

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2014

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	3rd Quarter Ended		Cumulative 9 Months Ended	
		31.12.2014	31.12.2013	31.12.2014	31.12.2013
		RM'000	RM'000	RM'000	RM'000
Interest income	C1	459,142	411,479	1,340,382	1,182,975
Interest expense	C2	(245,623)	(210,936)	(705,903)	(605,365)
Net interest income		213,519	200,543	634,479	577,610
Net income from Islamic banking business	C3	58,279	52,741	165,872	158,350
		271,798	253,284	800,351	735,960
Fee and commission income		74,769	71,513	239,273	248,233
Fee and commission expense		(29,143)	(25,952)	(85,738)	(78,122)
Investment income		15,865	21,663	71,733	61,381
Other income		16,541	8,124	48,459	40,098
Other operating income	C4	78,032	75,348	273,727	271,590
Net income		349,830	328,632	1,074,078	1,007,550
Other operating expenses	C5	(156,401)	(143,722)	(478,592)	(462,895)
Operating profit before allowance		193,429	184,910	595,486	544,655
Allowance for losses on loans, advances and financing and other losses	C6	(26,950)	(3,424)	(22,114)	(3,952)
Write-back of impairment		1,743	-	5,189	902
Operating profit after allowance		168,222	181,486	578,561	541,605
Share of profit of joint venture accounted for using the equity method		8	-	14	-
Profit before taxation and zakat		168,230	181,486	578,575	541,605
Taxation and zakat	B5	(41,857)	(44,977)	(141,064)	(136,070)
Net profit after taxation and zakat		126,373	136,509	437,511	405,535
Other comprehensive (expense)/income: Items that may be reclassified subsequently to profit and loss:					
Revaluation reserve on financial investments available-for-sale					
- Net (loss)/gain from change in fair value		(38,112)	(75,224)	8,419	(142,097)
- Transfer from/(to) deferred tax		9,140	18,806	(5,723)	35,524
Other comprehensive (expense)/income, net of tax		(28,972)	(56,418)	2,696	(106,573)
Total comprehensive income for the period		97,401	80,091	440,207	298,962
Profit attributable to: Owners of the parent		126,373	136,509	437,511	405,535
Total comprehensive income attributable to: Owners of the parent		97,401	80,091	440,207	298,962
Earnings per share attributable to owners of the parent:					
- Basic (sen)	B13(a)	8.3	9.0	28.8	26.7
- Diluted (sen)	B13(b)	8.3	9.0	28.7	26.6

(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		AS AT
		31.12.2014		31.03.2014		31.03.2014
		RM'000		RM'000		RM'000
ASSETS						
Cash and short-term funds		1,849,254		2,129,782		
Deposits and placements with banks and other financial institutions		374,303		655,305		
Balances due from clients and brokers	C7	106,971		76,265		
Financial assets held-for-trading	C8	5,070		110,172		
Financial investments available-for-sale	C9	9,881,570		9,738,760		
Financial investments held-to-maturity	C10	1,320,647		1,320,122		
Derivative financial assets	B10	170,799		39,677		
Loans, advances and financing	C11	35,288,797		31,818,991		
Other assets	C12	74,643		94,969		
Investment in joint venture		506		-		
Tax recoverable		12,283		99		
Statutory deposits		1,679,894		1,584,244		
Property, plant and equipment		95,615		92,633		
Intangible assets		356,977		353,256		
Deferred tax assets		19,865		32,671		
		51,237,194		48,046,946		
Non-current assets held for sale	C13	-		27,748		
TOTAL ASSETS		51,237,194		48,074,694		
LIABILITIES AND EQUITY						
Deposits from customers	B9(a), C14	41,452,676		39,237,077		
Deposits and placements of banks and other financial institutions	B9(b), C15	3,796,502		3,059,357		
Balances due to clients and brokers	C16	78,239		44,834		
Derivative financial liabilities	B10	87,624		64,874		
Amount due to Cagamas Berhad		7,316		14,014		
Other liabilities	C17	872,888		859,623		
Subordinated obligations	B9(c)	605,962		612,718		
Provision for taxation and zakat		1,763		10,814		
Deferred tax liabilities		6,971		5,367		
TOTAL LIABILITIES		46,909,941		43,908,678		
Share capital		1,548,106		1,548,106		
Reserves		2,872,748		2,730,173		
Shares held for Employees' Share Scheme		(93,601)		(112,263)		
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT		4,327,253		4,166,016		
TOTAL LIABILITIES AND EQUITY		51,237,194		48,074,694		
COMMITMENTS AND CONTINGENCIES	C19	26,278,291		24,146,075		
Net assets per share attributable to owners of the parent (RM)*		2.80		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

(Company Number : 6627-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 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
31 December 2014												
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	-	-	-	-	-	-	-	-	437,511	437,511	-	437,511
Other comprehensive income	-	-	-	-	2,696	-	-	-	-	2,696	-	2,696
Total comprehensive income for the period	-	-	-	-	2,696	-	-	-	437,511	440,207	-	440,207
Transfer to statutory reserve	-	-	9,806	-	-	-	-	-	(9,806)	-	-	-
Share-based payment under ESS	-	-	-	-	-	6,088	-	-	-	6,088	-	6,088
Transfer to retained profits on share lapsed:												
- employees of subsidiaries	-	-	-	-	-	(363)	-	-	363	-	-	-
- own employees	-	-	-	-	-	(13)	-	-	13	-	-	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(296,166)	(296,166)	-	(296,166)
ESS shares grant vested to:												
- employees of subsidiaries	-	-	-	-	-	(6,715)	-	6,715	-	-	-	-
- own employees	-	-	-	-	-	(156)	-	156	-	-	-	-
ESS shares option exercised by:												
- employees of subsidiaries	-	-	-	-	-	(683)	-	683	-	-	-	-
Proceeds from share option exercised	-	-	-	-	-	-	-	11,108	-	11,108	-	11,108
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	(3,059)	-	-	3,059	-	-	-
At 31 December 2014	1,548,106	304,289	696,823	7,013	9,767	14,011	-	(93,601)	1,840,845	4,327,253	-	4,327,253
31 December 2013												
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	-	-	-	-	-	-	-	-	405,535	405,535	-	405,535
Other comprehensive expense	-	-	-	-	(106,573)	-	-	-	-	(106,573)	-	(106,573)
Total comprehensive (expense)/income for the period	-	-	-	-	(106,573)	-	-	-	405,535	298,962	-	298,962
Transfer to statutory reserve	-	-	19,694	-	-	-	-	-	(19,694)	-	-	-
Purchase of shares pursuant to ESS	-	-	-	-	-	-	-	(33,600)	-	(33,600)	-	(33,600)
Transfer to PER	-	-	-	-	-	-	(1,033)	-	1,033	-	-	-
Share-based payment under ESS	-	-	-	-	-	7,888	-	-	-	7,888	-	7,888
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(289,033)	(289,033)	-	(289,033)
ESS shares grant vested to:												
- employees of subsidiaries	-	-	-	-	-	(3,893)	-	3,893	-	-	-	-
- own employees	-	-	-	-	-	(84)	-	84	-	-	-	-
ESS shares option exercise by:												
- employees of subsidiaries	-	-	-	-	-	(701)	-	701	-	-	-	-
- own employees	-	-	-	-	-	(79)	-	79	-	-	-	-
Proceeds from share option exercised	-	-	-	-	-	-	-	5,804	-	5,804	-	5,804
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	(1,192)	-	-	1,192	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(4,747)	-	(4,747)
At 31 December 2013	1,548,106	304,289	663,400	7,013	8,824	16,678	-	(99,271)	1,571,404	4,020,443	-	4,020,443

(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

(Company Number : 6627-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2014

	Unaudited 9 Months Ended 31.12.2014 RM'000	Unaudited 9 Months Ended 31.12.2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	578,575	541,605
Adjustments for:		
Accretion of discount less amortisation of premium of financial investments	(51,747)	(61,113)
Depreciation of property, plant and equipment	15,558	16,222
Dividends from financial investments available-for-sale	(2,179)	(4,516)
Gain on disposal of property, plant and equipment	(1)	(226)
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	-	(3,742)
Net (gain)/loss from sale of financial assets held-for-trading	(7)	863
Net gain from sale of financial investments available-for-sale	(16,592)	(20,953)
Unrealised (gain)/loss on revaluation of financial assets held-for-trading	(42)	118
Unrealised gain on revaluation of derivative instruments	(112,461)	(2,378)
Interest expense on subordinated obligations	22,164	22,145
Interest income from financial investments held-to-maturity	(20,223)	(13,172)
Interest income from financial investments available-for-sale	(236,861)	(223,013)
Interest income from financial assets held-for-trading	(225)	(906)
Allowance for loans, advances and financing (net of recoveries)	56,544	20,272
Allowance for other assets	1,162	2,248
Net write-back of financial investments held-to-maturity	(4,930)	-
Net write-back of financial investments available-for-sale	(259)	(902)
Amortisation of computer software	13,444	15,006
Share options/grants under ESS	5,990	7,888
Property, plant and equipment written off	664	500
Computer software written off	4	280
Share of profit of joint venture accounted for using the equity method	(14)	-
Operating profit before working capital changes	226,959	295,057
Changes in working capital:		
Deposits from customers	2,215,599	672,047
Deposits and placements of banks and other financial institutions	1,018,147	1,747,793
Bills and acceptances payable	-	(73,551)
Balance due from/(to) clients and brokers	2,699	(4,175)
Other liabilities	13,265	27,725
Financial assets held-for-trading	105,151	1,505,716
Loans, advances and financing	(3,526,350)	(2,499,641)
Other assets	23,263	5,441
Statutory deposits	(95,650)	(179,217)
Amount due to Cagamas Berhad	(6,698)	(1,697)
Cash (used in)/generated from operations	(23,615)	1,495,498
Taxes and zakat paid	(153,612)	(159,117)
Net cash (used in)/generated from operating activities	(177,227)	1,336,381

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2014 (contd.)

	Unaudited 9 Months Ended 31.12.2014 RM'000	Unaudited 9 Months Ended 31.12.2013 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from financial investments available-for-sale	2,179	4,425
Interest received from financial investments held-to-maturity	20,223	13,172
Interest received from financial investments available-for-sale	236,861	223,013
Interest received from financial assets held-for-trading	225	906
Acquisition of joint venture company net of cash acquired	(396)	-
Purchase of property, plant and equipment	(19,221)	(12,455)
Purchase of computer software	(17,167)	(13,672)
Purchase of shares held for ESS	-	(33,600)
Proceeds from disposal of property, plant and equipment	7	4,197
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	11,108	5,804
Proceeds from redemption and maturity/(purchase) of financial investments held-to-maturity (net of purchase)/net of redemption	59,609	(678,107)
Purchase of financial investments available-for-sale, net of proceeds	<u>(120,996)</u>	<u>(458,545)</u>
Net cash generated from/(used in) investing activities	<u>221,785</u>	<u>(932,612)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid on subordinated obligations	(28,920)	(28,920)
Dividends paid to shareholders of the Company	(296,166)	(289,033)
Net cash used in financing activities	<u>(325,086)</u>	<u>(317,953)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(280,528)	85,816
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,129,782	1,296,681
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,849,254	1,382,497
Cash and cash equivalents comprise the following:		
Cash and short-term funds	<u>1,849,254</u>	<u>1,382,497</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 third financial quarter ended 31 December 2014 have been prepared under the historical cost convention, as modified by the available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB"), 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 2018)

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 third financial quarter ended 31 December 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 third financial quarter ended 31 December 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 third financial quarter ended 31 December 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.

A first interim dividend of 9.0 sen per share, tax exempt under the single tier tax system in respect of the financial year ended 31 March 2015, on 1,548,105,929 ordinary shares amounting to RM136,933,000 was paid on 30 December 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 and RM2,396,349 being dividends paid for those shares were added back to the appropriation of retained profits in respect of the special dividend and the first interim 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)
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2014

A8. Segment Information (contd.)

Group 3rd Financial Quarter Ended 31 December 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)	107,473	77,276	29,046	1,825	1,121	216,741	(3,222)	213,519
- inter-segment	(25,702)	13,441	13,531	(1,270)	-	-	-	-
	81,771	90,717	42,577	555	1,121	216,741	(3,222)	213,519
Net income from Islamic banking business	21,894	18,344	11,179	-	-	51,417	6,862	58,279
Other operating income	23,542	40,266	8,147	6,015	177,382	255,352	(177,320)	78,032
Net income	127,207	149,327	61,903	6,570	178,503	523,510	(173,680)	349,830
Other operating expenses	(68,151)	(52,056)	(11,697)	(10,467)	(6,832)	(149,203)	2,647	(146,556)
Depreciation and amortisation	(5,469)	(3,302)	(932)	(129)	(13)	(9,845)	-	(9,845)
Operating profit/(loss)	53,587	93,969	49,274	(4,026)	171,658	364,462	(171,033)	193,429
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(10,022)	(16,413)	(649)	134	-	(26,950)	-	(26,950)
Write-back of impairment	-	1,743	-	-	-	1,743	-	1,743
Segment result	43,565	79,299	48,625	(3,892)	171,658	339,255	(171,033)	168,222
Share of profit of joint venture accounted for using the equity method								8
Taxation and zakat								(41,857)
Net profit after taxation and zakat								126,373
Segment assets	21,213,323	13,873,326	17,541,398	196,569	1,915,983	54,740,599	(3,988,651)	50,751,948
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								506
Property, plant and equipment								95,615
Unallocated assets								32,148
Intangible assets								356,977
Total assets								51,237,194
Segment liabilities	19,130,814	16,643,658	12,390,604	102,723	15,741	48,283,540	(1,382,333)	46,901,207
Unallocated liabilities								8,734
Total liabilities								46,909,941

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2014

A8. Segment Information (contd.)

Group Nine months ended 31 December 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)	301,829	237,458	97,310	5,368	2,557	644,522	(10,043)	634,479
- inter-segment	(57,133)	22,307	38,721	(3,895)	-	-	-	-
	244,696	259,765	136,031	1,473	2,557	644,522	(10,043)	634,479
Net income from Islamic banking business	61,859	50,880	32,472	-	-	145,211	20,661	165,872
Other operating income	82,056	117,513	32,602	19,797	406,829	658,797	(385,070)	273,727
Net income	388,611	428,158	201,105	21,270	409,386	1,448,530	(374,452)	1,074,078
Other operating expenses	(198,541)	(160,328)	(36,221)	(32,566)	(31,125) *	(458,781)	9,191	(449,590)
Depreciation and amortisation	(15,981)	(9,792)	(2,772)	(419)	(38)	(29,002)	-	(29,002)
Operating profit/(loss)	174,089	258,038	162,112	(11,715)	378,223	960,747	(365,261)	595,486
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(39,086)	16,146	10	816	-	(22,114)	-	(22,114)
Write-back of impairment	-	4,356	833	-	1,327	6,516	(1,327)	5,189
Segment result	135,003	278,540	162,955	(10,899)	379,550	945,149	(366,588)	578,561
Share of profit of joint venture accounted for using the equity method								14
Taxation and zakat								(141,064)
Net profit after taxation and zakat								437,511
Segment assets	21,213,323	13,873,326	17,541,398	196,569	1,915,983	54,740,599	(3,988,651)	50,751,948
Reconciliation of segment assets to consolidated assets:								
Investment in joint venture								506
Property, plant and equipment								95,615
Unallocated assets								32,148
Intangible assets								356,977
Total assets								51,237,194
Segment liabilities	19,130,814	16,643,658	12,390,604	102,723	15,741	48,283,540	(1,382,333)	46,901,207
Unallocated liabilities								8,734
Total liabilities								46,909,941

* Includes rationalisation cost of RM10,648,000

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2014

A8. Segment Information (contd.)

Group	Consumer	Business	Financial	Investment	Others	Total	Inter-	Total
3rd Financial Quarter Ended	Banking	Banking	Markets	Banking	RM'000	Operations	segment	Total
31 December 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)	80,383	82,678	39,485	1,730	890	205,166	(4,623)	200,543
- inter-segment	(6,723)	8,347	(617)	(1,007)	-	-	-	-
	73,660	91,025	38,868	723	890	205,166	(4,623)	200,543
Net income from Islamic banking business	20,280	15,773	9,192	-	-	45,245	7,496	52,741
Other operating income	23,592	35,446	10,688	5,532	192,700	267,958	(192,610)	75,348
Net income	117,532	142,244	58,748	6,255	193,590	518,369	(189,737)	328,632
Other operating expenses	(62,138)	(50,353)	(11,391)	(5,439)	(7,698)	(137,019)	2,973	(134,046)
Depreciation and amortisation	(5,058)	(3,402)	(1,037)	(166)	(13)	(9,676)	-	(9,676)
Operating profit/(loss)	50,336	88,489	46,320	650	185,879	371,674	(186,764)	184,910
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(14,904)	11,294	151	37	(2)	(3,424)	-	(3,424)
Segment result	35,432	99,783	46,471	687	185,877	368,250	(186,764)	181,486
Taxation and zakat								(44,977)
Net profit after taxation and zakat								136,509
Segment assets	18,427,515	11,571,319	17,422,753	131,890	1,852,299	49,405,776	(3,513,741)	45,892,035
Reconciliation of segment assets to consolidated assets:								
Property, plant and equipment								74,959
Unallocated assets								25,531
Intangible assets								354,512
Total assets								46,347,037
Segment liabilities	17,720,745	14,418,461	11,022,142	57,165	49,191	43,267,704	(946,839)	42,320,865
Unallocated liabilities								5,729
Total liabilities								42,326,594

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2014

A8. Segment Information (contd.)

Group	Consumer Banking	Business Banking	Financial Markets	Investment Banking	Others	Total Operations	Inter-segment Elimination	Total
Nine months ended 31 December 2013	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income/(expense)								
- external income/(expense)	227,196	228,398	125,430	5,044	2,117	588,185	(10,575)	577,610
- inter-segment	(1,755)	20,466	(15,569)	(3,142)	-	-	-	-
	225,441	248,864	109,861	1,902	2,117	588,185	(10,575)	577,610
Net income from Islamic banking business	64,723	46,707	24,590	-	-	136,020	22,330	158,350
Other operating income	107,654	105,357	42,421	18,714	426,199	700,345	(428,755)	271,590
Net income	397,818	400,928	176,872	20,616	428,316	1,424,550	(417,000)	1,007,550
Other operating expenses	(192,310)	(150,655)	(32,967)	(19,070)	(45,213)*	(440,215)	8,548	(431,667)
Depreciation and amortisation	(16,012)	(10,588)	(4,144)	(446)	(38)	(31,228)	-	(31,228)
Operating profit/(loss)	189,496	239,685	139,761	1,100	383,065	953,107	(408,452)	544,655
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(25,714)	21,226	(89)	(27)	652	(3,952)	-	(3,952)
Write-back of impairment	-	622	280	-	472	1,374	(472)	902
Segment result	163,782	261,533	139,952	1,073	384,189	950,529	(408,924)	541,605
Taxation and zakat								(136,070)
Net profit after taxation and zakat								405,535
Segment assets	18,427,515	11,571,319	17,422,753	131,890	1,852,299	49,405,776	(3,513,741)	45,892,035
Reconciliation of segment assets to consolidated assets:								
Property, plant and equipment								74,959
Unallocated assets								25,531
Intangible assets								354,512
Total assets								46,347,037
Segment liabilities	17,720,745	14,418,461	11,022,142	57,165	49,191	43,267,704	(946,839)	42,320,865
Unallocated liabilities								5,729
Total liabilities								42,326,594

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

The first 33.3% of the share grants are to be vested at the end of the first year, the second 33.3% are to be vested at the end of the second year and the remaining 33.4% of the share grants are to be vested at the end of 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 nine months ended 31 December 2014, the Trustee of the ESS had not purchased any shares in the Company from the open market.

During the same period, 5,259,150 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 December 2014, the Trustee of the ESS held 26,613,500 ordinary shares representing 1.72% 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 is 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 third financial quarter ended 31 December 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 RM437.5 million for the 9 months ended 31 December 2014, an increase of RM32.0 million or 7.9% over the corresponding period last year.

Net interest income grew by RM56.9 million or 9.8% driven by year-on-year loans growth of 16.3% to RM35.6 billion as at 31 December 2014, while other operating income (non-interest income) improved by RM2.1 million or 0.8%. Other operating expenses increased by RM15.7 million or 3.4% on higher marketing and administrative expenses. Allowance for losses on loans, advances and financing recorded an increase of RM18.2 million to RM22.1 million.

Total deposits from customers registered a growth of 5.6% to RM41.5 billion as at 31 December 2014 compared to 31 March 2014, with CASA deposits increasing by RM1.1 billion or 8.3% to RM14.4 billion. CASA ratio remains strong at 34.8%.

The Group's total capital ratio remained sound at 12.9%, with Common Equity Tier 1 ratio of 10.9% as at 31 December 2014.

Performance by business segment

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

Consumer Banking's profit before taxation of RM135.0 million for the 9 months ended 31 December 2014 was RM28.8 million or 17.6% lower compared to the corresponding period last year. This was mainly due to a non-recurring sign-on fee income received last year from a bancassurance arrangement. Segment assets increased by RM2.8 billion or 15.1% year-on-year to RM21.2 billion as at 31 December 2014.

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

Financial Markets' profit before taxation of RM163.0 million for the 9 months ended 31 December 2014 was RM23.0 million or 16.4% higher compared to the corresponding period last year due to higher net interest income.

Investment Banking covers stockbroking activities and corporate advisory. It incurred a loss of RM10.9 million for the 9 months ended 31 December 2014, mainly attributed to higher operating expenses.

(b) Current Quarter vs. Previous Year Corresponding Quarter

The Group recorded a net profit after taxation and zakat of RM126.4 million for the third quarter ended 31 December 2014, decrease of RM10.1 million or 7.4% over the corresponding quarter ended 31 December 2013 mainly due to higher allowances for losses on loans, advances and financing.

B2. Comparison With Immediate Preceding Quarter

The Group recorded a net profit after taxation and zakat of RM126.4 million for the third quarter ended 31 December 2014, decrease of RM54.0 million or 29.9% compared to the immediate preceding quarter ended 30 September 2014. The decrease was mainly due to lower other operating income and higher allowances for losses on loans, advances and financing.

B3. Current Year Prospect

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

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

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

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

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

B4. Profit Forecast

There was no profit forecast issued by the Group.

B5. Taxation And Zakat

GROUP	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Taxation				
- Income tax	36,900	47,535	128,455	129,741
- Under provision in prior year	3,962	193	3,962	193
	40,862	47,728	132,417	129,934
- Deferred tax	1,020	(2,751)	8,684	6,136
	41,882	44,977	141,101	136,070
Zakat	(25)	-	(37)	-
	41,857	44,977	141,064	136,070

The Group's effective tax rate for the financial period ended 31 December 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 third financial quarter ended 31 December 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 third financial quarter ended 31 December 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

	Group	
	31.12.2014	31.03.2014
	RM'000	RM'000
(a) Deposits from customers		
Fixed deposits, negotiable instruments of deposits and money market deposits:		
- One year or less (short term)	26,614,003	25,517,740
- More than one year (medium/long term)	58,315	68,589
	26,672,318	25,586,329
Others	14,780,358	13,650,748
	41,452,676	39,237,077
(b) Deposits and placements of banks and other financial institutions		
- One year or less (short term)	3,547,125	2,727,564
- More than one year (medium/long term)	249,377	331,793
	3,796,502	3,059,357
(c) Subordinated obligations		
Unsecured and more than one year (medium/long term)		
- Tier II Subordinated Medium Term Notes	605,962	612,718

B10. Derivative Financial Assets/(Liabilities)

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

	As at 31 December 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
<u>Trading derivatives</u>						
Foreign exchange and commodity contracts:						
Currency forwards						
- one year or less	980,008	46,402	(2,711)	561,345	4,292	(2,955)
Currency swaps						
- one year or less	6,957,926	116,181	(57,663)	5,711,425	24,997	(40,929)
- over one year to three years	32,835	-	(2,033)	32,835	293	-
- over three years	31,515	-	(3,493)	31,515	-	(1,186)
Currency spots						
- less than one year	233,254	177	(333)	190,557	254	(309)
Currency options						
- one year or less	85,883	597	(204)	388,046	2,125	(1,344)
DCI Gold						
- one year or less	-	-	-	7,878	32	(107)
	8,321,421	163,357	(66,437)	6,923,601	31,993	(46,830)
Interest rate derivatives:						
Interest rate swap						
- one year or less	3,295,000	6,830	(3,255)	2,645,000	6,814	(1,988)
- over one year to three years	1,985,000	4,597	(979)	250,000	160	-
- over three years	750,000	1,463	(1,298)	2,135,000	5,178	(520)
	560,000	770	(978)	260,000	1,476	(1,468)
Equity related derivatives:						
- one year or less	30,754	453	(1,334)	57,582	870	(870)
- over one year to three years	21,700	159	-	-	-	-
<u>Hedging derivatives</u>						
Interest rate swap						
- over three years	281,022	-	(16,598)	538,376	-	(15,186)
Total derivatives assets/(liabilities)	11,949,897	170,799	(87,624)	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

No dividend has been declared during the third financial quarter ended 31 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.

	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Net profit attributable to owners of the parent (RM'000)	126,373	136,509	437,511	405,535
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)	(26,614)	(29,115)	(26,614)	(29,115)
	1,521,492	1,518,991	1,521,492	1,518,991
Basic earnings per share (sen)	8.3	9.0	28.8	26.7

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 31 December 2014.

	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Net profit attributable to owners of the parent (RM'000)	126,373	136,509	437,511	405,535
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)	(26,614)	(29,115)	(26,614)	(29,115)
Effect of Share Grants under ESS ('000)	3,228	3,560	3,228	3,560
	1,524,720	1,522,551	1,524,720	1,522,551
Diluted earnings per share (sen)	8.3	9.0	28.7	26.6

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:

	Period/Year Ended	
	31.12.2014	31.03.2014
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	2,037,824	1,934,970
- Unrealised	143,636	54,440
	2,181,460	1,989,410
Less: Consolidation adjustments	(340,615)	(283,539)
Total group retained profits as per consolidated accounts	1,840,845	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

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Loans, advances and financing	349,769	305,762	1,002,368	876,212
Money at call and deposit placements with financial institutions	4,524	727	21,186	6,600
Financial assets held-for-trading	11	-	225	906
Financial investments available-for-sale	78,172	82,511	236,861	223,013
Financial investments held-to-maturity	6,772	6,241	20,223	13,172
Others	2,385	1,127	7,772	1,959
	441,633	396,368	1,288,635	1,121,862
Accretion of discount less amortisation of premium	17,509	15,111	51,747	61,113
	459,142	411,479	1,340,382	1,182,975

C2. Interest Expense

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Deposits and placements of banks and other financial institutions	19,028	18,132	61,446	44,344
Deposits from customers	214,401	182,604	609,914	532,641
Subordinated obligations	7,392	7,385	22,164	22,145
Others	4,802	2,815	12,379	6,235
	245,623	210,936	705,903	605,365

C3. Net Income From Islamic Banking Business

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Income derived from investment of depositors' funds and others	96,604	77,669	265,449	226,997
Income derived from investment of Islamic Banking funds	8,629	7,968	24,896	23,872
Income attributable to depositors and financial institutions	(53,815)	(40,392)	(145,133)	(114,849)
	51,418	45,245	145,212	136,020
Add: Income due to head office eliminated at Group level	6,861	7,496	20,660	22,330
	58,279	52,741	165,872	158,350

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2014

C4. Other Operating Income

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
(a) <u>Fee and commission income:</u>				
Commissions	19,108	18,236	59,619	61,546
Service charges and fees	8,625	8,126	24,438	23,191
Portfolio management fees	8	9	24	26
Corporate advisory fees	90	58	455	1,313
Brokerage fees	9,558	7,160	30,939	24,213
Guarantee fees	3,672	3,560	10,168	9,032
Processing fees	2,284	3,782	12,635	11,578
Commitment fees	3,889	3,721	11,477	11,023
Underwriting commissions	210	511	526	913
Other fee income	27,325	26,350	88,992	105,398
	74,769	71,513	239,273	248,233
(b) <u>Fee and commission expense:</u>				
Commissions expense	(504)	(324)	(1,650)	(1,088)
Brokerage fees expense	(4,520)	(3,505)	(15,205)	(12,160)
Guarantee fees expense	(225)	(91)	(731)	(349)
Other fee expense	(23,894)	(22,032)	(68,152)	(64,525)
	(29,143)	(25,952)	(85,738)	(78,122)
(c) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	17	-	7	(863)
- Financial investments available-for-sale	512	4,456	16,592	20,953
- Financial investments held-to-maturity	-	567	-	3,742
Unrealised gain/(loss) from revaluation of:				
- Financial assets held-for-trading	18	(6)	42	(118)
- Derivative financial instruments	84,725	2,019	112,461	2,378
Realised (loss)/gain on derivative instruments	(69,695)	14,387	(59,548)	30,773
Gross dividend income from:				
- Financial investments available-for-sale	288	240	2,179	4,516
	15,865	21,663	71,733	61,381
(d) <u>Other income:</u>				
Foreign exchange gain	8,078	2,642	6,521	24,403
Gain on disposal of property, plant and equipment	-	223	1	226
Gain on disposal of non-current assets held for sale	-	-	21,605	-
Gain from disposal of a subsidiary	-	-	-	1,169
Others	8,463	5,259	20,332	14,300
	16,541	8,124	48,459	40,098
Total other operating income	78,032	75,348	273,727	271,590

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2014

C5. Other Operating Expenses

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
<u>Personnel costs:</u>				
Salaries, allowances and bonuses	73,797	71,228	220,921	215,222
Contribution to EPF	12,384	12,146	37,654	36,674
Share options/grants under ESS	(360)	3,014	5,990	7,888
Others	9,565	5,052	36,994	40,893
	95,386	91,440	301,559	300,677
<u>Establishment costs:</u>				
Depreciation of property, plant and equipment	5,332	5,069	15,558	16,222
Amortisation of computer software	4,513	4,607	13,444	15,006
Rental of premises	6,984	6,948	20,898	21,093
Water and electricity	2,277	1,851	7,114	5,519
Repairs and maintenance	2,944	2,532	8,308	8,015
Information technology expenses	10,848	9,763	29,358	31,484
Others	4,045	3,832	12,304	10,533
	36,943	34,602	106,984	107,872
<u>Marketing expenses:</u>				
Promotion and advertisement	1,508	1,837	4,497	4,729
Branding and publicity	4,508	2,626	11,521	5,448
Others	2,094	1,281	6,078	3,824
	8,110	5,744	22,096	14,001
<u>Administration and general expenses:</u>				
Communication expenses	3,540	2,908	10,638	8,661
Printing and stationery	1,136	934	3,024	2,971
Insurance	2,549	2,228	7,448	6,446
Professional fees	5,032	3,635	14,765	14,215
Others	3,705	2,231	12,078	8,052
	15,962	11,936	47,953	40,345
Total other operating expenses	156,401	143,722	478,592	462,895

C6. Allowance for Losses On Loans, Advances And Financing And Other Losses

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
Allowance for impaired loans and financing:				
(a) Individual assessment allowance				
- made during the period, (net)	2,996	2,071	638	5,140
(b) Collective assessment allowance				
- made during the period (net)	28,645	8,550	55,906	15,132
(c) Bad debts on loans and financing				
- Recovered	(9,327)	(12,279)	(48,575)	(37,769)
- Written off	3,997	4,347	12,983	19,201
	26,311	2,689	20,952	1,704
Allowance for other assets	639	735	1,162	2,248
	26,950	3,424	22,114	3,952

C7. Balances Due From Clients And Brokers

	Group	
	31.12.2014	31.03.2014
	RM'000	RM'000
Due from clients	45,968	77,459
Due from brokers	61,854	-
	107,822	77,459
Less: Allowance for other losses	(851)	(1,194)
	106,971	76,265

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	
	31.12.2014	31.03.2014
	RM'000	RM'000
Classified as doubtful	166	102
Classified as bad	1,135	1,294
	1,301	1,396

The movements in allowance for other losses are as follows:

	Group	
	31.12.2014	31.03.2014
	RM'000	RM'000
At beginning of year	1,194	1,215
Write-back during the year, (net)	(343)	(21)
At end of period/year	851	1,194

C8. Financial Assets Held-for-trading

	Group	
	31.12.2014	31.03.2014
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Malaysian Government securities	-	110,172
<u>Unquoted securities:</u>		
Medium term notes	5,070	-
Total financial assets held-for-trading	5,070	110,172

C9. Financial Investments Available-for-sale

	Group	
	31.12.2014 RM'000	31.03.2014 RM'000
At fair value		
<u>Money market instruments:</u>		
Bank Negara Malaysia bills	105,002	-
Malaysian Government securities	2,600,669	2,897,516
Malaysian Government investment certificates	2,778,444	2,575,869
Negotiable instruments of deposits	1,381,914	861,808
Bankers' acceptances	30,752	361,979
Khazanah bonds	191,804	186,734
<u>Quoted securities in Malaysia:</u>		
Shares	20	22
<u>Unquoted securities:</u>		
Shares	143,115	145,505
Debt securities and medium term notes	2,890,726	2,951,962
	10,122,446	9,981,395
Accumulated impairment	(240,876)	(242,635)
Total financial investment available-for-sale	9,881,570	9,738,760

C10. Financial Investments Held-to-maturity

	Group	
	31.12.2014 RM'000	31.03.2014 RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government securities	704,790	702,507
Malaysian Government investment certificates	423,565	434,574
Khazanah bonds	182,328	177,514
At cost		
<u>Unquoted securities:</u>		
Debt securities	37,828	39,730
	1,348,511	1,354,325
Accumulated impairment	(27,864)	(34,203)
Total financial investments held-to-maturity	1,320,647	1,320,122

C11. Loans, Advances And Financing

	Group	
	31.12.2014	31.03.2014
	RM'000	RM'000
Overdrafts	2,107,382	1,960,984
Term loans/financing		
- Housing loans/financing	13,915,735	12,576,157
- Syndicated term loans/financing	512,465	472,331
- Hire purchase receivables	1,503,507	1,219,366
- Other term loans/financing	11,122,108	9,721,105
Bills receivables	208,478	208,765
Trust receipts	165,829	153,840
Claims on customers under acceptance credits	2,484,301	2,513,103
Staff loans [including loans to Directors of a banking subsidiary of RM163,000 (2014: RM187,000)]	38,107	41,194
Credit/charge card receivables	672,789	601,297
Revolving credits	1,365,938	1,169,632
Share margin financing	1,540,496	1,561,622
Gross loans, advances and financing	35,637,135	32,199,396
Add: Sales commissions and handling fees	33,558	30,050
Less: Allowance for impairment on loans, advances and financing		
- Individual assessment allowance	(54,487)	(97,159)
- Collective assessment allowance	(327,409)	(313,296)
Total net loans, advances and financing	35,288,797	31,818,991

(a) By type of customer:

	Group	
	31.12.2014	31.03.2014
	RM'000	RM'000
Domestic non-bank financial institutions	499,629	530,796
Domestic business enterprises		
- Small and medium enterprises	7,251,796	5,899,643
- Others	6,452,530	6,283,048
Government and statutory bodies	8,612	9,653
Individuals	20,331,038	18,426,080
Other domestic entities	217,107	231,066
Foreign entities	876,423	819,110
Gross loans, advances and financing	35,637,135	32,199,396

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2014

C11. Loans, Advances And Financing (contd.)

(b) By interest/profit rate sensitivity:

	Group	
	31.12.2014	31.03.2014
	RM'000	RM'000
Fixed rate		
- Housing loans/financing	62,934	70,535
- Hire purchase receivables	1,495,274	1,219,366
- Other fixed rate loans/financing	2,162,526	2,038,485
Variable rate		
- Base lending rate plus	25,592,750	22,831,752
- Cost plus	6,155,360	5,850,762
- Other variable rate loans/financing	168,291	188,496
Gross loans, advances and financing	35,637,135	32,199,396

(c) By economic purposes:

	Group	
	31.12.2014	31.03.2014
	RM'000	RM'000
Purchase of securities	1,571,871	1,607,281
Purchase of transport vehicles	1,381,220	1,117,797
Purchase of landed property	20,728,889	18,098,160
of which: - Residential	14,748,592	13,337,595
- Non-residential	5,980,297	4,760,565
Purchase of fixed assets excluding land and buildings	194,986	155,410
Personal use	2,219,668	2,047,339
Credit card	672,789	601,297
Construction	544,017	436,317
Merger and acquisition	117,687	369,151
Working capital	6,383,317	6,379,804
Others	1,822,691	1,386,840
Gross loans, advances and financing	35,637,135	32,199,396

(d) By geographical distribution:

	Group	
	31.12.2014	31.03.2014
	RM'000	RM'000
Northern region	2,337,523	2,152,976
Central region	25,873,904	23,825,877
Southern region	4,084,992	3,389,910
Sabah region	2,611,116	2,346,894
Sarawak region	729,600	483,739
Gross loans, advances and financing	35,637,135	32,199,396

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2014

C11. Loans, Advances And Financing (contd.)

(e) By maturity structure:

	Group	
	31.12.2014 RM'000	31.03.2014 RM'000
Within one year	8,917,418	8,691,796
One year to three years	899,330	764,219
Three years to five years	1,845,296	1,685,425
Over five years	23,975,091	21,057,956
Gross loans, advances and financing	35,637,135	32,199,396

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

	Group	
	31.12.2014 RM'000	31.03.2014 RM'000
At beginning of year	442,781	579,233
Impaired during the period/year	540,097	555,392
Reclassified as unimpaired during the period/year	(335,882)	(381,732)
Recoveries	(154,405)	(225,534)
Amount written off	(87,014)	(84,578)
At end of period/year	405,577	442,781
Individual allowance for impairment	(54,487)	(97,159)
Collective allowance for impairment (impaired portion)	(107,635)	(109,070)
Net impaired loans, advances and financing	243,455	236,552
 Gross impaired loans as a percentage of gross loans, advances and financing	 1.1%	 1.4%

(g) Impaired loans by economic purposes:

	Group	
	31.12.2014 RM'000	31.03.2014 RM'000
Purchase of securities	719	5,207
Purchase of transport vehicles	8,592	9,765
Purchase of landed property	276,285	254,194
<i>of which: - Residential</i>	256,373	222,781
<i>- Non-residential</i>	19,912	31,413
Purchase of fixed assets excluding land and buildings	-	96
Personal use	33,177	30,263
Credit card	8,487	7,847
Construction	5,120	7,225
Working capital	53,864	92,830
Others	19,333	35,354
Gross impaired loans	405,577	442,781

C11. Loans, Advances And Financing (contd.)

(h) Impaired loans by geographical distribution:

	Group	
	31.12.2014	31.03.2014
	RM'000	RM'000
Northern region	42,233	69,548
Central region	291,133	304,328
Southern region	42,840	34,124
East Malaysia region	24,938	31,703
Sarawak region	4,433	3,078
Gross impaired loans	405,577	442,781

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

	Group	
	31.12.2014	31.03.2014
	RM'000	RM'000
Individual assessment allowance		
At beginning of year	97,159	128,471
Allowance made		
during the period/year, (net)	638	5,613
Amount written off	(42,810)	(30,655)
Transfers to collective assessment allowance	(500)	(6,270)
At end of period/year	54,487	97,159

	Group	
	31.12.2014	31.03.2014
	RM'000	RM'000
Collective assessment allowance		
At beginning of year	313,296	349,203
Allowance made		
during the period/year, (net)	55,906	11,746
Amount written-off	(42,293)	(53,923)
Transfers from individual assessment allowance	500	6,270
At end of period/year	327,409	313,296

C12. Other Assets

	Group	
	31.12.2014	31.03.2014
	RM'000	RM'000
Other receivables, deposits and prepayments	104,286	123,666
Trade receivables	47	46
Amounts due from related company	560	-
	104,893	123,712
Less: Allowance for other losses	(30,250)	(28,743)
	74,643	94,969

C13. Non-current Assets Held for Sale

Investment Property

	Group	
	31.12.2014	31.03.2014
	RM'000	RM'000
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

	Group	
	31.12.2014	31.03.2014
	RM'000	RM'000
<u>By type of deposits:</u>		
Demand deposits	12,682,816	11,559,004
Savings deposits	1,740,902	1,763,153
Fixed/investment deposits	19,358,051	18,637,176
Money market deposits	3,089,414	3,211,369
Negotiable instruments of deposits	4,224,853	3,737,784
Structured deposits [Note]	356,640	328,591
	41,452,676	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 RM282,112,000 (2014: RM269,952,000) using interest rate swaps.

C14. Deposits From Customers (contd.)

	Group	
	31.12.2014	31.03.2014
	RM'000	RM'000
Structured deposits	282,112	269,952
Fair value changes arising from fair value hedges	(16,598)	(15,186)
	265,514	254,766

The fair value loss of the interest rate swap in this hedge transaction as at financial period ended 31 December 2014 is RM16,598,000 (2014: RM15,186,000).

	Group	
	31.12.2014	31.03.2014
	RM'000	RM'000
(i) <u>By type of customers:</u>		
Domestic financial institutions	4,312,988	3,868,358
Government and statutory bodies	2,690,446	3,002,636
Business enterprises	13,065,149	12,207,731
Individuals	17,799,719	17,564,502
Others	3,584,374	2,593,850
	41,452,676	39,237,077

	Group	
	31.12.2014	31.03.2014
	RM'000	RM'000
(ii) <u>The maturity structure of fixed deposits, money market deposits and negotiable instruments of deposit are as follows:</u>		
Due within six months	21,955,809	20,059,225
Six months to one year	4,658,194	5,458,515
One year to three years	51,390	59,470
Three years to five years	6,925	9,119
	26,672,318	25,586,329

C15. Deposits And Placements Of Banks And Other Financial Institutions

	Group	
	31.12.2014 RM'000	31.03.2014 RM'000
Licensed banks	2,805,083	1,998,196
Licensed investment banks	-	351,649
Licensed Islamic banks	550,709	145,017
Bank Negara Malaysia	440,710	464,487
Other financial institutions	-	100,008
	3,796,502	3,059,357

C16. Balances Due To Clients And Brokers

	Group	
	31.12.2014 RM'000	31.03.2014 RM'000
Due to clients	78,239	22,623
Due to brokers	-	22,211
	78,239	44,834

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 RM86,007,000 (2014: RM128,020,000) have been excluded accordingly.

C17. Other Liabilities

	Group	
	31.12.2014 RM'000	31.03.2014 RM'000
Other payable and accruals	840,432	827,023
Remisiers' accounts	21,632	20,950
Finance lease liabilities	10,824	11,650
	872,888	859,623

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:

	31.12.2014	31.03.2014
<u>Before deducting proposed dividends</u>		
CET I capital ratio	10.865%	10.908%
Tier I capital ratio	10.865%	11.961%
Total capital ratio	12.914%	14.201%
<u>After deducting proposed dividends</u>		
CET I capital ratio	10.865%	10.379%
Tier I capital ratio	10.865%	11.433%
Total capital ratio	12.914%	13.673%

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

	31.12.2014	31.03.2014
	RM'000	RM'000
<u>CET I Capital</u>		
Paid-up share capital	796,517	596,517
Share premium	401,517	201,517
Retained profits	1,914,943	1,957,952
Statutory reserves	938,861	929,055
Revaluation reserves	9,767	7,071
Other reserves	10,018	10,018
	4,071,623	3,702,130
Less: Regulatory adjustment		
- Goodwill and other intangibles	(356,978)	(353,256)
- Deferred tax assets	(19,575)	(32,343)
- 55% of revaluation reserve	(5,372)	(3,889)
- Investment in subsidiaries, associate and joint venture	(907)	(824)
Total CET I Capital	3,688,791	3,311,818
<u>Tier I Capital</u>		
ICPS	-	3,200
Share premium	-	316,800
Total additional Tier I Capital	-	320,000
Total Tier I Capital	3,688,791	3,631,818
<u>Tier II Capital</u>		
Subordinated obligations	479,382	479,082
Collective assessment allowance	219,774	204,226
Less: Regulatory adjustment		
- Investment in subsidiaries and associates	(3,628)	(3,297)
Total Tier II Capital	695,528	680,011
Total Capital	4,384,319	4,311,829

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
31 December 2014			
<u>Before deducting proposed dividends</u>			
CET I capital ratio	11.216%	11.093%	96.306%
Tier I capital ratio	11.216%	11.093%	96.306%
Total capital ratio	11.293%	11.860%	96.306%
<u>After deducting proposed dividends</u>			
CET I capital ratio	11.216%	11.093%	96.306%
Tier I capital ratio	11.216%	11.093%	96.306%
Total capital ratio	11.293%	11.860%	96.306%
31 March 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%

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

	31.12.2014 RM'000	31.03.2014 RM'000
Credit risk	30,988,273	27,484,255
Market risk	190,442	201,614
Operational risk	2,771,569	2,676,791
Total RWA and capital requirements	33,950,284	30,362,660

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

C19. Commitments And Contingencies

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

Group	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
As at 31 March 2014				
<u>Credit-related exposures</u>				
Direct credit substitutes	471,930	-	471,930	471,930
Transaction-related contingent items	590,667	-	295,334	295,334
Short-term self-liquidating trade-related contingencies	169,493	-	33,899	33,442
Irrevocable commitments to extend credit:				
- maturity exceeding one year	5,108,092	-	2,554,046	2,023,308
- maturity not exceeding one year	6,225,736	-	1,245,147	1,065,474
Unutilised credit card lines	1,415,598	-	283,120	223,570
	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:				
- over one year to three years	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

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>
31 December 2014	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	5,070	-	5,070
Financial investments available-for-sale	-	9,741,350	140,220	9,881,570
Derivative financial assets	-	170,799	-	170,799
<u>Liabilities</u>				
Derivative financial liabilities	-	87,624	-	87,624
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 March 2014	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	110,172	-	110,172
Financial investments available-for-sale	-	9,597,649	141,111	9,738,760
Derivative financial assets	-	39,677	-	39,677
<u>Liabilities</u>				
Derivative financial liabilities	-	64,874	-	64,874

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

Reconciliation of movements in level 3 financial instruments:

	Group	
	31.12.2014	31.03.2014
	RM'000	RM'000
At beginning of year	141,111	137,392
Total gains recognised in:		
- Statement of comprehensive income		
(i) Gain arising from sales financial investments available-for-sale	11,224	12,509
- Other comprehensive income		
(i) Revaluation reserves	1,974	6,922
Disposal	(14,089)	(15,712)
At end of period/year	140,220	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 9 months ended 31 December 2013</u>	Group		
	As previously stated RM'000	Restatement RM'000	As restated RM'000
Fee and commission income	-	248,233	248,233
Fee and commission expense	-	(78,122)	(78,122)
Investment income	-	61,381	61,381
Other income	-	40,098	40,098
Other operating income	<u>271,590</u>	<u>(271,590)</u>	<u>-</u>
Other operating income (restated)	<u>271,590</u>	<u>-</u>	<u>271,590</u>

<u>Statements of Comprehensive Income</u> <u>for the 3rd financial quarter ended 31 December 2013</u>	Group		
	As previously stated RM'000	Restatement RM'000	As restated RM'000
Fee and commission income	-	71,513	71,513
Fee and commission expense	-	(25,952)	(25,952)
Investment income	-	21,663	21,663
Other income	-	8,124	8,124
Other operating income	<u>75,348</u>	<u>(75,348)</u>	<u>-</u>
Other operating income (restated)	<u>75,348</u>	<u>-</u>	<u>75,348</u>

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

By Order of the Board

LEE WEI YEN (MAICSA 7001798)

Group Company Secretary

Kuala Lumpur

16 February 2015