,376	1,475	34,497	18,167
Equity related contracts:				
- one year or less	57,582	870	4,510	3,045
	10,164,559	39,677	177,037	62,744
	24,146,075	39,677	5,060,513	4,175,802
2013				
<u>Credit-related exposures</u>				
Direct credit substitutes	387,122	-	387,122	387,122
Transaction-related contingent items	585,435	-	292,717	292,717
Short-term self-liquidating trade-related contingencies	140,311	-	28,062	28,062
Irrevocable commitments to extend credit:				
- maturity exceeding one year	5,027,371	-	2,513,685	2,010,313
- maturity not exceeding one year	5,301,405	-	1,060,281	909,385
Unutilised credit card lines	1,388,811	-	277,762	217,673
	12,830,455	-	4,559,629	3,845,272
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	3,938,112	14,407	58,978	28,489
Interest rate related contracts:				
- one year or less	1,060,000	640	2,374	475
- over one year to three years	775,000	2,521	15,521	3,104
- over three years	421,608	1,933	20,560	9,719
Equity related contracts:				
- over one year to three years	54,032	291	4,817	2,697
	6,248,752	19,792	102,250	44,484
	19,079,207	19,792	4,661,879	3,889,756

C20. Fair Value Measurements

(a) Determination of fair value and fair value hierarchy

MFRS 13 Fair Value Measurements require 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 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.

C20. 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 analysed by the various levels within the fair value hierarchy:

Group	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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
2013	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	1,519,930	-	1,519,930
Financial investments available-for-sale	-	10,225,058	137,392	10,362,450
Derivative financial assets	-	19,792	-	19,792
<u>Liabilities</u>				
Derivative financial liabilities	-	15,870	-	15,870

There were no transfers between levels 1 and 2 of the fair value hierarchy for the Group during the financial year ended 31 March 2014 and 31 March 2013.

Reconciliation of movements in level 3 financial instruments:

	Group	
	31.03.2014	31.03.2013
	RM'000	RM'000
At beginning of year	137,392	140,669
Total gains/(losses) recognised in:		
- Statement of comprehensive income		
Gain arising from sales financial investments available-for-sale	12,509	-
- Other comprehensive income		
Revaluation reserves	6,922	1,491
Disposal/redemption	(15,712)	(4,768)
At end of year	141,111	137,392

The Group's exposure to financial instruments measured using unobservable inputs (level 3) constitutes a small component of 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.

C21. Comparatives

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

(i) <u>Statements of Comprehensive Income</u> <u>for the financial year ended 31 March 2013</u>	Group		
	As previously stated RM'000	Restatement RM'000	As restated RM'000
Fee and commission income	-	266,928	266,928
Fee and commission expense	-	(91,950)	(91,950)
Investment income	-	116,554	116,554
Other income	-	68,882	68,882
Other operating income	360,414	(360,414)	-
Other operating income (restated)	<u>360,414</u>	<u>-</u>	<u>360,414</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 year.

(ii) Capital Adequacy for the financial year
ended 31 March 2013

	Group	
	As previously stated	As restated
<u>Before deducting proposed dividends</u>		
Tier I capital ratio	12.657%	12.513%
Total capital ratio	15.369%	15.226%
<u>After deducting proposed dividends</u>		
Tier I capital ratio	12.056%	11.913%
Total capital ratio	14.769%	14.625%
	As previously stated RM'000	As restated RM'000
Total Tier I Capital	3,525,666	3,485,666
Total Capital	4,281,197	4,241,197

The restatement is in relation to Basel III requirements to gradually phased-out the ICPS as Tier 1 Capital.

By Order of the Board

LEE WEI YEN (MAICSA 7001798)

Group Company Secretary

Kuala Lumpur

22 May 2014