

# ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

(The figures have not been audited)

### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	2nd Quarter Ended		Cumulative 6 Months Ended	
		30.09.2014	30.09.2013	30.09.2014	30.09.2013
		RM'000	RM'000	RM'000	RM'000
Interest income	C1	457,755	396,499	881,240	771,496
Interest expense	C2	(236,616)	(203,893)	(460,280)	(394,429)
Net interest income		221,139	192,606	420,960	377,067
Net income from Islamic banking business	C3	53,919	51,752	107,593	105,609
		<b>275,058</b>	244,358	<b>528,553</b>	482,676
Fee and commission income		90,118	69,816	164,504	176,720
Fee and commission expense		(28,918)	(26,337)	(56,595)	(52,170)
Investment income		25,345	13,684	58,481	39,700
Other income		28,519	13,220	31,918	31,992
Other operating income	C4	115,064	70,383	198,308	196,242
Net income		390,122	314,741	726,861	678,918
Other operating expenses	C5	(160,523)	(144,320)	(322,191)	(319,173)
Operating profit before allowance		229,599	170,421	404,670	359,745
Write-back of/(allowance for) losses on loans, advances and financing and other losses	C6	6,588	4,840	4,836	(528)
Write-back of impairment		833	902	833	902
Operating profit after allowance		237,020	176,163	410,339	360,119
Share of profit of joint venture accounted for using the equity method		6	-	6	-
Profit before taxation and zakat		237,026	176,163	410,345	360,119
Taxation and zakat	B5	(56,698)	(44,928)	(99,207)	(91,093)
Net profit after taxation and zakat		180,328	131,235	311,138	269,026
Other comprehensive income/(expense):					
Items that may be reclassified subsequently to profit and loss:					
Revaluation reserve on financial investments available-for-sale					
- Net gain/(loss) from change in fair value		36,452	(28,898)	46,531	(66,873)
- Transfer (to)/from deferred tax		(10,883)	7,224	(14,863)	16,718
Other comprehensive income/(expense), net of tax		25,569	(21,674)	31,668	(50,155)
Total comprehensive income for the period		205,897	109,561	342,806	218,871
Profit attributable to:					
Owners of the parent		180,328	131,235	311,138	269,026
Total comprehensive income attributable to:					
Owners of the parent		205,897	109,561	342,806	218,871
Earnings per share attributable to owners of the parent:					
- Basic (sen)	B13(a)	11.9	8.6	20.5	17.7
- Diluted (sen)	B13(b)	11.8	8.6	20.4	17.6

(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 2014)

# ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		UNAUDITED AS AT 30.09.2014	AS AT 31.03.2014
		RM'000	RM'000
<b>ASSETS</b>			
Cash and short-term funds		2,332,739	2,129,782
Deposits and placements with banks and other financial institutions		479,185	655,305
Balances due from clients and brokers	C7	100,884	76,265
Financial assets held-for-trading	C8	-	110,172
Financial investments available-for-sale	C9	10,236,269	9,738,760
Financial investments held-to-maturity	C10	1,324,978	1,320,122
Derivative financial assets	B10	59,658	39,677
Loans, advances and financing	C11	34,113,590	31,818,991
Other assets	C12	99,181	94,969
Investment in joint venture		471	-
Tax recoverable		2,236	99
Statutory deposits		1,617,624	1,584,244
Property, plant and equipment		93,999	92,633
Intangible assets		353,979	353,256
Deferred tax assets		13,571	32,671
		50,828,364	48,046,946
Non-current assets held for sale	C13	-	27,748
<b>TOTAL ASSETS</b>		50,828,364	48,074,694
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	B9(a), C14	40,767,653	39,237,077
Deposits and placements of banks and other financial institutions	B9(b), C15	3,882,364	3,059,357
Balances due to clients and brokers	C16	57,110	44,834
Bills and acceptances payable		186,449	-
Derivative financial liabilities	B10	59,361	64,874
Amount due to Cagamas Berhad		12,830	14,014
Other liabilities	C17	877,630	859,623
Subordinated obligations	B9(c)	613,069	612,718
Provision for taxation and zakat		2,982	10,814
Deferred tax liabilities		8,796	5,367
<b>TOTAL LIABILITIES</b>		46,468,244	43,908,678
Share capital		1,548,106	1,548,106
Reserves		2,913,071	2,730,173
Shares held for Employees' Share Scheme		(101,057)	(112,263)
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		4,360,120	4,166,016
<b>TOTAL LIABILITIES AND EQUITY</b>		50,828,364	48,074,694
<b>COMMITMENTS AND CONTINGENCIES</b>	C19	24,347,314	24,146,075
<b>Net assets per share attributable to owners of the parent (RM)*</b>		2.82	2.69

\* The net assets per share attributable to owners of the parent is computed as total equity 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 2014)*

## ALLIANCE FINANCIAL GROUP BERHAD

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(Incorporated in Malaysia)

### CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014

	← Attributable to Owners of the Parent →											
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Employees' Share Scheme ("ESS") Reserve RM'000	Profit Equalisation Reserve ("PER") RM'000	Shares held for ESS RM'000	Retained Profits RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
<b>30 September 2014</b>												
At 1 April 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
Net profit after taxation and zakat	-	-	-	-	-	-	-	311,138	311,138	311,138	-	311,138
Other comprehensive income	-	-	-	-	31,668	-	-	-	31,668	31,668	-	31,668
Total comprehensive income for the period	-	-	-	-	31,668	-	-	311,138	342,806	342,806	-	342,806
Transfer to statutory reserve	-	-	9,806	-	-	-	-	(9,806)	-	-	-	-
Share-based payment under ESS	-	-	-	-	-	6,422	-	-	6,422	6,422	-	6,422
Transfer to retained profits on share lapsed:												
- employees of subsidiaries	-	-	-	-	-	(363)	-	363	-	-	-	-
- own employees	-	-	-	-	-	(13)	-	13	-	-	-	-
Dividends paid to shareholders	-	-	-	-	-	-	-	(159,233)	(159,233)	(159,233)	-	(159,233)
ESS shares grant vested to:												
- employees of subsidiaries	-	-	-	-	-	(6,534)	6,534	-	-	-	-	-
- own employees	-	-	-	-	-	(156)	156	-	-	-	-	-
ESS shares option exercised by:												
- employees of subsidiaries	-	-	-	-	-	(407)	407	-	-	-	-	-
Proceeds from share option exercised	-	-	-	-	-	-	4,109	-	4,109	4,109	-	4,109
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	(1,473)	-	1,473	-	-	-	-
<b>At 30 September 2014</b>	<b>1,548,106</b>	<b>304,289</b>	<b>696,823</b>	<b>7,013</b>	<b>38,739</b>	<b>16,388</b>	<b>-</b>	<b>(101,057)</b>	<b>1,849,819</b>	<b>4,360,120</b>	<b>-</b>	<b>4,360,120</b>
<b>30 September 2013</b>												
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	-	-	-	-	-	-	-	269,026	269,026	269,026	-	269,026
Other comprehensive expense	-	-	-	-	(50,155)	-	-	-	(50,155)	(50,155)	-	(50,155)
Total comprehensive (expense)/income for the period	-	-	-	-	(50,155)	-	-	269,026	218,871	218,871	-	218,871
Transfer to statutory reserve	-	-	19,694	-	-	-	-	(19,694)	-	-	-	-
Purchase of shares pursuant to ESS	-	-	-	-	-	-	(14,271)	-	(14,271)	(14,271)	-	(14,271)
Transfer to PER	-	-	-	-	-	(1,033)	-	1,033	-	-	-	-
Share-based payment under ESS	-	-	-	-	4,874	-	-	-	4,874	4,874	-	4,874
Dividends paid to shareholders	-	-	-	-	-	-	-	(114,278)	(114,278)	(114,278)	-	(114,278)
ESS shares grant vested to:												
- employees of subsidiaries	-	-	-	-	-	(3,869)	3,869	-	-	-	-	-
- own employees	-	-	-	-	-	(84)	84	-	-	-	-	-
ESS shares option exercise by:												
- employees of subsidiaries	-	-	-	-	-	(370)	370	-	-	-	-	-
Proceeds from share option exercised	-	-	-	-	-	-	2,306	-	2,306	2,306	-	2,306
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	(577)	-	577	-	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	93	93	(4,747)	(4,654)	-
<b>At 30 September 2013</b>	<b>1,548,106</b>	<b>304,289</b>	<b>663,400</b>	<b>7,013</b>	<b>65,242</b>	<b>14,713</b>	<b>-</b>	<b>(83,874)</b>	<b>1,609,128</b>	<b>4,128,017</b>	<b>-</b>	<b>4,128,017</b>

(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 2014)

# ALLIANCE FINANCIAL GROUP BERHAD

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## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED 30 SEPTEMBER 2014

	<b>Unaudited 6 Months Ended 30.09.2014 RM'000</b>	<b>Unaudited 6 Months Ended 30.09.2013 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation and zakat	410,345	360,119
Adjustments for:		
Accretion of discount less amortisation of premium of financial investments	(34,238)	(46,002)
Depreciation of property, plant and equipment	10,226	11,153
Dividends from financial investments available-for-sale	(1,891)	(4,276)
Gain on disposal of property, plant and equipment	(1)	(3)
Gain on disposal of a subsidiary	-	(1,169)
Gain on disposal of non-current assets held for sale	(21,605)	-
Net gain from redemption of financial investments held-to-maturity	(2,613)	(3,175)
Net loss from sale of financial assets held-for-trading	10	863
Net gain from sale of financial investments available-for-sale	(16,080)	(16,497)
Unrealised (gain)/loss on revaluation of financial assets held-for-trading	(24)	112
Unrealised gain on revaluation of derivative instruments	(27,736)	(359)
Interest expense on subordinated obligations	14,772	14,760
Interest income from financial investments held-to-maturity	(13,451)	(6,931)
Interest income from financial investments available-for-sale	(158,689)	(139,429)
Interest income from financial assets held-for-trading	(214)	(1,979)
Allowance for loans, advances and financing (net of recoveries)	24,903	9,651
Allowance for other assets	523	1,513
Net write-back of financial investments held-to-maturity	(574)	-
Net write-back of financial investments available-for-sale	(259)	(902)
Amortisation of computer software	8,931	10,399
Share options/grants under ESS	6,350	4,874
Property, plant and equipment written off	375	117
Computer software written off	4	265
Share of profit of joint venture accounted for using the equity method	(6)	-
Operating profit before working capital changes	<b>199,058</b>	193,104
Changes in working capital:		
Deposits from customers	1,530,576	713,457
Deposits and placements of banks and other financial institutions	999,127	870,715
Bills and acceptances payable	186,449	(23,665)
Balance due from/(to) clients and brokers	(12,343)	(9,134)
Other liabilities	18,007	93,935
Financial assets held-for-trading	110,186	1,418,132
Loans, advances and financing	(2,319,502)	(1,781,472)
Other assets	(2,480)	2,315
Statutory deposits	(33,380)	(147,005)
Amount due to Cagamas Berhad	(1,184)	(1,124)
Cash generated from operations	<b>674,514</b>	1,329,258
Taxes and zakat paid	<b>(101,512)</b>	(106,669)
Net cash generated from operating activities	<b>573,002</b>	1,222,589

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## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED 30 SEPTEMBER 2014 (contd.)

	<b>Unaudited 6 Months Ended 30.09.2014 RM'000</b>	<b>Unaudited 6 Months Ended 30.09.2013 RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received from financial investments available-for-sale	1,891	4,185
Interest received from financial investments held-to-maturity	13,451	6,931
Interest received from financial investments available-for-sale	158,689	139,429
Interest received from financial assets held-for-trading	214	1,979
Acquisition of joint venture company net of cash acquired	(396)	-
Purchase of property, plant and equipment	(11,978)	(5,742)
Purchase of computer software	(9,657)	(7,957)
Purchase of shares held for ESS	-	(14,271)
Proceeds from disposal of property, plant and equipment	1	256
Proceeds from disposal of non-current assets held for sale	49,353	-
Proceeds from disposal of a subsidiary	-	12,250
Proceeds from share option exercised by own employees	4,109	2,306
Proceeds from redemption and maturity/(purchase) of financial investments held-to-maturity (net of purchase)/net of redemption	34,554	(569,899)
Purchase of financial investments available-for-sale, net of proceeds	<u>(436,623)</u>	<u>(318,083)</u>
Net cash used in investing activities	<u>(196,392)</u>	<u>(748,616)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid on subordinated obligations	(14,420)	(14,420)
Dividends paid to shareholders of the Company	<u>(159,233)</u>	<u>(114,278)</u>
Net cash used in financing activities	<u>(173,653)</u>	<u>(128,698)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>202,957</b>	<b>345,275</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b><u>2,129,782</u></b>	<b><u>1,296,681</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>2,332,739</u></b>	<b><u>1,641,956</u></b>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and short-term funds	<u>2,332,739</u>	<u>1,641,956</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 2014)*

**[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 second financial quarter ended 30 September 2014 have been prepared under the historical cost convention, as modified by the available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB"), IAS 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") 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 2014. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2014.

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

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

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

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

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

**A1. Basis Of Preparation (contd.)**

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 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. Declaration Of Audit Confirmation**

The auditors' report on the annual financial statements for the financial year ended 31 March 2014 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 second financial quarter ended 30 September 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 second financial quarter ended 30 September 2014 were not substantially affected by any item of a material and unusual nature.

**A5. Changes In Estimates**

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

**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 second financial quarter ended 30 September 2014.

**A7. Dividends Paid**

A special dividend of 10.5 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 RM159,233,000 was paid on 26 June 2014.

*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 RM3,317,806 being dividend paid for those shares were added back to the appropriation of retained profits in respect of the special dividend 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)**  
**SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**

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

<b>Group</b> <b>2nd Financial Quarter Ended</b> <b>30 September 2014</b>	<b>Consumer</b> <b>Banking</b> <b>RM'000</b>	<b>Business</b> <b>Banking</b> <b>RM'000</b>	<b>Financial</b> <b>Markets</b> <b>RM'000</b>	<b>Investment</b> <b>Banking</b> <b>RM'000</b>	<b>Others</b> <b>RM'000</b>	<b>Total</b> <b>Operations</b> <b>RM'000</b>	<b>Inter-</b> <b>segment</b> <b>Elimination</b> <b>RM'000</b>	<b>Total</b> <b>RM'000</b>
Net interest income/(expense)								
- external income/(expense)	109,873	82,234	29,912	1,833	845	224,697	(3,558)	221,139
- inter-segment	(20,543)	6,843	15,105	(1,405)	-	-	-	-
	89,330	89,077	45,017	428	845	224,697	(3,558)	221,139
Net income from Islamic banking business	19,737	16,368	11,606	-	-	47,711	6,208	53,919
Other operating income	29,956	42,622	12,682	8,216	61,650	155,126	(40,062)	115,064
Net income	139,023	148,067	69,305	8,644	62,495	427,534	(37,412)	390,122
Other operating expenses	(67,169)	(55,662)	(12,944)	(12,148)	(5,646)	(153,569)	2,583	(150,986)
Depreciation and amortisation	(5,290)	(3,179)	(919)	(137)	(12)	(9,537)	-	(9,537)
Operating profit/(loss)	66,564	89,226	55,442	(3,641)	56,837	264,428	(34,829)	229,599
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(14,665)	19,722	899	632	-	6,588	-	6,588
Write-back of impairment	-	-	833	-	15	848	(15)	833
Segment result	51,899	108,948	57,174	(3,009)	56,852	271,864	(34,844)	237,020
Share of profit of joint venture accounted for using the equity method								6
Taxation and zakat								(56,698)
Net profit after taxation and zakat								180,328
Segment assets	20,608,063	13,259,908	18,084,940	233,591	1,877,040	54,063,542	(3,699,434)	50,364,108
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								471
Property, plant and equipment								93,999
Unallocated assets								15,807
Intangible assets								353,979
Total assets								50,828,364
Segment liabilities	18,629,654	15,974,004	12,848,115	84,113	17,723	47,553,609	(1,097,143)	46,456,466
Unallocated liabilities								11,778
Total liabilities								46,468,244

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**

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

<b>Group</b> <b>Six months ended 30 September 2014</b>	<b>Consumer Banking RM'000</b>	<b>Business Banking RM'000</b>	<b>Financial Markets RM'000</b>	<b>Investment Banking RM'000</b>	<b>Others RM'000</b>	<b>Total Operations RM'000</b>	<b>Inter- segment Elimination RM'000</b>	<b>Total RM'000</b>
Net interest income/(expense)								
- external income/(expense)	194,356	160,182	68,264	3,543	1,436	427,781	(6,821)	420,960
- inter-segment	(31,431)	8,866	25,190	(2,625)	-	-	-	-
	162,925	169,048	93,454	918	1,436	427,781	(6,821)	420,960
Net income from Islamic banking business	39,965	32,536	21,293	-	-	93,794	13,799	107,593
Other operating income	58,514	79,860	24,455	13,782	229,447	406,058	(207,750)	198,308
Net income	261,404	281,444	139,202	14,700	230,883	927,633	(200,772)	726,861
Other operating expenses	(130,390)	(108,272)	(24,524)	(22,099)	(24,293)	(309,578)	6,544	(303,034)
Depreciation and amortisation	(10,512)	(6,490)	(1,840)	(290)	(25)	(19,157)	-	(19,157)
Operating profit/(loss)	120,502	166,682	112,838	(7,689)	206,565	598,898	(194,228)	404,670
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(29,064)	32,559	659	682	-	4,836	-	4,836
Write-back of impairment	-	-	833	-	1,327	2,160	(1,327)	833
Segment result	91,438	199,241	114,330	(7,007)	207,892	605,894	(195,555)	410,339
Share of profit of joint venture accounted for using the equity method								6
Taxation and zakat								(99,207)
Net profit after taxation and zakat								311,138
Segment assets	20,608,063	13,259,908	18,084,940	233,591	1,877,040	54,063,542	(3,699,434)	50,364,108
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								471
Property, plant and equipment								93,999
Unallocated assets								15,807
Intangible assets								353,979
Total assets								50,828,364
Segment liabilities	18,629,654	15,974,004	12,848,115	84,113	17,723	47,553,609	(1,097,143)	46,456,466
Unallocated liabilities								11,778
Total liabilities								46,468,244

\* Includes rationalisation cost of RM10,648,000

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**

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

<b>Group</b>	<b>Consumer Banking</b>	<b>Business Banking</b>	<b>Financial Markets</b>	<b>Investment Banking</b>	<b>Others</b>	<b>Total Operations</b>	<b>Inter-segment Elimination</b>	<b>Total</b>
<b>2nd Financial Quarter Ended 30 September 2013</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net interest income/(expense)								
- external income/(expense)	80,018	71,039	42,145	1,753	933	195,888	(3,282)	192,606
- inter-segment	(33)	7,513	(6,460)	(1,020)	-	-	-	-
	79,985	78,552	35,685	733	933	195,888	(3,282)	192,606
Net income from Islamic banking business	21,601	15,382	7,441	-	-	44,424	7,328	51,752
Other operating income	25,505	34,870	5,182	4,929	228,764	299,250	(228,867)	70,383
Net income	127,091	128,804	48,308	5,662	229,697	539,562	(224,821)	314,741
Other operating expenses	(65,979)	(49,357)	(9,852)	(7,189)	(4,686)	(137,063)	3,179	(133,884)
Depreciation and amortisation	(5,312)	(3,469)	(1,514)	(129)	(12)	(10,436)	-	(10,436)
Operating profit/(loss)	55,800	75,978	36,942	(1,656)	224,999	392,063	(221,642)	170,421
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(2,564)	7,761	(285)	(80)	8	4,840	-	4,840
Write-back of impairment	-	622	280	-	472	1,374	(472)	902
Segment result	53,236	84,361	36,937	(1,736)	225,479	398,277	(222,114)	176,163
Taxation and zakat								(44,928)
Net profit after taxation and zakat								131,235
Segment assets	17,734,697	11,545,751	17,700,275	201,968	1,892,496	49,075,187	(3,583,078)	45,492,109
Reconciliation of segment assets to consolidated assets:								
Property, plant and equipment								73,434
Unallocated assets								13,790
Intangible assets								353,421
Total assets								45,932,754
Segment liabilities	17,321,875	14,269,651	11,072,309	87,325	45,989	42,797,149	(1,012,689)	41,784,460
Unallocated liabilities								20,277
Total liabilities								41,804,737

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**

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

<b>Group</b>	<b>Consumer Banking</b>	<b>Business Banking</b>	<b>Financial Markets</b>	<b>Investment Banking</b>	<b>Others</b>	<b>Total Operations</b>	<b>Inter-segment Elimination</b>	<b>Total</b>
<b>Six months ended 30 September 2013</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net interest income/(expense)								
- external income/(expense)	146,813	145,720	85,945	3,314	1,227	383,019	(5,952)	377,067
- inter-segment	5,995	12,973	(16,833)	(2,135)	-	-	-	-
	152,808	158,693	69,112	1,179	1,227	383,019	(5,952)	377,067
Net income from Islamic banking business	44,566	31,220	14,989	-	-	90,775	14,834	105,609
Other operating income	84,062	69,911	31,733	13,182	233,499	432,387	(236,145)	196,242
Net income	281,436	259,824	115,834	14,361	234,726	906,181	(227,263)	678,918
Other operating expenses	(130,172)	(100,302)	(21,576)	(13,631)	(37,515)*	(303,196)	5,575	(297,621)
Depreciation and amortisation	(10,954)	(7,186)	(3,107)	(280)	(25)	(21,552)	-	(21,552)
Operating profit/(loss)	140,310	152,336	91,151	450	197,186	581,433	(221,688)	359,745
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(10,810)	9,932	(240)	(64)	654	(528)	-	(528)
Write-back of impairment	-	622	280	-	472	1,374	(472)	902
Segment result	129,500	162,890	91,191	386	198,312	582,279	(222,160)	360,119
Taxation and zakat								(91,093)
Net profit after taxation and zakat								<u>269,026</u>
Segment assets	17,734,697	11,545,751	17,700,275	201,968	1,892,496	49,075,187	(3,583,078)	45,492,109
Reconciliation of segment assets to consolidated assets:								
Property, plant and equipment								73,434
Unallocated assets								13,790
Intangible assets								353,421
Total assets								<u>45,932,754</u>
Segment liabilities	17,321,875	14,269,651	11,072,309	87,325	45,989	42,797,149	(1,012,689)	41,784,460
Unallocated liabilities								20,277
Total liabilities								<u>41,804,737</u>

\* Includes rationalisation cost of RM22,328,000

**A9. Material Event During The Financial Reporting Period**

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

On 23 June 2014, the Company awarded the share grants to employees of the Company and its subsidiaries who have met the criteria of eligibility for the participation in the ESS.

Total 2,143,600 shares were awarded under 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.

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 six months ended 30 September 2014, the Trustee of the ESS had not purchased shares in the Company from the open market.

In the six months ended 30 September 2014, 3,164,400 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 30 September 2014, the Trustee of the ESS held 28,708,250 ordinary shares representing 1.85% of the issued and paid-up capital of the Company.

**(c) 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 and it accounted for as an investment in joint venture in accordance with MFRS 11 "Joint Arrangements".

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

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

**A11. Changes In The Composition Of The Group**

There was no change in the composition of the Group during the second financial quarter ended 30 September 2014, other than as disclosed in Note A9(c).

**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**

The Group recorded a net profit after taxation and zakat of RM311.1 million for the 6 months ended 30 September 2014, an increase of RM42.1 million or 15.7% over the corresponding period last year.

Net interest income grew by RM43.9 million or 11.6% driven by year-on-year loans growth of 14.9% to RM34.4 billion as at 30 September 2014, while other operating income (non-interest income) improved by RM2.1 million or 1.1%. Other operating expenses increased marginally by RM3.0 million or 0.9%. Allowance for losses on loans, advances and financing recorded a net write-back of RM4.8 million.

Total deposits from customers registered a growth of 11.0% to RM40.8 billion as at 30 September 2014 compared to a year ago, with CASA deposits increasing by RM2.1 billion or 16.7% to RM14.3 billion. CASA ratio remains strong at 35.2%.

The Group's total capital ratio remained strong at 13.2%, with Common Equity Tier 1 ratio of 10.1% as at 30 September 2014.

Performance by business segment

The Group's businesses are presented in the following business segments: Consumer Banking, Business Banking, Financial Markets and Investment Banking. Please refer to Note A8 on Segment Information for the composition of each business segment.

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

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

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

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

**(b) Current Quarter vs. Previous Year Corresponding Quarter**

The Group recorded a net profit after taxation and zakat of RM180.3 million for the second quarter ended 30 September 2014, an increase of RM49.1 million or 37.4% over the corresponding quarter ended 30 September 2013 due to higher net interest income and other operating income. This was partly offset by higher operating expenses.

**B2. Comparison With Immediate Preceding Quarter**

The Group recorded a net profit after taxation and zakat of RM180.3 million for the second quarter ended 30 September 2014, an increase of RM49.5 million or 37.9% compared to the immediate preceding quarter ended 30 June 2014. The increase was mainly due to higher net interest income and other operating income.

**B3. Current Year Prospect**

With the Malaysian economy expecting to register a gross domestic product (“GDP”) growth in the range of 5.5% to 6.0% in 2014, the Group will continue to capitalise on its strengths to generate sustainable revenue from Consumer Banking and Business Banking, while expanding opportunities in Wealth Management, Transaction Banking, Treasury and Investment Banking.

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

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

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

Investment Banking’s priority will be to expand its research business to provide greater depth in equities research coverage, build its capabilities in the capital markets and corporate banking activities.

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



**B4. Profit Forecast**

There was no profit forecast issued by the Group.

**B5. Taxation And Zakat**

<b>GROUP</b>	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>30.09.2014</b>	<b>30.09.2013</b>	<b>30.09.2014</b>	<b>30.09.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Taxation				
- Income tax	<b>59,993</b>	37,159	<b>91,555</b>	82,206
- Deferred tax	<b>(3,283)</b>	7,769	<b>7,664</b>	8,887
	<b>56,710</b>	44,928	<b>99,219</b>	91,093
Zakat	<b>(12)</b>	-	<b>(12)</b>	-
	<b>56,698</b>	44,928	<b>99,207</b>	91,093

The Group's effective tax rate for the financial period ended 30 September 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 second financial quarter ended 30 September 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 second financial quarter ended 30 September 2014 other than investments held by the Group whose activities are regulated by law relating to banking companies and are subject to supervision by Bank Negara Malaysia ("BNM").

**B8. Status Of Corporate Proposals**

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

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

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Deposits from customers</b>		
Fixed deposits, negotiable instruments of deposits and money market deposits:		
- One year or less (short term)	<b>26,005,447</b>	25,517,740
- More than one year (medium/long term)	<b>63,372</b>	68,589
	<b>26,068,819</b>	25,586,329
Others	<b>14,698,834</b>	13,650,748
	<b>40,767,653</b>	39,237,077
<b>(b) Deposits and placements of banks and other financial institutions</b>		
- One year or less (short term)	<b>3,626,158</b>	2,727,564
- More than one year (medium/long term)	<b>256,206</b>	331,793
	<b>3,882,364</b>	3,059,357
<b>(c) Subordinated obligations</b>		
Unsecured and more than one year (medium/long term)		
- Tier II Subordinated Medium Term Notes	<b>613,069</b>	612,718

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2014**

**B10. Derivative Financial Assets/(Liabilities)**

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

	As at 30 September 2014			As at 31 March 2014		
	Principal RM'000	Fair value		Principal RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b><u>Trading derivatives</u></b>						
Foreign exchange and commodity contracts:						
Currency forwards						
- one year or less	<b>1,026,200</b>	<b>11,620</b>	<b>(6,528)</b>	561,345	4,292	(2,955)
Currency swaps						
- one year or less	<b>4,977,496</b>	<b>39,005</b>	<b>(30,832)</b>	5,711,425	24,997	(40,929)
- over one year to three years	<b>32,835</b>	<b>282</b>	<b>-</b>	32,835	293	-
- over three years	<b>31,515</b>	<b>-</b>	<b>(1,106)</b>	31,515	-	(1,186)
Currency spots						
- less than one year	<b>256,340</b>	<b>788</b>	<b>(189)</b>	190,557	254	(309)
Currency options						
- one year or less	<b>163,213</b>	<b>755</b>	<b>(371)</b>	388,046	2,125	(1,344)
DCI Gold						
- one year or less	<b>-</b>	<b>-</b>	<b>-</b>	7,878	32	(107)
	<b>6,487,599</b>	<b>52,450</b>	<b>(39,026)</b>	6,923,601	31,993	(46,830)
Interest rate derivatives:						
Interest rate swap						
- one year or less	<b>3,045,000</b>	<b>7,208</b>	<b>(3,850)</b>	2,645,000	6,814	(1,988)
- over one year to three years	<b>1,735,000</b>	<b>4,111</b>	<b>(946)</b>	250,000	160	-
- over three years	<b>850,000</b>	<b>2,396</b>	<b>(737)</b>	2,135,000	5,178	(520)
	<b>460,000</b>	<b>701</b>	<b>(2,167)</b>	260,000	1,476	(1,468)
Equity related derivatives:						
- one year or less	<b>49,988</b>	<b>-</b>	<b>(118)</b>	57,582	870	(870)
- over one year to three years	<b>27,740</b>	<b>-</b>	<b>(400)</b>	-	-	-
<b><u>Hedging derivatives</u></b>						
Interest rate swap						
- over three years	<b>612,456</b>	<b>-</b>	<b>(15,967)</b>	538,376	-	(15,186)
Total derivatives assets/(liabilities)	<b>10,222,783</b>	<b>59,658</b>	<b>(59,361)</b>	10,164,559	39,677	(64,874)

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

The Board of Directors has declared a first interim dividend of 9.0 sen per share tax exempt under the single tier tax system, in respect of the financial year ending 31 March 2015 (previous corresponding period: 11.5 sen) to be paid on 30 December 2014. The entitlement date for the first interim dividend payment is on 15 December 2014.

**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.

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
Net profit attributable to owners of the parent (RM'000)	<b>180,328</b>	131,235	<b>311,138</b>	269,026
Weighted average number of ordinary shares in issue ('000)	<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,548,106
Effect of shares bought back for ESS ('000)	<b>(28,708)</b>	(26,381)	<b>(28,708)</b>	(26,381)
	<b>1,519,398</b>	1,521,725	<b>1,519,398</b>	1,521,725
Basic earnings per share (sen)	<b>11.9</b>	8.6	<b>20.5</b>	17.7

**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 30 September 2014.

	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>30.09.2014</b>	<b>30.09.2013</b>	<b>30.09.2014</b>	<b>30.09.2013</b>
Net profit attributable to owners of the parent (RM'000)	<b>180,328</b>	131,235	<b>311,138</b>	269,026
Weighted average number of ordinary shares in issue ('000)	<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,548,106
Effect of shares bought back for ESS ('000)	<b>(28,708)</b>	(26,381)	<b>(28,708)</b>	(26,381)
Effect of Share Grants under ESS ('000)	<b>3,610</b>	3,648	<b>3,610</b>	3,648
	<b>1,523,008</b>	1,525,373	<b>1,523,008</b>	1,525,373
Diluted earnings per share (sen)	<b>11.8</b>	8.6	<b>20.4</b>	17.6

**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:

	<b>Period/Year Ended</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Total retained profits of the Company and its subsidiaries		
- Realised	<b>2,127,112</b>	1,934,970
- Unrealised	<b>61,754</b>	54,440
	<b>2,188,866</b>	1,989,410
Less: Consolidation adjustments	<b>(339,047)</b>	(283,539)
Total group retained profits as per consolidated accounts	<b>1,849,819</b>	1,705,871

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. Other Explanatory Notes**

**C1. Interest Income**

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>30.09.2014</b>	<b>30.09.2013</b>	<b>30.09.2014</b>	<b>30.09.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans, advances and financing	<b>340,152</b>	291,071	<b>652,599</b>	570,450
Money at call and deposit placements with financial institutions	<b>10,903</b>	2,376	<b>16,662</b>	5,873
Financial assets held-for-trading	-	1,142	<b>214</b>	1,979
Financial investments available-for-sale	<b>80,120</b>	78,140	<b>158,689</b>	139,429
Financial investments held-to-maturity	<b>6,696</b>	5,272	<b>13,451</b>	6,931
Others	<b>3,057</b>	602	<b>5,387</b>	832
	<b>440,928</b>	378,603	<b>847,002</b>	725,494
Accretion of discount less amortisation of premium	<b>16,827</b>	17,896	<b>34,238</b>	46,002
	<b>457,755</b>	396,499	<b>881,240</b>	771,496

**C2. Interest Expense**

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>30.09.2014</b>	<b>30.09.2013</b>	<b>30.09.2014</b>	<b>30.09.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	<b>22,643</b>	16,308	<b>42,418</b>	26,212
Deposits from customers	<b>202,815</b>	177,797	<b>395,513</b>	350,037
Subordinated obligations	<b>7,464</b>	7,458	<b>14,772</b>	14,760
Others	<b>3,694</b>	2,330	<b>7,577</b>	3,420
	<b>236,616</b>	203,893	<b>460,280</b>	394,429

**C3. Net Income From Islamic Banking Business**

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>30.09.2014</b>	<b>30.09.2013</b>	<b>30.09.2014</b>	<b>30.09.2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds and others	<b>85,618</b>	74,458	<b>168,845</b>	149,328
Income derived from investment of Islamic Banking funds	<b>8,216</b>	7,878	<b>16,267</b>	15,904
Income attributable to depositors and financial institutions	<b>(46,123)</b>	(37,912)	<b>(91,318)</b>	(74,457)
	<b>47,711</b>	44,424	<b>93,794</b>	90,775
Add: Income due to head office eliminated at Group level	<b>6,208</b>	7,328	<b>13,799</b>	14,834
	<b>53,919</b>	51,752	<b>107,593</b>	105,609

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**C4. Other Operating Income**

Group	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
<b>(a) <u>Fee and commission income:</u></b>				
Commissions	21,835	20,769	40,511	43,310
Service charges and fees	7,451	6,803	15,813	15,065
Portfolio management fees	9	10	16	17
Corporate advisory fees	200	195	365	1,255
Brokerage fees	11,831	8,244	21,381	17,053
Guarantee fees	3,079	2,595	6,496	5,472
Processing fees	6,810	2,227	10,351	7,796
Commitment fees	3,851	3,708	7,588	7,302
Underwriting commissions	316	169	316	402
Other fee income	34,736	25,096	61,667	79,048
	<b>90,118</b>	<b>69,816</b>	<b>164,504</b>	<b>176,720</b>
<b>(b) <u>Fee and commission expense:</u></b>				
Commissions expense	(724)	(417)	(1,146)	(764)
Brokerage fees expense	(5,914)	(4,201)	(10,685)	(8,655)
Guarantee fees expense	(60)	(73)	(506)	(258)
Other fee expense	(22,220)	(21,646)	(44,258)	(42,493)
	<b>(28,918)</b>	<b>(26,337)</b>	<b>(56,595)</b>	<b>(52,170)</b>
<b>(c) <u>Investment income:</u></b>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	18	(22)	(10)	(863)
- Financial investments available-for-sale	9,104	61	16,080	16,497
- Financial investments held-to-maturity	2,613	2,173	2,613	3,175
Marked-to-market revaluation of:				
- Financial assets held-for-trading	-	27	24	(112)
- Derivative financial instruments	16,317	(2,806)	27,736	359
Realised (loss)/gain on revaluation of derivative instruments				
	(2,985)	13,855	10,147	16,368
Gross dividend income from:				
- Financial investments available-for-sale	278	396	1,891	4,276
	<b>25,345</b>	<b>13,684</b>	<b>58,481</b>	<b>39,700</b>
<b>(d) <u>Other income:</u></b>				
Foreign exchange gain/(loss)	1,187	8,476	(1,557)	21,779
Gain on disposal of property, plant and equipment	-	8	1	3
Gain on disposal of non-current assets held for sale	21,605	-	21,605	-
Gain from disposal of a subsidiary	-	-	-	1,169
Others	5,727	4,736	11,869	9,041
	<b>28,519</b>	<b>13,220</b>	<b>31,918</b>	<b>31,992</b>
Total other operating income	<b>115,064</b>	<b>70,383</b>	<b>198,308</b>	<b>196,242</b>



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**C5. Other Operating Expenses**

Group	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
<u>Personnel costs:</u>				
Salaries, allowances and bonuses	75,561	69,779	147,124	143,994
Contribution to EPF	12,265	11,780	25,270	24,528
Share options/grants under ESS	3,504	2,646	6,350	4,874
Others	9,828	4,542	27,429	35,841
	<b>101,158</b>	<b>88,747</b>	<b>206,173</b>	<b>209,237</b>
<u>Establishment costs:</u>				
Depreciation of property, plant and equipment	5,043	5,359	10,226	11,153
Amortisation of computer software	4,494	5,077	8,931	10,399
Rental of premises	6,952	6,996	13,914	14,145
Water and electricity	2,576	1,827	4,837	3,668
Repairs and maintenance	2,788	2,308	5,364	5,483
Information technology expenses	10,334	11,887	18,510	21,721
Others	3,909	3,313	8,259	6,701
	<b>36,096</b>	<b>36,767</b>	<b>70,041</b>	<b>73,270</b>
<u>Marketing expenses:</u>				
Promotion and advertisement	1,428	1,483	2,989	2,892
Branding and publicity	3,919	2,131	7,013	2,822
Others	2,009	1,398	3,984	2,543
	<b>7,356</b>	<b>5,012</b>	<b>13,986</b>	<b>8,257</b>
<u>Administration and general expenses:</u>				
Communication expenses	3,729	2,874	7,098	5,753
Printing and stationery	792	719	1,888	2,037
Insurance	2,768	2,160	4,899	4,218
Professional fees	4,346	4,877	9,733	10,580
Others	4,278	3,164	8,373	5,821
	<b>15,913</b>	<b>13,794</b>	<b>31,991</b>	<b>28,409</b>
Total other operating expenses	<b>160,523</b>	<b>144,320</b>	<b>322,191</b>	<b>319,173</b>

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

Group	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Allowance for/(write-back of) impaired loans and financing:				
(a) Individual assessment allowance				
- made/(write-back) during the period, (net)	3,614	(3,551)	(2,358)	3,069
(b) Collective assessment allowance				
- made during the period (net)	11,698	1,541	27,261	6,582
(c) Bad debts on loans and financing				
- Recovered	(26,560)	(13,755)	(39,248)	(25,490)
- Written off	4,815	9,682	8,986	14,854
	<b>(6,433)</b>	<b>(6,083)</b>	<b>(5,359)</b>	<b>(985)</b>
(Write-back of)/allowance for other assets	(155)	1,243	523	1,513
	<b>(6,588)</b>	<b>(4,840)</b>	<b>(4,836)</b>	<b>528</b>

**C7. Balances Due From Clients And Brokers**

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Due from clients	94,495	77,459
Due from brokers	7,232	-
	<b>101,727</b>	<b>77,459</b>
Less: Allowance for other losses	<b>(843)</b>	<b>(1,194)</b>
	<b>100,884</b>	<b>76,265</b>

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:

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Classified as doubtful	261	102
Classified as bad	866	1,294
	<b>1,127</b>	<b>1,396</b>

The movements in allowance for other losses are as follows:

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of year	1,194	1,215
Write-back during the year, (net)	(351)	(21)
At end of period/year	<b>843</b>	<b>1,194</b>

**C8. Financial Assets Held-for-trading**

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<u>Money market instruments:</u>		
Malaysian Government securities	-	110,172
Total financial assets held-for-trading	<b>-</b>	<b>110,172</b>

**C9. Financial Investments Available-for-sale**

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<u>Money market instruments:</u>		
Bank Negara Malaysia bills	<b>99,915</b>	-
Malaysian Government securities	<b>2,778,932</b>	2,897,516
Malaysian Government investment certificates	<b>2,797,445</b>	2,575,869
Negotiable instruments of deposits	<b>1,370,914</b>	861,808
Bankers' acceptances	<b>272,507</b>	361,979
Khazanah bonds	<b>190,299</b>	186,734
<u>Quoted securities in Malaysia:</u>		
Shares	<b>24</b>	22
<u>Unquoted securities:</u>		
Shares	<b>143,115</b>	145,505
Debt securities and medium term notes	<b>2,823,994</b>	2,951,962
	<b>10,477,145</b>	9,981,395
Accumulated impairment	<b>(240,876)</b>	(242,635)
<b>Total financial investment available-for-sale</b>	<b>10,236,269</b>	<b>9,738,760</b>

**C10. Financial Investments Held-to-maturity**

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
<u>Money market instruments:</u>		
Malaysian Government securities	<b>702,053</b>	702,507
Malaysian Government investment certificates	<b>434,224</b>	434,574
Khazanah bonds	<b>180,703</b>	177,514
<u>Unquoted securities:</u>		
Debt securities	<b>37,728</b>	39,730
	<b>1,354,708</b>	1,354,325
Accumulated impairment	<b>(29,730)</b>	(34,203)
<b>Total financial investments held-to-maturity</b>	<b>1,324,978</b>	<b>1,320,122</b>

**C11. Loans, Advances And Financing**

	Group	
	30.09.2014 RM'000	31.03.2014 RM'000
Overdrafts	2,054,818	1,960,984
Term loans/financing		
- Housing loans/financing	13,489,164	12,576,157
- Syndicated term loans/financing	532,117	472,331
- Hire purchase receivables	1,404,668	1,219,366
- Other term loans/financing	10,636,758	9,721,105
Bills receivables	205,378	208,765
Trust receipts	167,485	153,840
Claims on customers under acceptance credits	2,516,844	2,513,103
Staff loans [including loans to Directors of a banking subsidiary of RM171,000 (2014: RM187,000)]	38,724	41,194
Credit/charge card receivables	631,186	601,297
Revolving credits	1,086,038	1,169,632
Share margin financing	1,683,451	1,561,622
Gross loans, advances and financing	<b>34,446,631</b>	<b>32,199,396</b>
Add: Sales commissions and handling fees	32,831	30,050
Less: Allowance for impairment on loans, advances and financing		
- Individual assessment allowance	(55,879)	(97,159)
- Collective assessment allowance	(309,993)	(313,296)
Total net loans, advances and financing	<b>34,113,590</b>	<b>31,818,991</b>

(a) By type of customer:

	Group	
	30.09.2014 RM'000	31.03.2014 RM'000
Domestic non-bank financial institutions	384,135	530,796
Domestic business enterprises		
- Small and medium enterprises	6,779,933	5,899,643
- Others	6,370,652	6,283,048
Government and statutory bodies	8,951	9,653
Individuals	19,825,109	18,426,080
Other domestic entities	220,985	231,066
Foreign entities	856,866	819,110
Gross loans, advances and financing	<b>34,446,631</b>	<b>32,199,396</b>

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**C11. Loans, Advances And Financing (contd.)**

(b) By interest/profit rate sensitivity:

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
- Housing loans/financing	<b>64,337</b>	70,535
- Hire purchase receivables	<b>1,404,669</b>	1,219,366
- Other fixed rate loans/financing	<b>2,074,433</b>	2,038,485
Variable rate		
- Base lending rate plus	<b>24,815,937</b>	22,831,752
- Cost plus	<b>5,932,163</b>	5,850,762
- Other variable rate loans/financing	<b>155,092</b>	188,496
Gross loans, advances and financing	<b>34,446,631</b>	32,199,396

(c) By economic purposes:

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of securities	<b>1,712,780</b>	1,607,281
Purchase of transport vehicles	<b>1,293,863</b>	1,117,797
Purchase of landed property	<b>19,954,303</b>	18,098,160
of which: - Residential	<b>14,305,631</b>	13,337,595
- Non-residential	<b>5,648,672</b>	4,760,565
Purchase of fixed assets excluding land and buildings	<b>177,544</b>	155,410
Personal use	<b>2,138,106</b>	2,047,339
Credit card	<b>631,186</b>	601,297
Construction	<b>484,661</b>	436,317
Merger and acquisition	<b>342,494</b>	369,151
Working capital	<b>6,164,384</b>	6,379,804
Others	<b>1,547,310</b>	1,386,840
Gross loans, advances and financing	<b>34,446,631</b>	32,199,396

(d) By geographical distribution:

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Northern region	<b>2,296,690</b>	2,152,976
Central region	<b>25,149,665</b>	23,825,877
Southern region	<b>3,842,486</b>	3,389,910
Sabah region	<b>2,477,169</b>	2,346,894
Sarawak region	<b>680,621</b>	483,739
Gross loans, advances and financing	<b>34,446,631</b>	32,199,396

**C11. Loans, Advances And Financing (contd.)**

(e) By maturity structure:

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	<b>8,736,232</b>	8,691,796
One year to three years	<b>793,090</b>	764,219
Three years to five years	<b>1,836,709</b>	1,685,425
Over five years	<b>23,080,600</b>	21,057,956
Gross loans, advances and financing	<b>34,446,631</b>	<b>32,199,396</b>

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

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of year	<b>442,781</b>	579,233
Impaired during the period/year	<b>350,723</b>	555,392
Reclassified as unimpaired during the period/year	<b>(205,074)</b>	(381,732)
Recoveries	<b>(104,207)</b>	(225,534)
Amount written off	<b>(71,398)</b>	(84,578)
At end of period/year	<b>412,825</b>	442,781
Individual allowance for impairment	<b>(55,879)</b>	(97,159)
Collective allowance for impairment (impaired portion)	<b>(104,755)</b>	(109,070)
Net impaired loans, advances and financing	<b>252,191</b>	<b>236,552</b>
Gross impaired loans as a percentage of gross loans, advances and financing	<b>1.2%</b>	1.4%

(g) Impaired loans by economic purposes:

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of securities	<b>13,384</b>	5,207
Purchase of transport vehicles	<b>10,893</b>	9,765
Purchase of landed property	<b>272,226</b>	254,194
of which: - Residential	<b>252,573</b>	222,781
- Non-residential	<b>19,653</b>	31,413
Purchase of fixed assets excluding land and buildings	<b>-</b>	96
Personal use	<b>33,207</b>	30,263
Credit card	<b>8,524</b>	7,847
Construction	<b>6,006</b>	7,225
Working capital	<b>45,480</b>	92,830
Others	<b>23,105</b>	35,354
Gross impaired loans	<b>412,825</b>	<b>442,781</b>

**C11. Loans, Advances And Financing (contd.)**

(h) Impaired loans by geographical distribution:

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Northern region	37,469	69,548
Central region	304,757	304,328
Southern region	40,072	34,124
East Malaysia region	26,393	31,703
Sarawak region	4,134	3,078
Gross impaired loans	<b>412,825</b>	<b>442,781</b>

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

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Individual assessment allowance</b>		
At beginning of year	97,159	128,471
(Write-back)/allowance made during the period/year, (net)	(2,358)	5,613
Amount written off	(40,846)	(30,655)
Transfers from/(to) collective assessment allowance	1,924	(6,270)
At end of period/year	<b>55,879</b>	<b>97,159</b>

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Collective assessment allowance</b>		
At beginning of year	313,296	349,203
Allowance made during the period/year, (net)	27,261	11,746
Amount written-off	(28,640)	(53,923)
Transfers (to)/from individual assessment allowance	(1,924)	6,270
At end of period/year	<b>309,993</b>	<b>313,296</b>

**C12. Other Assets**

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Other receivables, deposits and prepayments	128,484	123,666
Trade receivables	47	46
Amounts due from related company	267	-
	<b>128,798</b>	<b>123,712</b>
Less: Allowance for other losses	(29,617)	(28,743)
	<b>99,181</b>	<b>94,969</b>

**C13. Non-current Assets Held for Sale**

Investment Property

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Freehold land	-	27,748

The disposal exercise on the above investment property which has been identified as non-current assets held for sale was completed in August 2014.

**C14. Deposits From Customers**

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>By type of deposits:</u>		
Demand deposits	<b>12,598,732</b>	11,559,004
Savings deposits	<b>1,733,983</b>	1,763,153
Fixed/investment deposits	<b>18,328,837</b>	18,637,176
Money market deposits	<b>4,083,729</b>	3,211,369
Negotiable instruments of deposits	<b>3,656,253</b>	3,737,784
Structured deposits [Note]	<b>366,119</b>	328,591
	<b>40,767,653</b>	39,237,077

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 RM306,328,000 (2014: RM269,952,000) using interest rate swaps.



**C14. Deposits From Customers (contd.)**

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Structured deposits	<b>306,328</b>	269,952
Fair value changes arising from fair value hedges	<b>(15,967)</b>	(15,186)
	<b>290,361</b>	<b>254,766</b>

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

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
(i) <u>By type of customers:</u>		
Domestic financial institutions	<b>3,644,897</b>	3,868,358
Government and statutory bodies	<b>2,887,432</b>	3,002,636
Business enterprises	<b>13,263,609</b>	12,207,731
Individuals	<b>17,369,767</b>	17,564,502
Others	<b>3,601,948</b>	2,593,850
	<b>40,767,653</b>	<b>39,237,077</b>

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
(ii) <u>The maturity structure of fixed deposits, money market deposits and negotiable instruments of deposit are as follows:</u>		
Due within six months	<b>22,107,284</b>	20,059,225
Six months to one year	<b>3,898,163</b>	5,458,515
One year to three years	<b>56,427</b>	59,470
Three years to five years	<b>6,945</b>	9,119
	<b>26,068,819</b>	<b>25,586,329</b>

**C15. Deposits And Placements Of Banks And Other Financial Institutions**

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	1,943,371	1,998,196
Licensed investment banks	300,493	351,649
Licensed Islamic banks	350,393	145,017
Bank Negara Malaysia	1,262,677	464,487
Other financial institutions	25,430	100,008
	<b>3,882,364</b>	<b>3,059,357</b>

**C16. Balances Due To Clients And Brokers**

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Due to clients	57,110	22,623
Due to brokers	-	22,211
	<b>57,110</b>	<b>44,834</b>

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 RM86,223,000 (2014: RM128,020,000) have been excluded accordingly.

**C17. Other Liabilities**

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Other payable and accruals	844,365	827,023
Remisiers' accounts	21,615	20,950
Finance lease liabilities	11,650	11,650
	<b>877,630</b>	<b>859,623</b>

**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:

	<b>30.09.2014</b>	<b>31.03.2014</b>
<u>Before deducting proposed dividends</u>		
CET I capital ratio	<b>10.633%</b>	10.908%
Tier I capital ratio	<b>11.611%</b>	11.961%
Total capital ratio	<b>13.694%</b>	14.201%
<u>After deducting proposed dividends</u>		
CET I capital ratio	<b>10.126%</b>	10.379%
Tier I capital ratio	<b>11.105%</b>	11.433%
Total capital ratio	<b>13.188%</b>	13.673%

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

	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>CET I Capital</u></b>		
Paid-up share capital	<b>596,517</b>	596,517
Share premium	<b>201,517</b>	201,517
Retained profits	<b>2,080,493</b>	1,957,952
Statutory reserves	<b>938,861</b>	929,055
Revaluation reserves	<b>38,739</b>	7,071
Other reserves	<b>10,018</b>	10,018
	<b>3,866,145</b>	3,702,130
Less: Regulatory adjustment		
- Goodwill and other intangibles	<b>(353,979)</b>	(353,256)
- Deferred tax assets	<b>(13,330)</b>	(32,343)
- 55% of revaluation reserve	<b>(21,306)</b>	(3,889)
- Investment in subsidiaries, associate and joint venture	<b>(905)</b>	(824)
Total CET I Capital	<b>3,476,625</b>	3,311,818
<b><u>Tier I Capital</u></b>		
ICPS	<b>3,200</b>	3,200
Share premium	<b>316,800</b>	316,800
Total additional Tier I Capital	<b>320,000</b>	320,000
Total Tier I Capital	<b>3,796,625</b>	3,631,818
<b><u>Tier II Capital</u></b>		
Subordinated obligations	<b>479,300</b>	479,082
Collective assessment allowance	<b>205,238</b>	204,226
Less: Regulatory adjustment		
- Investment in subsidiaries and associates	<b>(3,620)</b>	(3,297)
Total Tier II Capital	<b>680,918</b>	680,011
<b>Total Capital</b>	<b>4,477,543</b>	4,311,829

**C18. Capital Adequacy (contd.)**

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

	<b>Alliance Bank Malaysia Berhad</b>	<b>Alliance Islamic Bank Berhad</b>	<b>Alliance Investment Bank Berhad</b>
<b>30 September 2014</b>			
<u>Before deducting proposed dividends</u>			
CET I capital ratio	<b>10.807%</b>	<b>12.592%</b>	<b>87.372%</b>
Tier I capital ratio	<b>11.973%</b>	<b>12.592%</b>	<b>87.372%</b>
Total capital ratio	<b>12.009%</b>	<b>13.376%</b>	<b>87.372%</b>
<u>After deducting proposed dividends</u>			
CET I capital ratio	<b>10.203%</b>	<b>12.173%</b>	<b>86.043%</b>
Tier I capital ratio	<b>11.370%</b>	<b>12.173%</b>	<b>86.043%</b>
Total capital ratio	<b>11.406%</b>	<b>12.957%</b>	<b>86.043%</b>
<b>31 March 2014</b>			
<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%

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

	<b>30.09.2014 RM'000</b>	<b>31.03.2014 RM'000</b>
Credit risk	<b>29,798,621</b>	27,484,255
Market risk	<b>161,650</b>	201,614
Operational risk	<b>2,736,878</b>	2,676,791
Total RWA and capital requirements	<b>32,697,149</b>	30,362,660

**C19. Commitments And Contingencies**

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

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

**C19. Commitments And Contingencies**

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

<b>Group</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk- Weighted Assets RM'000</b>
<b>As at 31 March 2014</b>				
<u>Credit-related exposures</u>				
Direct credit substitutes	471,930	-	471,930	471,930
Transaction-related contingent items	590,667	-	295,334	295,334
Short-term self-liquidating trade-related contingencies	169,493	-	33,899	33,442
Irrevocable commitments to extend credit:				
- maturity exceeding one year	5,108,092	-	2,554,046	2,023,308
- maturity not exceeding one year	6,225,736	-	1,245,147	1,065,474
Unutilised credit card lines	1,415,598	-	283,120	223,570
	<b>13,981,516</b>	<b>-</b>	<b>4,883,476</b>	<b>4,113,058</b>
<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:				
- over one year to three years	57,582	870	4,510	3,045
	<b>10,164,559</b>	<b>39,677</b>	<b>177,037</b>	<b>62,744</b>
	<b>24,146,075</b>	<b>39,677</b>	<b>5,060,513</b>	<b>4,175,802</b>

## 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:

<b>Group</b>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
30 September 2014	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial investments available-for-sale	-	<b>10,096,045</b>	<b>140,224</b>	<b>10,236,269</b>
Derivative financial assets	-	<b>59,658</b>	-	<b>59,658</b>
<u>Liabilities</u>				
Derivative financial liabilities	-	<b>59,361</b>	-	<b>59,361</b>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 March 2014	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	110,172	-	110,172
Financial investments available-for-sale	-	9,597,649	141,111	9,738,760
Derivative financial assets	-	<b>39,677</b>	-	<b>39,677</b>
<u>Liabilities</u>				
Derivative financial liabilities	-	<b>64,874</b>	-	<b>64,874</b>

There were no transfers between levels 1 and 2 of the fair value hierarchy for the Group during the financial period/year ended 30 September 2014 and 31 March 2014.

Reconciliation of movements in level 3 financial instruments:

	<b>Group</b>	
	<b>30.09.2014</b>	<b>31.03.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of year	<b>141,111</b>	137,392
Total gains recognised in:		
- Statement of comprehensive income		
(i) Gain arising from sales financial investments available-for-sale	<b>11,224</b>	12,509
- Other comprehensive income		
(i) Revaluation reserves	<b>1,978</b>	6,922
Disposal	<b>(14,089)</b>	(15,712)
At end of period/year	<b>140,224</b>	141,111

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 period's presentation:

<u>Statements of Comprehensive Income</u> <u>for the 6 months ended 30 September 2013</u>	<b>Group</b>		
	As previously stated RM'000	Restatement RM'000	As restated RM'000
Fee and commission income	-	176,720	176,720
Fee and commission expense	-	(52,170)	(52,170)
Investment income	-	39,700	39,700
Other income	-	31,992	31,992
Other operating income	196,242	(196,242)	-
Other operating income (restated)	196,242	-	196,242

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

The restatement is in relation to reclassification of fee and commission income, fee and commission expense, investment income and other income which was previously summed as other operating income now separated as respective categories. This does not have any impact on the financial results and earnings per share of the comparative financial period. The restatement has been reflected in audited Annual Financial Statements of the Group for the financial year ended 31 March 2014.

**By Order of the Board**

**LEE WEI YEN (MAICSA 7001798)**

Group Company Secretary

Kuala Lumpur

26 November 2014