

# ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2009

(The figures have not been audited)

### CONDENSED CONSOLIDATED INCOME STATEMENTS

|   | <i>Note</i>   | 4th Quarter Ended |           | Cumulative 12 Months Ended |           |
|---|---------------|-------------------|-----------|----------------------------|-----------|
|   |               | 31.3.2009         | 31.3.2008 | 31.3.2009                  | 31.3.2008 |
|   |               | RM'000            | RM'000    | RM'000                     | RM'000    |
| Operating revenue   |               | <b>398,382</b>    | 415,427   | <b>1,636,361</b>           | 1,586,010 |
| Interest income   | <i>C1</i>     | <b>304,857</b>    | 303,998   | <b>1,250,187</b>           | 1,216,363 |
| Interest expense  | <i>C2</i>     | <b>(151,560)</b>  | (143,585) | <b>(588,618)</b>           | (579,475) |
| Net interest income   |               | <b>153,297</b>    | 160,413   | <b>661,569</b>             | 636,888   |
| Net income from Islamic banking business                              | <i>C19(b)</i> | <b>39,319</b>     | 31,549    | <b>163,935</b>             | 115,162   |
|   |               | <b>192,616</b>    | 191,962   | <b>825,504</b>             | 752,050   |
| Other operating income  | <i>C3</i>     | <b>60,083</b>     | 80,686    | <b>232,618</b>             | 265,439   |
| Net income  |               | <b>252,699</b>    | 272,648   | <b>1,058,122</b>           | 1,017,489 |
| Other operating expenses  | <i>C4</i>     | <b>(155,956)</b>  | (134,592) | <b>(564,429)</b>           | (470,082) |
| Operating profit  |               | <b>96,743</b>     | 138,056   | <b>493,693</b>             | 547,407   |
| (Allowance)/write-back for losses<br>on loans, advances and financing | <i>C5</i>     | <b>(34,684)</b>   | (8,703)   | <b>(112,042)</b>           | 60,718    |
| Impairment net of write-back  |               | <b>(56,386)</b>   | (21,013)  | <b>(78,339)</b>            | (106,075) |
| Profit before taxation and zakat                                      |               | <b>5,673</b>      | 108,340   | <b>303,312</b>             | 502,050   |
| Taxation and zakat  | <i>B5</i>     | <b>(4,830)</b>    | (27,836)  | <b>(74,424)</b>            | (121,955) |
| Profit for the period   |               | <b>843</b>        | 80,504    | <b>228,888</b>             | 380,095   |
| Attributable to:  |               |                   |           |                            |           |
| Equity holders of the Company   |               | <b>897</b>        | 80,506    | <b>229,121</b>             | 379,956   |
| Minority interests  |               | <b>(54)</b>       | (2)       | <b>(233)</b>               | 139       |
| Profit for the period   |               | <b>843</b>        | 80,504    | <b>228,888</b>             | 380,095   |
| Earnings per share (sen):   |               |                   |           |                            |           |
| - Basic   | <i>B15(a)</i> | <b>0.1</b>        | 5.2       | <b>14.9</b>                | 25.4      |
| - Diluted   | <i>B15(b)</i> | <b>0.1</b>        | 5.2       | <b>14.8</b>                | 25.4      |

(The Condensed Consolidated Income Statements should be read in conjunction with the audited Annual Financial Statements of the Group for the year ended 31 March 2008)

# ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED BALANCE SHEET

|  |              | UNAUDITED<br>AS AT<br><b>31.3.2009</b><br>RM'000 | AUDITED<br>AS AT<br><b>31.3.2008</b><br>RM'000 |
|--|--------------|--|--|
| <b>ASSETS</b>  |              |  |  |
| Cash and short-term funds  |              | 4,998,175  | 5,774,055                                      |
| Deposits and placements with banks and other financial institutions                      |              | 198,523  | 532,835  |
| Securities held-for-trading  | <i>C6</i>    | 46,055   | 100,129  |
| Securities available-for-sale  | <i>C7</i>    | 6,320,122  | 3,091,018                                      |
| Securities held-to-maturity  | <i>C8</i>    | 314,620  | 821,294  |
| Derivative financial assets  |              | 17,310   | 19,393   |
| Loans, advances and financing  | <i>C9</i>    | 18,718,097                                       | 15,618,971                                     |
| Balances due from clients and brokers  | <i>C10</i>   | 69,525   | 119,333  |
| Land held for investment   |              | 28,922   | 28,922   |
| Other assets   | <i>C11</i>   | 233,930  | 258,732  |
| Tax recoverable  |              | 71,397   | 31,066   |
| Statutory deposits   |              | 199,024  | 622,086  |
| Leasehold land   |              | 12,136   | 12,275   |
| Property, plant and equipment  |              | 137,567  | 129,615  |
| Intangible assets  |              | 368,512  | 353,665  |
| Deferred tax assets  |              | 120,517  | 161,537  |
| <b>TOTAL ASSETS</b>  |              | <b>31,854,432</b>                                | <b>27,674,926</b>                              |
| <b>LIABILITIES AND EQUITY</b>  |              |  |  |
| Deposits from customers  | <i>C12</i>   | 25,575,441                                       | 21,351,760                                     |
| Deposits and placements of banks and other financial institutions                        | <i>C13</i>   | 1,190,782  | 1,454,124                                      |
| Derivative financial liabilities   |              | 26,016   | 23,276   |
| Recourse obligations on loans sold to Cagamas  |              | 58,391   | 255,391  |
| Bills and acceptances payable  |              | 2,215  | 161,418  |
| Balances due to clients and brokers  | <i>C14</i>   | 76,701   | 112,626  |
| Other liabilities  | <i>C15</i>   | 954,930  | 1,120,527                                      |
| Subordinated bonds   | <i>B9(c)</i> | 600,000  | 600,000  |
| Long term borrowings   | <i>B9(d)</i> | 600,000  | -  |
| Provision for taxation   |              | 2,213  | -  |
| Deferred tax liabilities   |              | 1,205  | 1,416  |
| <b>TOTAL LIABILITIES</b>   |              | <b>29,087,894</b>                                | <b>25,080,538</b>                              |
| Share capital  |              | 1,548,106  | 1,548,106                                      |
| Reserves   |              | 1,249,906  | 1,067,586                                      |
| Shares held for Employees' Share Scheme  |              | (36,127)   | (26,254)                                       |
| <b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS</b>   |              | <b>2,761,885</b>                                 | <b>2,589,438</b>                               |
| Minority interests   |              | 4,653  | 4,950  |
| <b>TOTAL EQUITY</b>  |              | <b>2,766,538</b>                                 | <b>2,594,388</b>                               |
| <b>TOTAL LIABILITIES AND EQUITY</b>  |              | <b>31,854,432</b>                                | <b>27,674,926</b>                              |
| <b>COMMITMENTS AND CONTINGENCIES</b>   | <i>B10</i>   | <b>15,081,294</b>                                | 13,976,101                                     |
| <b>Net assets per share attributable to ordinary equity holders of the Company (RM)*</b> |              | <b>1.78</b>                                      | 1.67   |

\* The net assets per share attributable to ordinary equity holders of the Company is computed as total equity (excluding minority interests) divided by total number of ordinary shares in circulation.

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited Annual Financial Statements of the Group for the year ended 31 March 2008)

# ALLIANCE FINANCIAL GROUP BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009

|  | <----- Attributable to Equity Holders of the Company -----> |                            |                                |                              |                                  |   |   |  |  |                                 |                           |
|--|---|----------------------------|--------------------------------|------------------------------|----------------------------------|---|---|--|--|---------------------------------|---------------------------|
|  | <----- Non-distributable ----->                             |                            |                                |                              |                                  | <Distributable>                                 |   |  |  |                                 |                           |
|  | Share<br>Capital<br>RM'000                                  | Share<br>Premium<br>RM'000 | Statutory<br>Reserve<br>RM'000 | Capital<br>Reserve<br>RM'000 | Revaluation<br>Reserve<br>RM'000 | Employees'<br>Share Scheme<br>Reserve<br>RM'000 | Shares held<br>for Employees'<br>Share Scheme<br>RM'000 | Retained Profits/<br>(Accumulated<br>Losses)<br>RM'000 | Total<br>Shareholders'<br>Equity<br>RM'000 | Minority<br>Interests<br>RM'000 | Total<br>Equity<br>RM'000 |
| <b>31 MARCH 2009</b>   |   |                            |                                |                              |                                  |   |   |  |  |                                 |                           |
| <b>At 1 April 2008</b>   | 1,548,106   | 304,289                    | 366,910                        | 7,013                        | (22,776)                         | 1,438   | (26,254)  | 410,712  | 2,589,438                                  | 4,950                           | 2,594,388                 |
| Profit/(loss) for the year   | -   | -                          | -                              | -                            | -                                | -   | -   | 229,121  | 229,121                                    | (233)                           | 228,888                   |
| Unrealised net loss on revaluation<br>of securities available-for-sale | -   | -                          | -                              | -                            | (3,612)                          | -   | -   | -  | (3,612)                                    | -                               | (3,612)                   |
| Transfer from revaluation<br>reserve to income statement               | -   | -                          | -                              | -                            | 46,562                           | -   | -   | -  | 46,562                                     | -                               | 46,562                    |
| Transfer to statutory reserve  | -   | -                          | 63,005                         | -                            | -                                | -   | -   | (63,005)   | -  | -                               | -                         |
| Dividends paid to shareholders   | -   | -                          | -                              | -                            | -                                | -   | -   | (96,055)   | (96,055)                                   | -                               | (96,055)                  |
| Dividends paid to<br>Minority Interests                                | -   | -                          | -                              | -                            | -                                | -   | -   | -  | -  | (64)                            | (64)                      |
| Share-based payment under<br>Employees' Share Scheme                   | -   | -                          | -                              | -                            | -                                | 6,304   | -   | -  | 6,304                                      | -                               | 6,304                     |
| Purchase of shares pursuant<br>to Employees' Share Scheme              | -   | -                          | -                              | -                            | -                                | -   | (9,873)   | -  | (9,873)                                    | -                               | (9,873)                   |
| <b>At 31 March 2009</b>  | <b>1,548,106</b>  | <b>304,289</b>             | <b>429,915</b>                 | <b>7,013</b>                 | <b>20,174</b>                    | <b>7,742</b>                                    | <b>(36,127)</b>   | <b>480,773</b>   | <b>2,761,885</b>                           | <b>4,653</b>                    | <b>2,766,538</b>          |
| <b>31 MARCH 2008</b>   |   |                            |                                |                              |                                  |   |   |  |  |                                 |                           |
| At 1 April 2007  | 1,217,670   | 491,238                    | 268,125                        | 7,013                        | 12,905                           | -   | -   | (54,229)   | 1,942,722                                  | 4,811                           | 1,947,533                 |
| Profit for the year  | -   | -                          | -                              | -                            | -                                | -   | -   | 379,956  | 379,956                                    | 139                             | 380,095                   |
| Exercise of warrants   | 330,436   | 69,392                     | -                              | -                            | -                                | -   | -   | -  | 399,828                                    | -                               | 399,828                   |
| Unrealised net loss on revaluation<br>of securities available-for-sale | -   | -                          | -                              | -                            | (35,681)                         | -   | -   | -  | (35,681)                                   | -                               | (35,681)                  |
| Transfer to statutory reserve  | -   | -                          | 98,785                         | -                            | -                                | -   | -   | (98,785)   | -  | -                               | -                         |
| Dividends paid to shareholders   | -   | -                          | -                              | -                            | -                                | -   | -   | (72,571)   | (72,571)                                   | -                               | (72,571)                  |
| Share-based payment under<br>Employees' Share Scheme                   | -   | -                          | -                              | -                            | -                                | 1,438   | -   | -  | 1,438                                      | -                               | 1,438                     |
| Purchase of shares pursuant<br>to Employees' Share Scheme              | -   | -                          | -                              | -                            | -                                | -   | (26,254)  | -  | (26,254)                                   | -                               | (26,254)                  |
| Share premium reduction  | -   | (256,341)                  | -                              | -                            | -                                | -   | -   | 256,341  | -  | -                               | -                         |
| <b>At 31 March 2008</b>  | <b>1,548,106</b>  | <b>304,289</b>             | <b>366,910</b>                 | <b>7,013</b>                 | <b>(22,776)</b>                  | <b>1,438</b>                                    | <b>(26,254)</b>   | <b>410,712</b>   | <b>2,589,438</b>                           | <b>4,950</b>                    | <b>2,594,388</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 year ended 31 March 2008)

# ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2009

|   | <b>Unaudited<br/>12 Months<br/>Ended<br/>31.3.2009<br/>RM'000</b> | <b>Unaudited<br/>12 Months<br/>Ended<br/>31.3.2008<br/>RM'000</b> |
|---|---|---|
| Profit before taxation and zakat  | <b>303,312</b>  | 502,050   |
| Adjustments for non-operating and non-cash items                            | <b>86,469</b>   | 66,108  |
| Operating profit before working capital changes                             | <b>389,781</b>  | 568,158   |
| Changes in working capital  | <b>679,678</b>  | (1,336,851)   |
| Taxes and zakat paid  | <b>(85,338)</b>   | (150,461)   |
| Net cash generated from/(used in) operating activities                      | <b>984,121</b>  | (919,154)   |
| Net cash (used in)/generated from investing activities                      | <b>(2,559,194)</b>  | 560,972   |
| Net cash generated from financing activities                                | <b>464,881</b>  | 86,449  |
| Net change in cash and cash equivalents                                     | <b>(1,110,192)</b>  | (271,733)   |
| Cash and cash equivalents at beginning of the year                          | <b>6,306,890</b>  | 6,578,623   |
| Cash and cash equivalents at end of the year                                | <b>5,196,698</b>  | 6,306,890   |
| <br>Cash and cash equivalents at end of the year<br>comprise the following: |   |   |
| Cash and short-term funds   | <b>4,998,175</b>  | 5,774,055   |
| Deposits and placements with banks and<br>other financial institutions      | <b>198,523</b>  | 532,835   |
|   | <b>5,196,698</b>  | 6,306,890   |

*(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited Annual Financial Statements of the Group for the year ended 31 March 2008)*

**[A] Explanatory Notes Pursuant To Financial Reporting Standard 134 (FRS 134) :  
Interim Financial Reporting**

**A1. Basis Of Preparation**

The unaudited condensed interim financial statements for the 4th quarter and the financial year ended 31 March 2009 have been prepared in accordance with FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), Bank Negara Malaysia's Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) 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 year ended 31 March 2008. 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 year ended 31 March 2008.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 March 2008.

The allowance for bad and doubtful debts and financing of the Group are computed based on the requirement of BNM/GP3 which is consistent with the adoption in the previous audited annual financial statements.

**A2. Declaration Of Audit Confirmation**

The annual audited report on the financial statements for the financial year ended 31 March 2008 did not contain any qualification.

**A3. Seasonal And Cyclical Factors**

The operations of the Group were not materially affected by any seasonal or cyclical fluctuations in the 4th quarter and the financial year ended 31 March 2009.

**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 4th quarter and the financial year ended 31 March 2009 were not substantially affected by any item of a material and unusual nature.

**A5. Changes In Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 4th quarter and the financial year ended 31 March 2009.

**A6. Changes In Debt And Equity Securities**

There were no issuance nor repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the 4th quarter and the financial year ended 31 March 2009.

**A7. Dividends Paid**

- (a) A First Interim Dividend of 2.5 sen per share, tax exempt under the single tier tax system in respect of the financial year ended 31 March 2009, on 1,548,105,929 ordinary shares amounting to RM38,434,026\* was paid on 27 August 2008; and
- (b) A Second Interim Dividend of 3.75 sen per share, tax exempt under the single tier tax system in respect of the financial year ended 31 March 2009, on 1,548,105,929 ordinary shares amounting to RM57,620,644\* was paid on 3 March 2009.

*\* Dividend paid on the shares held in Trust pursuant to the Company's ESS which are classified as shares held for ESS are not accounted for in the shareholders' equity. The amount of RM269,000 and RM433,000 being dividends paid for those shares were added back to the appropriation of retained profits in respect of the first and second interim dividends respectively.*

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2009**

**A8. Segment Information**

Segment information on Revenue, Profit Before Tax and Total Assets:

| <u>Group</u>   | 4th Quarter Ended<br><- 31 March 2009 -> |                                   | Cumulative 12 Months Ended<br><----- 31 March 2009 -----> |                                   |                           |
|--|--|-----------------------------------|---|-----------------------------------|---------------------------|
|  | Revenue<br>RM'000                        | Profit<br>Before<br>Tax<br>RM'000 | Revenue<br>RM'000   | Profit<br>Before<br>Tax<br>RM'000 | Total<br>Assets<br>RM'000 |
| Commercial banking                                       | 342,247                                  | (4,162)                           | 1,395,482   | 314,052                           | 26,459,402                |
| Investment banking                                       | 26,352                                   | 2,740                             | 108,706   | (26,789)                          | 1,644,855                 |
| Islamic banking  | 30,771                                   | 9,553                             | 136,262   | 42,434                            | 3,148,356                 |
| Others <sup>N1</sup>                                     | 11,718                                   | (201)                             | 156,987   | 119,207                           | 41,393                    |
|  | <b>411,088</b>                           | <b>7,930</b>                      | <b>1,797,437</b>  | <b>448,904</b>                    | <b>31,294,006</b>         |
| Inter-segment eliminations/<br>Consolidation adjustments | (12,706)                                 | (2,257)                           | (161,076)   | (145,592)                         | -                         |
|  | <b>398,382</b>                           | <b>5,673</b>                      | <b>1,636,361</b>  | <b>303,312</b>                    | <b>31,294,006</b>         |
| Intangible assets  | -  | -                                 | -   | -                                 | 368,512                   |
| Unallocated corporate assets                             | -  | -                                 | -   | -                                 | 191,914                   |
|  | <b>398,382</b>                           | <b>5,673</b>                      | <b>1,636,361</b>  | <b>303,312</b>                    | <b>31,854,432</b>         |
|  |  |                                   |   |                                   |                           |
| <u>Group</u>   | 4th Quarter Ended<br><- 31 March 2008 -> |                                   | Cumulative 12 Months Ended<br><----- 31 March 2008 -----> |                                   |                           |
|  | Revenue<br>RM'000                        | Profit<br>Before<br>Tax<br>RM'000 | Revenue<br>RM'000   | Profit<br>Before<br>Tax<br>RM'000 | Total<br>Assets<br>RM'000 |
| Commercial banking                                       | 385,916                                  | 119,657                           | 1,437,124   | 508,410                           | 24,903,958                |
| Investment banking                                       | 29,495                                   | (11,395)                          | 145,397   | 8,439                             | 2,181,343                 |
| Others <sup>N1</sup>                                     | 5,908                                    | 2,837                             | 139,399   | 105,986                           | 43,357                    |
|  | 421,319                                  | 111,099                           | 1,721,920   | 622,835                           | 27,128,658                |
| Inter-segment eliminations/<br>Consolidation adjustments | (5,892)                                  | (2,759)                           | (135,910)   | (120,785)                         | -                         |
|  | 415,427                                  | 108,340                           | 1,586,010   | 502,050                           | 27,128,658                |
| Intangible assets  | -  | -                                 | -   | -                                 | 353,665                   |
| Unallocated corporate assets                             | -  | -                                 | -   | -                                 | 192,603                   |
|  | <b>415,427</b>                           | <b>108,340</b>                    | <b>1,586,010</b>  | <b>502,050</b>                    | <b>27,674,926</b>         |

<sup>N1</sup> Others comprises investment holding, unit trust, asset management and non-banking business.

**A9. Valuation Of Property, Plant And Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any.

**A10. Material Events During The Balance Sheet Date**

**(a) Commencement of Business of Islamic Banking Subsidiary**

Alliance Islamic Bank Berhad ("AIS"), which was incorporated on 13 June 2007 as a wholly-owned subsidiary of Alliance Bank Malaysia Berhad ("ABMB"), commenced its Islamic banking business on 1 April 2008. This follows the vesting of the entire Islamic banking business of ABMB to AIS on 1 April 2008 pursuant to the Vesting Order granted by the High Court of Malaya dated 15 February 2008.

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

During the financial year, the Company offered/awarded the following share options and share grants to Directors and employees of the Company and its subsidiaries who have met the criteria of eligibility for the participation in the ESS:

- (i) 2,452,100 share grants under the Share Grant Plan. The first 50% of the share grants are to be vested at the end of the second year and the remaining 50% of the share grants are to be vested at the end of the third year from the date on which an award is made.
- (ii) 10,328,400 share options under the Share Option Plan at an option price of RM2.70 per share which will be vested subject to the achievement of performance conditions.

Save for Datuk Bridget Anne Chin Hung Yee, who is the Group Chief Executive Officer of Alliance Bank Malaysia Berhad, none of the other directors of the Company were offered/awarded any share options/share grants.

The Company operates an equity-settled, share-based compensation plan pursuant to the ESS. Under the FRS 2, 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.

**(c) Share Purchased Pursuant to Employees' Share Scheme ("ESS ")**

During the financial year, the Trustee of the ESS had purchased 4,930,800 ordinary shares of RM1.00 each fully paid in the Company from the open market at an average price of RM2.00 per share. The total consideration paid for the purchase including transaction costs was RM9,873,777. The shares purchased are being held in trust by the Trustee of ESS in accordance with the Trust Deed dated 3 December 2007.

As at 31 March 2009, the Trustee of the ESS held 14,305,500 of ordinary shares representing 0.92% of the issued and paid-up capital of the Company. Such shares are held at a carrying amount of RM36,127,587.



**A11. Material Events Subsequent To The Balance Sheet Date**

**(a) Share Purchased Pursuant to ESS**

The Trustee of the ESS acquired 876,000 ordinary shares of the Company between 1 April 2009 to 16 April 2009 from the open market for a total consideration of RM1,563,016.

**(b) Dissolution of subsidiaries**

The following subsidiaries of the Company had been dissolved pursuant to Section 272(5) of the Companies Act, 1965:

Wholly-owned subsidiaries of Alliance Investment Bank Berhad

- (i) Alliance Capital Asset Management Sdn. Bhd. - dissolved with effect from 1 April 2009; and
- (ii) Alliance Asset Management (L) Limited - dissolved with effect from 6 April 2009.

**A12. Changes In The Composition Of The Group**

During the financial year, the following subsidiaries of the Company had been dissolved pursuant to Section 272(5) of the Companies Act, 1965:

Wholly-owned subsidiary of the Company

- (i) Setiu Sea Resort Sdn. Bhd. - dissolved with effect from 25 March 2009.

Wholly-owned subsidiaries of Alliance Bank Malaysia Berhad

- (i) Alliance International Berhad - dissolved with effect from 23 March 2009;
- (ii) Alliance International Nominees (Tempatan) Sdn. Bhd. - dissolved with effect from 23 March 2009; and
- (iii) Alliance International Nominees (Asing) Sdn. Bhd. - dissolved with effect from 23 March 2009.

**A13. Changes In Contingent Liabilities Since The Last Annual Balance Sheet Date**

Please refer to Note B10.

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

**B1. Review Of Performance**

**12 months year ended 31 March 2009**

***Comparison of net income & operating profit with preceding year 12 months***

The Group's net income registered growth of RM40.6 million, an increase of 4.0% compared to the last financial year, despite a sharp decline in Investment Bank fee income of RM40.1 million or 59.0% resulting from the adverse equity and capital markets condition. This net income growth was contributed by higher net interest income at the Commercial Bank as well as higher net income from the Islamic banking business; both contributed a growth of RM73.4 million or 9.8% supported largely by strong loans growth. Included in the RM73.4 million was also an over-provision of RM10.8 million in deposit insurance premium which was written back in the 1st quarter.

At operating profit level, the Group registered an operating profit of RM493.7 million, a decrease of 9.8% compared to the last financial year. The decline was mainly due to the once off write-back of overhead provision of RM51.8 million in the last financial year. Excluding this write back, the operating profit is at par to the last financial year.

***Comparison of profit before taxation with the preceding year 12 months***

The Group's profit before taxation was RM303.3 million for the 12 months ended 31 March 2009, a decrease of RM198.7 million or 39.6% compared to the last financial year mainly due to the higher allowance for losses on loans, advances and financing by RM172.7 million attributed to the following:

- The Group made an additional specific allowance of RM56.5 million during the year because we anticipate that present and future economic conditions may impact the businesses of some customers;
- Higher general allowance of RM7.2 million due to loan growth of 18.4% during the year; and
- Lower recovery of loans and financing, including recovery from written-off loans by RM103.5 million largely due to a once off recovery of a lumpy written off loan reported in the 1st quarter results last year.

***Asset quality and capital adequacy***

Loan asset quality continued to improve with net non-performing loans ratio declining from 2.2% as at 31 December 2008 to 1.8% as at 31 March 2009 (31 March 2008: 3.3%). Gross loans provisioning coverage improved from 92.6% as at 31 December 2008 to 99.7% as at 31 March 2009 (31 March 2008: 79.9%).

The Group's gross loans and advances grew by 18.4% to RM19.6 billion compared to 31 March 2008.

The Group's risk-weighted capital ratio remained strong at 14.7%.

**4th Quarter ended 31 March 2009**

***Comparison with preceding year same quarter***

For the current quarter under review, the Group registered an operating profit of RM96.7 million, a decrease of RM41.3 million or 29.9% compared to the corresponding quarter last year. This is mainly due to decline in profit from forex transactions by RM5.9 million, lower gain from disposal of securities by RM18.7 million and higher personnel costs by RM16.9 million. The increase in personnel costs by RM16.9 million was contributed mainly by additional costs of RM5.9 million provided for continuous manpower rationalisation exercise to improve productivity and efficiency and the write-back of over-provision of RM8.3 million in the corresponding quarter last year.

**B1. Review Of Performance (contd.)**

**4th Quarter ended 31 March 2009 (contd.)**

***Comparison with preceding year same quarter***

The Group's current quarter profit before taxation was RM5.6 million, a decrease of RM102.7 million or 94.8% compared to the corresponding quarter last year mainly due to lower operating profit of RM41.3 million as explained above and higher allowance for loans losses and impairment for investments of RM61.4 million attributed to the following:

- Higher specific allowance of RM18.2 million and lower recovery from written-off loans by RM9.0 million for the quarter; and
- Higher provision made for impairment of RM35.4 million for two investment securities, which are still performing but which have been downgraded by the rating agency because of present and future economic conditions may impact the businesses of some of the customers.

**B2. Comparison With Immediate Preceding Quarter**

The Group recorded a profit before taxation of RM5.6 million for the 4th quarter ended 31 March 2009, a decrease of RM62.0 million compared to RM67.6 million recorded for the preceding quarter ended 31 December 2008.

Net income for the 4th quarter ended 31 March 2009 was at RM252.7 million, a decline of RM10.3 million or 3.9% mainly contributed by the drop in base lending rate in current quarter.

Operating profit level for the current quarter recorded a reduction of RM22.6 million or 18.9% compared to the preceding quarter. The reduction was mainly due to the decline in net income as explained above and increase in other operating expenses by RM12.2 million or 8.5% compared to preceding quarter. The increase in other operating expense for the current quarter mainly comes from the additional personnel costs of RM5.9 million provided for continuous manpower rationalisation exercise to improve productivity and efficiency and also higher provision made for maintenance of information technology as well as marketing expenses.

Impairment recognised for investment securities for the current quarter was higher than preceding quarter by RM38.8 million mainly due to impairment of RM35.4 million for two investment securities, which are still performing but which have been downgraded by the rating agency because of the present and future economic conditions may impact the businesses of some of the customers.

**B3. Prospects For Next Financial Year**

The global recession is expected to continue to exert downward pressure on international trade and financial markets. The Government has responded with expansionary fiscal and monetary policies to mitigate declining exports and slowing consumer spending. Bank Negara Malaysia predicts that the Malaysian economy is expected to remain challenging and may achieve growth of between -1% to 1% in 2009. This outlook is dependent on stability being restored in the crisis-affected economies in the second half of the year as well as effective implementation of stimulus measures.

The Group will continue to strengthen its risk management practices to maintain the credit quality of its loan portfolios, improve cost efficiencies and ensure that its liquidity and capital positions stay strong. In the light of the continued challenging economic environment, the Group expects to record a reasonable performance for the financial year ending 31 March 2010.

**B4. Profit Forecast**

There was no profit forecast issued by the Group.

**B5. Taxation And Zakat**

| <b><u>GROUP</u></b>  | <b>4th Quarter Ended</b> |                  | <b>Cumulative 12 Months Ended</b> |                  |
|--|--------------------------|------------------|-----------------------------------|------------------|
|  | <b>31.3.2009</b>         | <b>31.3.2008</b> | <b>31.3.2009</b>                  | <b>31.3.2008</b> |
|  | <b>RM'000</b>            | <b>RM'000</b>    | <b>RM'000</b>                     | <b>RM'000</b>    |
| - Income tax   | <b>3,376</b>             | 28,063           | <b>101,300</b>                    | 172,683          |
| - Deferred tax   | <b>1,162</b>             | 3,385            | <b>(18,296)</b>                   | (28,383)         |
|  | <b>4,538</b>             | 31,448           | <b>83,004</b>                     | 144,300          |
| - Over provision of income tax<br>expense in prior years   | <b>(44,526)</b>          | (2,210)          | <b>(53,398)</b>                   | (18,273)         |
| - Under/(over) provision of deferred tax<br>in prior years | <b>44,788</b>            | (1,402)          | <b>44,788</b>                     | (4,102)          |
| Taxation   | <b>4,800</b>             | 27,836           | <b>74,394</b>                     | 121,925          |
| Zakat  | <b>30</b>                | -                | <b>30</b>                         | 30               |
|  | <b>4,830</b>             | 27,836           | <b>74,424</b>                     | 121,955          |

The Group's effective tax rate for the 4th quarter ended 31 March 2009 was higher than the current statutory tax rate mainly due to reversal of deferred tax assets previously set aside for certain unallowable specific provision made at Alliance Bank group, now allowed. For the financial year ended 31 March 2009, the effective tax rate was lower than current statutory tax rate mainly due to tax refund from Inland Revenue Board.

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

There was no material profit/(loss) on sale of unquoted investment or properties for the 4th quarter and the financial year ended 31 March 2009 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 4th quarter and the financial year ended 31 March 2009 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.

**B8. Status Of Corporate Proposals**

There were no corporate proposals announced as at the reporting date.

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

|  | <b>GROUP</b>      |                  |
|--|-------------------|------------------|
|  | <b>31.3.2009</b>  | <b>31.3.2008</b> |
|  | <b>RM'000</b>     | <b>RM'000</b>    |
| <b>(a) Deposits From Customers</b>   |                   |                  |
| Fixed/investment deposits, negotiable instruments of deposits and money market deposits:                         |                   |                  |
| - One year or less (short term)  | <b>16,890,804</b> | 13,421,993       |
| - More than one year (medium/long term)  | <b>237,102</b>    | 490,596          |
|  | <b>17,127,906</b> | 13,912,589       |
| Others   | <b>8,447,535</b>  | 7,439,171        |
|  | <b>25,575,441</b> | 21,351,760       |
| <b>(b) Deposits And Placements Of Banks And Other Financial Institutions</b>                                     |                   |                  |
| - One year or less (short term)  | <b>606,227</b>    | 1,083,573        |
| - More than one year (medium/long term)  | <b>584,555</b>    | 370,551          |
|  | <b>1,190,782</b>  | 1,454,124        |
| <b>(c) Subordinated Bonds</b>  |                   |                  |
| Unsecured and more than one year (medium/long term)<br>(6.09% Tier II Subordinated bonds 2006/2016)              | <b>600,000</b>    | 600,000          |
| <b>(d) Long Term Borrowings</b>  |                   |                  |
| <u>Unsecured</u>   |                   |                  |
| Fixed rate term loan (Tenor of 3 years plus extension option of one year with all in interest rate of 3.5% p.a.) | <b>400,000</b>    | -                |
| Floating rate term loan (Tenor of 4 years with all in interest rate of Cost of Fund plus 0.5% p.a.)              | <b>200,000</b>    | -                |
|  | <b>600,000</b>    | -                |

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**B10. Commitments And Contingencies**

In the normal course of business, the Group makes various commitments and incurs certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

Risk-weighted exposure of the Group are as follows:

|   | <----- 31.3.2009 -----> |                                 |                             | <----- 31.3.2008 -----> |                                 |                             |
|---|-------------------------|---------------------------------|-----------------------------|-------------------------|---------------------------------|-----------------------------|
|   | Principal<br>Amount     | Credit<br>Equivalent<br>Amount* | Risk-<br>Weighted<br>Amount | Principal<br>Amount     | Credit<br>Equivalent<br>Amount* | Risk-<br>Weighted<br>Amount |
|   | RM'000                  | RM'000                          | RM'000                      | RM'000                  | RM'000                          | RM'000                      |
| Direct credit substitutes                               | 448,370                 | 448,370                         | 448,370                     | 417,859                 | 417,859                         | 416,969                     |
| Transaction-related contingent items                    | 505,920                 | 252,960                         | 252,960                     | 593,608                 | 296,804                         | 296,804                     |
| Short-term self-liquidating trade-related contingencies | 112,406                 | 22,481                          | 22,481                      | 121,493                 | 24,299                          | 24,298                      |
| Irrevocable commitments to extend credit:               |                         |                                 |                             |                         |                                 |                             |
| - maturity exceeding one year                           | 2,051,099               | 1,025,549                       | 825,344                     | 1,964,122               | 982,061                         | 789,060                     |
| - maturity not exceeding one year                       | 8,439,276               | 1,687,856                       | 1,437,642                   | 7,318,045               | 1,463,608                       | 1,250,607                   |
| Foreign exchange related contracts less than one year   | 2,474,223               | 58,004                          | 27,695                      | 3,560,974               | 107,963                         | 51,475                      |
| Interest rate related contracts:                        |                         |                                 |                             |                         |                                 |                             |
| - one year or less                                      | 100,000                 | 250                             | 50                          | -                       | -                               | -                           |
| - over one year to five years                           | 890,000                 | 27,324                          | 5,465                       | -                       | -                               | -                           |
| - over five years                                       | 60,000                  | 7,019                           | 1,404                       | -                       | -                               | -                           |
| <b>Total</b>  | <b>15,081,294</b>       | <b>3,529,813</b>                | <b>3,021,411</b>            | 13,976,101              | 3,292,594                       | 2,829,213                   |

\* The credit equivalent amount is arrived at using the credit conversion factor as per Bank Negara Malaysia's guidelines. The foreign exchange related contracts are all forward contracts. Foreign exchange contracts are subject to market risk and credit risk.

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**B11. Financial Instruments With Off-Balance Sheet Risk**

Details of financial instruments with off-balance sheet risk as at 31 March 2009:

Value of contracts classified by remaining period to maturity or next repricing date (whichever is earlier).

Alliance Bank

| Items                              | Principal amount<br>RM'000 | 1 month or less<br>RM'000 | >1-3 months<br>RM'000 | >3-6 months<br>RM'000 | >6-12 months<br>RM'000 | >1-5 years<br>RM'000 | >5 years<br>RM'000 | Margin requirements<br>RM'000 |
|------------------------------------|----------------------------|---------------------------|-----------------------|-----------------------|------------------------|----------------------|--------------------|-------------------------------|
| Foreign exchange related contracts |                            |                           |                       |                       |                        |                      |                    |                               |
| - forward                          | 326,032                    | 63,569                    | 127,632               | 133,986               | 845                    | -                    | -                  | -                             |
| - swaps                            | 2,143,376                  | 775,998                   | 822,454               | 435,859               | 109,065                | -                    | -                  | -                             |
| - options                          | 4,815                      | 4,815                     | -                     | -                     | -                      | -                    | -                  | -                             |
| Interest rate related contracts    |                            |                           |                       |                       |                        |                      |                    |                               |
| - forward                          | -                          | -                         | -                     | -                     | -                      | -                    | -                  | -                             |
| - futures                          | -                          | -                         | -                     | -                     | -                      | -                    | -                  | -                             |
| - swaps                            | 1,050,000                  | -                         | -                     | -                     | 100,000                | 890,000              | 60,000             | -                             |
| <b>Total</b>                       | <b>3,524,223</b>           | <b>844,382</b>            | <b>950,086</b>        | <b>569,845</b>        | <b>209,910</b>         | <b>890,000</b>       | <b>60,000</b>      | <b>-</b>                      |

Foreign exchange, interest rate and equity and commodity related contracts are subject to market risk and credit risk.

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 31 March 2009, the amount of contracts which were not hedged and hence, exposed to market risk was **RM12,852,000** (31 March 2008: RM3,963,000).

Credit risk

Credit risk arises from the possibility that a counterparty may be unable to meet the terms of a contract in which Alliance Bank has a gain position. This potential loss may increase or decrease over the life of the contracts, mainly as a function of maturity dates and interest rate or market prices. As at 31 March 2009, the amounts of credit risk, measured in terms of cost to replace the profitable contracts was **RM40,651,000** (31 March 2008: RM34,889,000).

Related accounting policies

Alliance Bank acts as an intermediary with counterparties who wish to swap their interest obligations. Alliance Bank also uses interest rate swaps, futures, forward and option contracts in its trading account activities and its overall interest rate risk management.

Interest income and interest expenses associated with interest rate swaps that qualify as hedges are recognised over the life of the swap agreement as a component of interest income or interest expenses. Gains and losses on interest rate futures, forward and option contracts that qualify as hedged assets or liabilities are generally deferred and amortised over the life of the hedged assets or liabilities as adjustments to interest income or interest expenses.

Gains and losses on interest rate swaps, futures, forward and option contracts that do not qualify as hedges are recognised in the current period using the mark-to-market method, and are included in the net result from dealing securities.

Unmatured forward exchange contracts are valued at forward rates as at balance sheet date, applicable to their respective dates of maturity, and unrealised losses and gains are recognised in the income statement in the period in which they arises.

**B12. Material Litigation**

As at the date of this report, there was no pending material litigation in the ordinary course of business which would materially and adversely affect the financial position of the Group, other than the following:

- (a) On 31 July 2008, the Company announced that Alliance Investment Bank Berhad (“AIBB”), a wholly-owned subsidiary of Alliance Bank Malaysia Berhad, which in turn is a wholly-owned subsidiary of the Company, had been served with a Writ of Summons and Statement of Claim dated 10 July 2008 (“the Suit”) by Celcom (Malaysia) Berhad (“Celcom”).

The Suit was filed by one Mohd Shuaib Ishak as a derivative action on behalf of Celcom pursuant to S181A(1) of the Companies Act, 1965.

The Suit arises from the Amended and Restated Supplemental Agreement dated 4 April 2002 entered into between among others Celcom and DeTe Asia Holding GmbH (“DeTeAsia”), the Acquisition of Celcom shares by Telekom Enterprise Sdn Bhd (“TESB”), the consequent Mandatory General Offer exercise implemented by Telekom Malaysia Berhad (“TM”) and the de-merger exercise of the mobile and fixed-line businesses of the TM Group.

AIBB has been named as one of the 21 defendants in the Suit for its role as advisor to Celcom. Celcom is claiming against the defendants jointly and/or severally for the sum of US\$232,999,745.80 plus damages and interest.

The proceedings in the Suit has since been stayed by the High Court on the application of Celcom pending its appeal to the Court of Appeal against the leave granted for the derivative action by the plaintiff.

The Court of Appeal had on 27 March 2009 allowed the appeal against the leave granted to Mohd Shuaib Ishak to commence the derivative action on behalf of Celcom.

Following from the above, AIBB’s solicitors would take steps to strike out the Suit.

- (b) A corporate borrower of Alliance Bank Malaysia Berhad (“ABMB”), a wholly-owned subsidiary of the Company had issued a Writ of Summons in 2005 against an agent bank for a syndicate of lenders comprising three banks of which ABMB is one of them, claiming for general, special and exemplary damages alleging a breach of duty and contract.

The credit facilities consist of a bridging loan of RM58.5 million and a revolving credit facility of RM4.0 million which were granted by the syndicate lenders of which ABMB’s participation was RM18.5 million. In 2002, the credit facilities were restructured to a loan of RM30.0 million, of which ABMB’s participation was RM8.31 million, payable over seven years. The syndicated lenders had also filed a suit against the corporate borrower for the recovery of the above-mentioned loan.

The two suits were then consolidated and heard together. On 6 May 2009, judgment was delivered against the agent bank for special damages amounting to RM115.0 million together with interest at the rate of 6% per annum from date of disbursement to date of realization with general damages to be assessed by the Court.



**B12. Material Litigation** (cont'd.)

(b) (cont'd.)

The agent bank's solicitors have since filed an appeal against the said decision and also for a stay of execution of the judgment. At the hearing of the stay application on 13 May 2009, an interim stay order was granted pending the hearing of the application for stay of execution on 24 June 2009.

The advice from the agent bank's solicitors is that they have a better than even chance of succeeding in the said appeal.

(c) ABMB had in 1999 filed a suit against a corporate borrower, hereinafter referred to as the first defendant and the second defendant as guarantor (collectively called "Defendants") for money outstanding due to a default in banking facility amounting to RM2.36 million. The Defendants in turn counter-claimed against ABMB for special damages amounting to RM15.5 million and general damages to be assessed by the Court for negligence and/or wrongful termination of the banking facilities, statutory interest on judgment sum, costs and such other and/or further relief deemed fit by the Court.

On 4 May 2009, the High Court in Kota Kinabalu granted judgment in favour of the Defendants with damages to be assessed by the Deputy Registrar.

ABMB is appealing the said decision and is also applying for a stay of the execution of the judgment.

Based on the advice from our solicitors, ABMB has a good chance of success in its appeal.

**B13. Proposed Dividend**

No dividend has been proposed or declared for the 4th quarter ended 31 March 2009.

The total dividend paid/declared for the financial year ended 31 March 2009 is 6.25 sen per share, tax exempt under the single tier tax system.

**B14. Related Party Transactions**

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

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**B15. Earnings Per Share (EPS)**

**(a) Basic**

The calculation of the basic earnings per share is based on the net profit attributable to equity holders of the Company for the 4th quarter and the financial year ended 31 March 2009 divided by the weighted average number of ordinary shares of RM1.00 each in issue during the 4th quarter and the financial year ended 31 March 2009 excluding the weighted average shares held for ESS.

|   | <b>4th Quarter Ended</b> |                  | <b>Cumulative 12 Months Ended</b> |                  |
|---|--------------------------|------------------|-----------------------------------|------------------|
|   | <b>31.3.2009</b>         | <b>31.3.2008</b> | <b>31.3.2009</b>                  | <b>31.3.2008</b> |
| Net profit attributable to equity holders of the Company (RM'000) | <b>897</b>               | 80,506           | <b>229,121</b>                    | 379,956          |
| Weighted average number of ordinary shares in issue ('000)        | <b>1,548,106</b>         | 1,548,106        | <b>1,548,106</b>                  | 1,496,004        |
| Effect of shares bought back for ESS ('000)                       | <b>(11,033)</b>          | (3,306)          | <b>(11,033)</b>                   | (822)            |
|   | <b>1,537,073</b>         | 1,544,800        | <b>1,537,073</b>                  | 1,495,182        |
| Basic earnings per share (sen)                                    | <b>0.1</b>               | 5.2              | <b>14.9</b>                       | 25.4             |

**(b) Diluted**

The calculation of the diluted earnings per share is based on the net profit attributable to equity holders of the Company for the 4th quarter and the financial year ended 31 March 2009 divided by the weighted average number of ordinary shares of RM1.00 each in issue during the 4th quarter and the financial year ended 31 March 2009, excluding the weighted average shares held for ESS and taken into account the assumed Share Grants to employees under ESS was vested with the employees as at 31 March 2009.

|   | <b>4th Quarter Ended</b> |                  | <b>Cumulative 12 Months Ended</b> |                  |
|---|--------------------------|------------------|-----------------------------------|------------------|
|   | <b>31.3.2009</b>         | <b>31.3.2008</b> | <b>31.3.2009</b>                  | <b>31.3.2008</b> |
| Net profit attributable to equity holders of the Company (RM'000) | <b>897</b>               | 80,506           | <b>229,121</b>                    | 379,956          |
| Weighted average number of ordinary shares in issue ('000)        | <b>1,548,106</b>         | 1,548,106        | <b>1,548,106</b>                  | 1,496,004        |
| Effect of shares bought back for ESS ('000)                       | <b>(11,033)</b>          | (3,306)          | <b>(11,033)</b>                   | (822)            |
| Effect of Share Grants under ESS ('000)                           | <b>4,116</b>             | -                | <b>4,116</b>                      | -                |
|   | <b>1,541,189</b>         | 1,544,800        | <b>1,541,189</b>                  | 1,495,182        |
| Diluted earnings per share (sen)                                  | <b>0.1</b>               | 5.2              | <b>14.8</b>                       | 25.4             |

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

C1. Interest Income

| <u>Group</u>                                       | 4th Quarter Ended |                | Cumulative 12 Months Ended |                  |
|--|-------------------|----------------|----------------------------|------------------|
|  | 31.3.2009         | 31.3.2008      | 31.3.2009                  | 31.3.2008        |
|  | RM'000            | RM'000         | RM'000                     | RM'000           |
| Loans, advances and financing                      |                   |                |                            |                  |
| - Interest/income other than recoveries from NPLs  | 197,714           | 203,058        | 850,313                    | 776,224          |
| - Recoveries from NPLs                             | 22,276            | 15,455         | 67,548                     | 88,253           |
|  | <u>219,990</u>    | <u>218,513</u> | <u>917,861</u>             | <u>864,477</u>   |
| Money at call and deposit placements               |                   |                |                            |                  |
| with financial institutions                        | 30,138            | 45,123         | 127,624                    | 189,045          |
| Securities held-for-trading                        | 73                | 990            | 134                        | 1,156            |
| Securities available-for-sale                      | 34,497            | 18,678         | 111,492                    | 87,615           |
| Securities held-to-maturity                        | 2,081             | 5,969          | 13,085                     | 29,045           |
| Others   | 1,073             | 93             | 1,109                      | 1,384            |
|  | <u>287,852</u>    | <u>289,366</u> | <u>1,171,305</u>           | <u>1,172,722</u> |
| Accretion of discount less amortisation of premium | 22,914            | 18,930         | 99,244                     | 63,992           |
| Net interest/income suspended                      | (5,909)           | (4,298)        | (20,362)                   | (20,351)         |
|  | <u>304,857</u>    | <u>303,998</u> | <u>1,250,187</u>           | <u>1,216,363</u> |

C2. Interest Expense

| <u>Group</u>  | 4th Quarter Ended |                | Cumulative 12 Months Ended |                |
|---|-------------------|----------------|----------------------------|----------------|
|   | 31.3.2009         | 31.3.2008      | 31.3.2009                  | 31.3.2008      |
|   | RM'000            | RM'000         | RM'000                     | RM'000         |
| Deposits and placements of banks and other financial institutions | 4,154             | 5,785          | 23,522                     | 10,271         |
| Deposits from customers   | 131,614           | 120,925        | 526,972                    | 488,391        |
| Loans sold to Cagamas   | 276               | 1,893          | 3,426                      | 8,422          |
| Subordinated bonds  | 9,010             | 9,010          | 36,540                     | 36,540         |
| Short term borrowing  | -                 | -              | -                          | 4,268          |
| Long term borrowings  | 2,460             | -              | 2,460                      | -              |
| Others  | 4,046             | 5,972          | (4,302)                    | 31,583         |
|   | <u>151,560</u>    | <u>143,585</u> | <u>588,618</u>             | <u>579,475</u> |

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**C3. Other Operating Income**

| <b>Group</b>                                      | <b>4th Quarter Ended</b> |                  | <b>Cumulative 12 Months Ended</b> |                  |
|---|--------------------------|------------------|-----------------------------------|------------------|
|   | <b>31.3.2009</b>         | <b>31.3.2008</b> | <b>31.3.2009</b>                  | <b>31.3.2008</b> |
|   | <b>RM'000</b>            | <b>RM'000</b>    | <b>RM'000</b>                     | <b>RM'000</b>    |
| <b>(a) Fee income:</b>                            |                          |                  |                                   |                  |
| Commissions                                       | <b>4,352</b>             | 2,301            | <b>22,921</b>                     | 22,112           |
| Service charges and fees                          | <b>8,275</b>             | 5,299            | <b>31,379</b>                     | 23,450           |
| Portfolio management fees                         | <b>1,374</b>             | 1,604            | <b>6,044</b>                      | 7,066            |
| Corporate advisory fees                           | <b>299</b>               | 1,015            | <b>3,638</b>                      | 5,047            |
| Underwriting commissions                          | -                        | 589              | <b>81</b>                         | 3,667            |
| Brokerage fees                                    | <b>2,616</b>             | 6,737            | <b>13,842</b>                     | 44,310           |
| Guarantee fees                                    | <b>1,199</b>             | 3,752            | <b>8,674</b>                      | 10,359           |
| Processing fees                                   | <b>2,108</b>             | 1,965            | <b>10,000</b>                     | 13,345           |
| Commitment fees                                   | <b>3,211</b>             | 3,348            | <b>13,259</b>                     | 13,474           |
| Other fee income                                  | <b>2,992</b>             | (1,265)          | <b>22,144</b>                     | 15,816           |
|   | <b>26,426</b>            | 25,345           | <b>131,982</b>                    | 158,646          |
| <b>(b) Investment income:</b>                     |                          |                  |                                   |                  |
| (Loss)/gain arising from sale/redemption of:      |                          |                  |                                   |                  |
| - Securities held-for-trading                     | <b>(271)</b>             | 38               | <b>420</b>                        | 1,652            |
| - Securities available-for-sale                   | <b>21,210</b>            | 39,414           | <b>20,197</b>                     | 43,010           |
| - Securities held-to-maturity                     | <b>1,722</b>             | 1,875            | <b>16,841</b>                     | 9,776            |
| Unrealised (loss)/gain on revaluation of:         |                          |                  |                                   |                  |
| - Securities held-for-trading                     | <b>(25)</b>              | (277)            | <b>244</b>                        | (269)            |
| - Derivative instruments                          | <b>(25,317)</b>          | 2,533            | <b>(4,823)</b>                    | (8,283)          |
| Realised gain on revaluation of:                  |                          |                  |                                   |                  |
| - Derivative instruments                          | <b>49,803</b>            | 14,455           | <b>64,022</b>                     | 54,709           |
| Gross dividend income from:                       |                          |                  |                                   |                  |
| - Securities held-to-maturity                     | <b>197</b>               | 214              | <b>5,390</b>                      | 3,905            |
|   | <b>47,319</b>            | 58,252           | <b>102,291</b>                    | 104,500          |
| <b>(c) Other income:</b>                          |                          |                  |                                   |                  |
| Foreign exchange loss                             | <b>(16,457)</b>          | (3,073)          | <b>(10,740)</b>                   | (5,941)          |
| Rental income                                     | <b>48</b>                | 97               | <b>224</b>                        | 327              |
| Gain on disposal of property, plant and equipment | <b>75</b>                | 122              | <b>203</b>                        | 774              |
| Gain on disposal of leasehold land                | -                        | 184              | -                                 | 184              |
| Gain on disposal of foreclosed properties         | <b>3,227</b>             | (38)             | <b>7,414</b>                      | 1,332            |
| Return on capital from investment                 | <b>88</b>                | 15               | <b>88</b>                         | 15               |
| Others  | <b>(643)</b>             | (218)            | <b>1,156</b>                      | 5,602            |
|   | <b>(13,662)</b>          | (2,911)          | <b>(1,655)</b>                    | 2,293            |
| Total other operating income                      | <b>60,083</b>            | 80,686           | <b>232,618</b>                    | 265,439          |

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**C4. Other Operating Expenses**

| <b>Group</b>                                     | <b>4th Quarter Ended</b> |                  | <b>Cumulative 12 Months Ended</b> |                  |
|--|--------------------------|------------------|-----------------------------------|------------------|
|  | <b>31.3.2009</b>         | <b>31.3.2008</b> | <b>31.3.2009</b>                  | <b>31.3.2008</b> |
|  | <b>RM'000</b>            | <b>RM'000</b>    | <b>RM'000</b>                     | <b>RM'000</b>    |
| <b>Personnel costs:</b>                          |                          |                  |                                   |                  |
| Salaries, allowances and bonuses                 | <b>67,275</b>            | 51,667           | <b>257,990</b>                    | 205,895          |
| Contribution to EPF                              | <b>10,870</b>            | 8,846            | <b>42,877</b>                     | 36,096           |
| Share options/grants under ESS                   | <b>1,942</b>             | 1,075            | <b>6,304</b>                      | 1,438            |
| Others   | <b>10,568</b>            | 12,187           | <b>31,176</b>                     | 32,243           |
|  | <b>90,655</b>            | 73,775           | <b>338,347</b>                    | 275,672          |
| <b>Establishment costs:</b>                      |                          |                  |                                   |                  |
| Depreciation of property,<br>plant and equipment | <b>9,283</b>             | 7,604            | <b>36,494</b>                     | 34,934           |
| Amortisation of computer software                | <b>2,737</b>             | 3,355            | <b>14,654</b>                     | 14,510           |
| Amortisation of leasehold land                   | <b>35</b>                | 31               | <b>139</b>                        | 126              |
| Rental of premises                               | <b>7,256</b>             | 6,359            | <b>27,641</b>                     | 25,601           |
| Water and electricity                            | <b>1,734</b>             | 1,077            | <b>7,661</b>                      | 5,835            |
| Repairs and maintenance                          | <b>2,718</b>             | 2,289            | <b>9,916</b>                      | 7,074            |
| Information Technology expenses                  | <b>10,680</b>            | 8,372            | <b>36,625</b>                     | 24,185           |
| Others   | <b>3,346</b>             | 4,953            | <b>11,161</b>                     | 14,964           |
|  | <b>37,789</b>            | 34,040           | <b>144,291</b>                    | 127,229          |
| <b>Marketing expenses:</b>                       |                          |                  |                                   |                  |
| Promotion and advertisement                      | <b>3,312</b>             | 7,927            | <b>4,770</b>                      | 6,722            |
| Branding and publicity                           | <b>3,111</b>             | 1,174            | <b>7,333</b>                      | 1,525            |
| Others   | <b>1,409</b>             | 1,660            | <b>6,192</b>                      | 6,264            |
|  | <b>7,832</b>             | 10,761           | <b>18,295</b>                     | 14,511           |
| <b>Administration and general expenses:</b>      |                          |                  |                                   |                  |
| Communication expenses                           | <b>3,127</b>             | 4,328            | <b>14,531</b>                     | 14,382           |
| Printing and stationery                          | <b>1,625</b>             | 1,859            | <b>6,127</b>                      | 5,980            |
| Insurance  | <b>474</b>               | 403              | <b>2,773</b>                      | 2,362            |
| Professional fees                                | <b>11,112</b>            | 6,215            | <b>20,276</b>                     | 14,783           |
| Others   | <b>3,342</b>             | 3,211            | <b>19,789</b>                     | 15,163           |
|  | <b>19,680</b>            | 16,016           | <b>63,496</b>                     | 52,670           |
| <b>Total other operating expenses</b>            | <b>155,956</b>           | 134,592          | <b>564,429</b>                    | 470,082          |

**C5. Allowance/(Write-back) For Losses On Loans, Advances And Financing**

| <b><u>Group</u></b>  | <b>4th Quarter Ended</b> |                  | <b>Cumulative 12 Months Ended</b> |                  |
|--|--------------------------|------------------|-----------------------------------|------------------|
|  | <b>31.3.2009</b>         | <b>31.3.2008</b> | <b>31.3.2009</b>                  | <b>31.3.2008</b> |
|  | <b>RM'000</b>            | <b>RM'000</b>    | <b>RM'000</b>                     | <b>RM'000</b>    |
| Allowance/(write-back) for bad and doubtful debts and financing: |                          |                  |                                   |                  |
| (a) Specific allowance   |                          |                  |                                   |                  |
| - Made during the period   | <b>108,702</b>           | 90,473           | <b>416,100</b>                    | 342,536          |
| - Written back during the period                                 | <b>(69,458)</b>          | (75,574)         | <b>(284,154)</b>                  | (325,708)        |
| (b) General allowance  |                          |                  |                                   |                  |
| - Made during the period   | <b>14,082</b>            | 17,125           | <b>78,854</b>                     | 69,252           |
| - Written back during the period                                 | <b>(9,246)</b>           | (5,894)          | <b>(27,932)</b>                   | (25,538)         |
| Bad debts on loans and financing                                 |                          |                  |                                   |                  |
| - Recovered  | <b>(11,088)</b>          | (20,110)         | <b>(69,742)</b>                   | (131,671)        |
| - Written off  | <b>481</b>               | 1,340            | <b>1,872</b>                      | 5,410            |
|  | <b>33,473</b>            | 7,360            | <b>114,998</b>                    | (65,719)         |
| Allowance/(write-back) on other assets                           | <b>1,211</b>             | 1,343            | <b>(2,956)</b>                    | 5,001            |
|  | <b>34,684</b>            | 8,703            | <b>112,042</b>                    | (60,718)         |

**C6. Securities Held-for-trading**

|   | <b>Group</b>     |                  |
|---|------------------|------------------|
|   | <b>31.3.2009</b> | <b>31.3.2008</b> |
|   | <b>RM'000</b>    | <b>RM'000</b>    |
| <b>At fair value</b>                      |                  |                  |
| <u>Money market instruments:</u>          |                  |                  |
| Bank Negara Malaysia bills                | -                | 14,756           |
| Commercial papers                         | 9,951            | 27,917           |
| Malaysian Government securities           | 24,690           | -                |
| <br><u>Quoted securities in Malaysia:</u> |                  |                  |
| Shares                                    | 2,470            | 3,088            |
| Debt securities                           | 8,942            | 13,141           |
| <br><u>Unquoted securities:</u>           |                  |                  |
| Debt securities                           | 2                | 41,227           |
|   | <hr/>            | <hr/>            |
| Total securities held-for-trading         | <b>46,055</b>    | <b>100,129</b>   |

**C7. Securities Available-for-sale**

|  | <b>Group</b>     |                  |
|--|------------------|------------------|
|  | <b>31.3.2009</b> | <b>31.3.2008</b> |
|  | <b>RM'000</b>    | <b>RM'000</b>    |
| <b>At fair value</b>                         |                  |                  |
| <u>Money market instruments:</u>             |                  |                  |
| Malaysian Government securities              | 1,647,355        | 10,088           |
| Malaysian Government investment certificates | 113,849          | 200,428          |
| Malaysian Government treasury bills          | 132,492          | -                |
| Bank Negara Malaysia bills                   | 74,525           | -                |
| Cagamas bonds                                | -                | 5,012            |
| Negotiable instruments of deposits           | 1,696,057        | 1,109,897        |
| Commercial papers                            | 98,906           | 35,972           |
| Bankers acceptances                          | 1,578,533        | 1,190,807        |
| Khazanah bonds                               | 9,909            | -                |
| <br><u>Quoted securities in Malaysia:</u>    |                  |                  |
| Shares [Note (a)]                            | 3,010            | -                |
| Debt securities                              | 6,071            | 10,383           |
| <br><u>Unquoted securities:</u>              |                  |                  |
| Shares                                       | 6,877            | 6,711            |
| Debt securities                              | 952,538          | 521,720          |
|  | <hr/>            | <hr/>            |
| Total securities available-for-sale          | <b>6,320,122</b> | <b>3,091,018</b> |

Note

- (a) During the financial year, the Group has transferred 1 (one) of its security from securities held-for-trading portfolio to securities available-for-sale portfolio. The transfer was made at its market value.

**C8. Securities Held-to-maturity**

|  | <b>Group</b>     |                  |
|--|------------------|------------------|
|  | <b>31.3.2009</b> | <b>31.3.2008</b> |
|  | <b>RM'000</b>    | <b>RM'000</b>    |
| <b>At amortised cost</b>                     |                  |                  |
| <u>Money market instruments:</u>             |                  |                  |
| Malaysian Government securities              | -                | 108,606          |
| Malaysian Government investment certificates | <b>53,770</b>    | 53,046           |
| Cagamas bonds                                | <b>20,000</b>    | 94,983           |
| Khazanah bonds                               | <b>53,896</b>    | 278,756          |
| Bankers acceptances                          | -                | 124              |
| <br>   |                  |                  |
| <u>Quoted securities in Malaysia:</u>        |                  |                  |
| Debt securities                              | <b>4,902</b>     | 4,932            |
| <br>   |                  |                  |
| <u>Unquoted securities:</u>                  |                  |                  |
| Shares                                       | <b>22,021</b>    | 22,021           |
| Debt securities                              | <b>266,865</b>   | 396,274          |
|  | <b>421,454</b>   | 958,742          |
| Accumulated impairment                       | <b>(106,834)</b> | (137,448)        |
|  | <b>314,620</b>   | 821,294          |
| Total securities held-to-maturity            | <b>314,620</b>   | 821,294          |



**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2009**

**C9. Loans, Advances And Financing**

|  | <b>Group</b>       |                  |
|--|--------------------|------------------|
|  | <b>31.3.2009</b>   | <b>31.3.2008</b> |
|  | <b>RM'000</b>      | <b>RM'000</b>    |
| Overdrafts   | <b>1,610,636</b>   | 1,787,614        |
| Term loans/financing   |                    |                  |
| - Housing loans/financing  | <b>7,842,479</b>   | 5,775,875        |
| - Syndicated term loans/financing  | <b>314,794</b>     | 297,179          |
| - Hire purchase receivables  | <b>1,360,731</b>   | 1,427,178        |
| - Lease receivables  | <b>104</b>         | 4,053            |
| - Other term loans/financing   | <b>5,857,500</b>   | 4,749,197        |
| Bills receivables  | <b>71,906</b>      | 152,046          |
| Trust receipts   | <b>154,941</b>     | 138,705          |
| Claims on customers under acceptance credits   | <b>1,735,910</b>   | 1,553,982        |
| Staff loans [includes RM1,437,000 loans to Directors<br>of banking subsidiary (2008: RM389,000)] | <b>119,127</b>     | 112,779          |
| Credit/charge card receivables   | <b>645,058</b>     | 546,659          |
| Revolving credits  | <b>995,713</b>     | 600,847          |
| Other loans  | <b>257,432</b>     | 360,325          |
|  | <b>20,966,331</b>  | 17,506,439       |
| Less: Unearned interest and income   | <b>(1,376,192)</b> | (961,743)        |
| Gross loans, advances and financing  | <b>19,590,139</b>  | 16,544,696       |
| Less: Allowance for losses on loans, advances and financing                                      |                    |                  |
| - Specific   | <b>(531,824)</b>   | (636,429)        |
| - General  | <b>(340,218)</b>   | (289,296)        |
| Total net loans, advances and financing  | <b>18,718,097</b>  | 15,618,971       |

(a) By type of customer:

|  | <b>Group</b>      |                  |
|--|-------------------|------------------|
|  | <b>31.3.2009</b>  | <b>31.3.2008</b> |
|  | <b>RM'000</b>     | <b>RM'000</b>    |
| Domestic non-bank financial institutions |                   |                  |
| - Stockbroking companies                 | -                 | 21               |
| - Others                                 | <b>276,429</b>    | 168,373          |
| Domestic business enterprises            |                   |                  |
| - Small and medium enterprises           | <b>4,185,864</b>  | 4,106,594        |
| - Others                                 | <b>3,861,118</b>  | 3,170,758        |
| Government and statutory bodies          | <b>17,345</b>     | 17,955           |
| Individuals                              | <b>10,886,992</b> | 8,894,371        |
| Other domestic entities                  | <b>4,356</b>      | 6,356            |
| Foreign entities                         | <b>358,035</b>    | 180,268          |
| Gross loans, advances and financing      | <b>19,590,139</b> | 16,544,696       |

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
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**C9. Loans, Advances And Financing (cont'd)**

(b) By interest/profit rate sensitivity:

|                                     | <b>Group</b>      |                   |
|-------------------------------------|-------------------|-------------------|
|                                     | <b>31.3.2009</b>  | <b>31.3.2008</b>  |
|                                     | <b>RM'000</b>     | <b>RM'000</b>     |
| Fixed rate                          |                   |                   |
| - Housing loans/financing           | <b>171,467</b>    | 164,468           |
| - Hire purchase receivables         | <b>1,197,050</b>  | 1,256,672         |
| - Other fixed rate loans/financing  | <b>1,503,071</b>  | 1,416,703         |
| Variable rate                       |                   |                   |
| - Base lending rate plus            | <b>13,223,436</b> | 10,803,036        |
| - Cost plus                         | <b>3,381,339</b>  | 2,658,754         |
| - Other variable rates              | <b>113,776</b>    | 245,063           |
|                                     | <b>19,590,139</b> | <b>16,544,696</b> |
| Gross loans, advances and financing | <b>19,590,139</b> | <b>16,544,696</b> |

(c) By economic purposes:

|   | <b>Group</b>      |                   |
|---|-------------------|-------------------|
|   | <b>31.3.2009</b>  | <b>31.3.2008</b>  |
|   | <b>RM'000</b>     | <b>RM'000</b>     |
| Purchase of securities                              | <b>273,737</b>    | 395,644           |
| Purchase of transport vehicles                      | <b>1,190,384</b>  | 1,260,738         |
| Purchase of landed property                         | <b>10,494,962</b> | 8,262,346         |
| <i>of which: - Residential</i>                      | <b>7,743,389</b>  | <b>5,814,952</b>  |
| <i>- Non-residential</i>                            | <b>2,751,573</b>  | <b>2,447,394</b>  |
| Purchase of fixed assets excluding land & buildings | <b>61,094</b>     | 73,329            |
| Personal use  | <b>1,157,966</b>  | 915,170           |
| Credit card   | <b>645,058</b>    | 546,769           |
| Purchase of durable goods                           | <b>15</b>         | -                 |
| Construction  | <b>313,843</b>    | 350,927           |
| Working capital                                     | <b>4,825,071</b>  | 4,082,329         |
| Others  | <b>628,009</b>    | 657,444           |
|   | <b>19,590,139</b> | <b>16,544,696</b> |
| Gross loans, advances and financing                 | <b>19,590,139</b> | <b>16,544,696</b> |

**C9. Loans, Advances And Financing** (cont'd)

(d) Non-performing loans/financing ("NPL/NPF"):

Movements in non-performing loans, advances and financing are as follows:

|   | <b>Group</b>     |                  |
|---|------------------|------------------|
|   | <b>31.3.2009</b> | <b>31.3.2008</b> |
|   | <b>RM'000</b>    | <b>RM'000</b>    |
| At beginning of year  | <b>1,158,506</b> | 1,568,510        |
| Non-performing during the year  | <b>775,826</b>   | 762,791          |
| Reclassified as performing during the year                                  | <b>(493,941)</b> | (626,319)        |
| Loans/financing converted to securities                                     | -                | (11,726)         |
| Recoveries  | <b>(328,770)</b> | (352,592)        |
| Amount written off  | <b>(236,551)</b> | (182,158)        |
| At end of year  | <b>875,070</b>   | 1,158,506        |
| Specific allowance  | <b>(531,824)</b> | (626,429)        |
| - on non-performing loans   | <b>(451,554)</b> | (539,901)        |
| - on performing loans   | <b>(80,270)</b>  | (86,528)         |
| Net non-performing loans, advances and financing                            | <b>343,246</b>   | 532,077          |
| Net NPL as % of gross loans, advances and financing less specific allowance |                  |                  |
| - Including specific allowance on performing loans                          | <b>1.8%</b>      | 3.3%             |
| - Excluding specific allowance on performing loans                          | <b>2.2%</b>      | 3.9%             |

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

|   | <b>Group</b>     |                  |
|---|------------------|------------------|
|   | <b>31.3.2009</b> | <b>31.3.2008</b> |
|   | <b>RM'000</b>    | <b>RM'000</b>    |
| <b>General Allowance</b>  |                  |                  |
| At beginning of year  | <b>289,296</b>   | 245,582          |
| Allowance made during the year                                      | <b>78,854</b>    | 69,252           |
| Amount written back   | <b>(27,932)</b>  | (25,538)         |
| At end of year  | <b>340,218</b>   | 289,296          |
| As % of gross loans, advances and financing less specific allowance | <b>1.8%</b>      | 1.8%             |

**C9. Loans, Advances And Financing (cont'd)**

(e) Movements in the allowance for losses on loans, advances and financing are as follows: (cont'd)

|  | Group          |                |
|--|----------------|----------------|
|  | 31.3.2009      | 31.3.2008      |
|  | RM'000         | RM'000         |
| <b>Specific Allowance</b>                    |                |                |
| At beginning of year                         | 636,429        | 813,485        |
| Allowance made during the year               | 416,100        | 342,536        |
| Amount written back in respect of recoveries | (284,154)      | (325,708)      |
| Loan/financing converted to securities       | -              | (11,726)       |
| Amount written off                           | (236,551)      | (182,158)      |
|  | <b>531,824</b> | <b>636,429</b> |
| At end of year                               | <b>531,824</b> | <b>636,429</b> |

Included in specific allowance of the Group are allowances made for high risk accounts which are still performing amounting to RM80,270,000 (31.03.2008: RM86,528,000).

(f) NPL/NPF by economic purposes:

|   | Group          |                  |
|---|----------------|------------------|
|   | 31.3.2009      | 31.3.2008        |
|   | RM'000         | RM'000           |
| Purchase of securities                                | 16,543         | 62,099           |
| Purchase of transport vehicles                        | 26,521         | 32,069           |
| Purchase of landed property                           | 417,210        | 552,440          |
| <i>of which: - Residential</i>                        | 285,926        | 367,546          |
| <i>- Non-residential</i>                              | 131,284        | 184,894          |
| Purchase of fixed assets excluding land and buildings | 630            | 766              |
| Personal use  | 58,082         | 50,051           |
| Credit card   | 17,519         | 11,855           |
| Construction  | 22,965         | 37,034           |
| Working capital                                       | 286,466        | 383,060          |
| Others  | 29,134         | 29,132           |
|   | <b>875,070</b> | <b>1,158,506</b> |
| Gross NPL   | <b>875,070</b> | <b>1,158,506</b> |

**C10. Balances Due From Clients And Brokers**

|  | <b>Group</b>     |                  |
|--|------------------|------------------|
|  | <b>31.3.2009</b> | <b>31.3.2008</b> |
|  | <b>RM'000</b>    | <b>RM'000</b>    |
| Due from clients                           | 59,688           | 95,717           |
| Due from brokers                           | 27,367           | 48,281           |
|  | <u>87,055</u>    | <u>143,998</u>   |
| Less: Allowance for bad and doubtful debts | (17,530)         | (24,665)         |
|  | <u>69,525</u>    | <u>119,333</u>   |

These represent amount receivable by Alliance Investment Bank Berhad ("AIBB") from non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Central Depository System has yet to be made.

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

Included in the balances due from clients and brokers are non-performing accounts, as follows:

|                        | <b>Group</b>     |                  |
|------------------------|------------------|------------------|
|                        | <b>31.3.2009</b> | <b>31.3.2008</b> |
|                        | <b>RM'000</b>    | <b>RM'000</b>    |
| Classified as doubtful | 841              | 825              |
| Classified as bad      | 18,091           | 25,290           |
|                        | <u>18,932</u>    | <u>26,115</u>    |

The movements in allowance for bad and doubtful debts are as follows:

|   |               |               |
|---|---------------|---------------|
| At beginning of year                    | 24,665        | 21,367        |
| Allowance made during the year          | 2,828         | 4,219         |
| Reversal of allowance                   | (5,789)       | (921)         |
| Bad debts written off against allowance | (4,174)       | -             |
|   | <u>17,530</u> | <u>24,665</u> |
| At end of year                          |               |               |

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**C11. Other Assets**

|   | <b>Group</b>     |                  |
|---|------------------|------------------|
|   | <b>31.3.2009</b> | <b>31.3.2008</b> |
|   | <b>RM'000</b>    | <b>RM'000</b>    |
| Other receivables, deposits and prepayments | 165,748          | 225,146          |
| Interest/income receivable                  | 76,408           | 38,147           |
| Trade receivables                           | 34               | 15               |
| Manager's stocks                            | 1,243            | 3,257            |
| Foreclosed properties                       | 4,883            | 6,756            |
|   | <b>248,316</b>   | <b>273,321</b>   |
| Less: Allowance for bad and doubtful debts  | <b>(14,386)</b>  | <b>(14,589)</b>  |
|   | <b>233,930</b>   | <b>258,732</b>   |

**C12. Deposits From Customers**

|                                    | <b>Group</b>      |                   |
|------------------------------------|-------------------|-------------------|
|                                    | <b>31.3.2009</b>  | <b>31.3.2008</b>  |
|                                    | <b>RM'000</b>     | <b>RM'000</b>     |
| <u>By type of deposits:</u>        |                   |                   |
| Demand deposits                    | 6,815,306         | 5,790,214         |
| Savings deposits                   | 1,628,580         | 1,648,957         |
| Fixed/investment deposits          | 14,085,022        | 12,868,850        |
| Money market deposits              | 2,063,280         | 979,283           |
| Negotiable instruments of deposits | 979,604           | 64,456            |
| Structured deposits [Note (a)]     | 3,649             | -                 |
|                                    | <b>25,575,441</b> | <b>21,351,760</b> |

Note

(a) Structured deposits represent foreign currency time deposits with embedded foreign exchange options.

|                                  | <b>Group</b>      |                   |
|----------------------------------|-------------------|-------------------|
|                                  | <b>31.3.2009</b>  | <b>31.3.2008</b>  |
|                                  | <b>RM'000</b>     | <b>RM'000</b>     |
| (b) <u>By type of customers:</u> |                   |                   |
| Government and statutory bodies  | 1,360,896         | 932,413           |
| Business enterprises             | 9,552,952         | 7,631,613         |
| Individuals                      | 13,660,573        | 12,018,644        |
| Others                           | 1,001,020         | 769,090           |
|                                  | <b>25,575,441</b> | <b>21,351,760</b> |

**C13. Deposits And Placements Of Banks And Other Financial Institutions**

|                           | <b>Group</b>     |                  |
|---------------------------|------------------|------------------|
|                           | <b>31.3.2009</b> | <b>31.3.2008</b> |
|                           | <b>RM'000</b>    | <b>RM'000</b>    |
| Licensed banks            | 433,391          | 783,829          |
| Licensed investment banks | 140,000          | 255,000          |
| Bank Negara Malaysia      | 617,391          | 415,295          |
|                           | <b>1,190,782</b> | <b>1,454,124</b> |

**C14. Balances Due To Clients And Brokers**

|                | <b>Group</b>     |                  |
|----------------|------------------|------------------|
|                | <b>31.3.2009</b> | <b>31.3.2008</b> |
|                | <b>RM'000</b>    | <b>RM'000</b>    |
| Due to clients | 51,856           | 52,249           |
| Due to brokers | 24,845           | 60,377           |
|                | <b>76,701</b>    | <b>112,626</b>   |

These mainly relates to amounts payable to non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Central Depository System has yet to be made.

AIBB's normal trade credit terms for non-margin client is three (3) market days according to Bursa Malaysia Securities Berhad's FDSS trading rules.

**C15. Other Liabilities**

|                             | <b>Group</b>     |                  |
|-----------------------------|------------------|------------------|
|                             | <b>31.3.2009</b> | <b>31.3.2008</b> |
|                             | <b>RM'000</b>    | <b>RM'000</b>    |
| Other payable and accruals  | 743,088          | 935,870          |
| Interest/income payable     | 138,384          | 105,301          |
| Remisier's accounts         | 23,400           | 27,431           |
| Profit equalisation reserve | 50,058           | 51,925           |
|                             | <b>954,930</b>   | <b>1,120,527</b> |

**C16. Capital Adequacy**

With effect from 1 January 2008, the capital adequacy ratios of the ABMB group are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework (RWCAF-Basel II). The ABMB group has adopted the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

The ABMB group's comparative figures has been restated based on the BNM Circular on Risk-Weighted Capital Adequacy Framework (General Requirements and Capital Components).

The capital adequacy ratios of the ABMB group are as follows:

|  | <b>31.3.2009</b> | <u>Restated</u><br><b>31.3.2008</b> |
|--|------------------|-------------------------------------|
| <u>Before deducting proposed dividends</u> |                  |                                     |
| Core capital ratio                         | <b>10.41%</b>    | 11.42%                              |
| Risk-weighted capital ratio                | <b>14.76%</b>    | 16.29%                              |
| <u>After deducting proposed dividends</u>  |                  |                                     |
| Core capital ratio                         | <b>10.30%</b>    | 11.19%                              |
| Risk-weighted capital ratio                | <b>14.65%</b>    | 16.06%                              |

Components of Tier I and Tier II capital are as follows:

|   | <b>31.3.2009</b> | <b>31.3.2008</b> |
|---|------------------|------------------|
|   | <b>RM'000</b>    | <b>RM'000</b>    |
| <b>Tier I Capital</b>   |                  |                  |
| Paid-up share capital   | <b>596,517</b>   | 596,517          |
| Preference shares   | <b>4,000</b>     | 4,000            |
| Share premium   | <b>597,517</b>   | 597,517          |
| Retained profits  | <b>772,867</b>   | 702,407          |
| Statutory reserves  | <b>671,953</b>   | 608,948          |
| Other reserves  | <b>10,035</b>    | 10,035           |
| Minority interests  | <b>4,652</b>     | 4,949            |
|   | <b>2,657,541</b> | 2,524,373        |
| Less: Purchased goodwill/goodwill on consolidation            | <b>(304,149)</b> | (304,149)        |
| Deferred tax assets   | <b>(119,305)</b> | (160,659)        |
| Total Tier I capital  | <b>2,234,087</b> | 2,059,565        |
| <b>Tier II Capital</b>  |                  |                  |
| Subordinated bonds  | <b>600,000</b>   | 600,000          |
| General allowance for losses on loans, advances and financing | <b>340,246</b>   | 289,296          |
| Total Tier II capital   | <b>940,246</b>   | 889,296          |
| Total Capital   | <b>3,174,333</b> | 2,948,861        |
| Less: Investment in subsidiaries                              | <b>(7,066)</b>   | (11,275)         |
| <b>Total Capital Base</b>                                     | <b>3,167,267</b> | 2,937,586        |



**C16. Capital Adequacy (cont'd)**

Analysis of the risk-weighted assets in the various categories of risk-weighted are as follows:

| <b>Group</b>                      | <b>31.3.2009</b>           |                                      | <b>31.3.2008</b>           |                                      |
|-----------------------------------|----------------------------|--------------------------------------|----------------------------|--------------------------------------|
|                                   | <b>Notional<br/>RM'000</b> | <b>Risk-<br/>Weighted<br/>RM'000</b> | <b>Notional<br/>RM'000</b> | <b>Risk-<br/>Weighted<br/>RM'000</b> |
| Credit risk                       | <b>34,390,239</b>          | <b>19,353,095</b>                    | 29,194,541                 | 16,001,122                           |
| Market risk                       | -                          | <b>59,902</b>                        | -                          | 83,714                               |
| Operational risk                  | -                          | <b>2,041,388</b>                     | -                          | 1,944,266                            |
| <b>Total Risk-Weighted Assets</b> | <b>34,390,239</b>          | <b>21,454,385</b>                    | 29,194,541                 | 18,029,102                           |

**C17. Comparative Figures**

The following comparative figures have been reclassified to conform with the current year's presentation:

|  | <b>Group</b>                      |  |
|--|-----------------------------------|--|
|  | <b>As<br/>restated<br/>RM'000</b> | <b>As previously<br/>reported<br/>RM'000</b> |
| (i) <u>Balance sheet as at 31 March 2008</u> |                                   |  |
| Derivative financial assets                  | <b>19,393</b>                     | -  |
| Other assets                                 | <b>258,732</b>                    | 254,849                                      |
| Tax recoverable                              | <b>31,066</b>                     | 71,359                                       |
| Deferred tax assets                          | <b>161,537</b>                    | 151,985                                      |
| Derivative financial liabilities             | <b>(23,276)</b>                   | -  |
| Provision for taxation                       | -                                 | (30,741)                                     |

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**C18. Interest Rate Risk**

| GROUP   | <----- Non-trading book -----> |                  |                  |                    |                  |                  | Non-interest sensitive | Trading book  | Total             | Effective interest rate |
|---|--------------------------------|------------------|------------------|--------------------|------------------|------------------|------------------------|---------------|-------------------|-------------------------|
|   | Up to 1 month                  | >1-3 months      | >3-6 months      | >6-12 months       | >1-5 years       | Over 5 years     |                        |               |                   |                         |
| As at 31 March 2009   | RM'000                         | RM'000           | RM'000           | RM'000             | RM'000           | RM'000           | RM'000                 | RM'000        | RM'000            | %                       |
| <b>ASSETS</b>   |                                |                  |                  |                    |                  |                  |                        |               |                   |                         |
| Cash and short-term funds   | 4,533,432                      | -                | -                | -                  | -                | -                | 464,743                | -             | 4,998,175         | 2.00                    |
| Deposits and placements with banks and other financial institutions | -                              | 195,860          | 2,663            | -                  | -                | -                | -                      | -             | 198,523           | 1.57                    |
| Securities held-for-trading   | -                              | -                | -                | -                  | -                | -                | -                      | 46,055        | 46,055            | 3.30                    |
| Securities available-for-sale                                       | 682,878                        | 1,915,832        | 951,476          | 233,214            | 2,303,189        | 220,770          | -                      | 12,763        | 6,320,122         | 3.11                    |
| Securities held-to-maturity   | 15,337                         | 116,000          | 40,130           | 26,366             | 93,044           | 5,227            | 18,516                 | -             | 314,620           | 5.12                    |
| Loans, advances and financing                                       | 13,724,402                     | 929,957          | 512,891          | 618,787            | 2,131,856        | 797,176          | 3,028 *                | -             | 18,718,097        | 5.45                    |
| Balances due from clients and brokers                               | 51,130                         | -                | -                | -                  | -                | -                | 18,395                 | -             | 69,525            | 12.00                   |
| Other non-interest sensitive balances                               | -                              | -                | -                | -                  | -                | -                | 1,172,005              | 17,310        | 1,189,315         | -                       |
| <b>TOTAL ASSETS</b>   | <b>19,007,179</b>              | <b>3,157,649</b> | <b>1,507,160</b> | <b>878,367</b>     | <b>4,528,089</b> | <b>1,023,173</b> | <b>1,676,687</b>       | <b>76,128</b> | <b>31,854,432</b> |                         |
| <b>LIABILITIES</b>  |                                |                  |                  |                    |                  |                  |                        |               |                   |                         |
| Deposits from customers   | 16,714,389                     | 2,115,330        | 2,295,656        | 4,212,964          | 237,102          | -                | -                      | -             | 25,575,441        | 2.22                    |
| Deposits and placements of banks and other financial institutions   | 465,137                        | 129,973          | 5,834            | 5,283              | 584,555          | -                | -                      | -             | 1,190,782         | 1.43                    |
| Recourse obligations on loans sold to Cagamas                       | -                              | 12,051           | 15,914           | 30,426             | -                | -                | -                      | -             | 58,391            | 3.66                    |
| Bills and acceptances payable                                       | 2,097                          | 45               | 73               | -                  | -                | -                | -                      | -             | 2,215             | 2.91                    |
| Balances due to clients and brokers                                 | 76,015                         | -                | -                | -                  | -                | -                | 686                    | -             | 76,701            | 2.50                    |
| Subordinated bonds  | -                              | -                | -                | -                  | 600,000          | -                | -                      | -             | 600,000           | 6.09                    |
| Long term borrowings  | -                              | -                | -                | -                  | 600,000          | -                | -                      | -             | 600,000           | 3.33                    |
| Other non-interest sensitive balances                               | -                              | -                | -                | -                  | -                | -                | 958,348                | 26,016        | 984,364           | -                       |
| <b>TOTAL LIABILITIES</b>  | <b>17,257,638</b>              | <b>2,257,399</b> | <b>2,317,477</b> | <b>4,248,673</b>   | <b>2,021,657</b> | <b>-</b>         | <b>959,034</b>         | <b>26,016</b> | <b>29,087,894</b> |                         |
| Equity  | -                              | -                | -                | -                  | -                | -                | 2,761,885              | -             | 2,761,885         | -                       |
| Minority interests  | -                              | -                | -                | -                  | -                | -                | 4,653                  | -             | 4,653             | -                       |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                 | <b>17,257,638</b>              | <b>2,257,399</b> | <b>2,317,477</b> | <b>4,248,673</b>   | <b>2,021,657</b> | <b>-</b>         | <b>3,725,572</b>       | <b>26,016</b> | <b>31,854,432</b> |                         |
| On-balance sheet interest sensitivity gap                           | 1,749,541                      | 900,250          | (810,317)        | (3,370,306)        | 2,506,432        | 1,023,173        | (2,048,885)            | 50,112        | -                 |                         |
| Off-balance sheet interest sensitivity gap                          | -                              | -                | -                | -                  | -                | -                | -                      | -             | -                 |                         |
| <b>Total interest sensitivity gap</b>                               | <b>1,749,541</b>               | <b>900,250</b>   | <b>(810,317)</b> | <b>(3,370,306)</b> | <b>2,506,432</b> | <b>1,023,173</b> | <b>(2,048,885)</b>     | <b>50,112</b> | <b>-</b>          |                         |

\* Non-performing loans, specific allowance and general allowance of the Group are classified as non-interest sensitive.

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C18. **Interest Rate Risk** (cont'd)

| GROUP  | ----- Non-trading book ----- |                  |                    |                    |                  |                 | Non-<br>interest<br>sensitive | Trading<br>book | Total             | Effective<br>interest<br>rate |
|--|------------------------------|------------------|--------------------|--------------------|------------------|-----------------|-------------------------------|-----------------|-------------------|-------------------------------|
|  | Up to<br>1 month             | >1-3<br>months   | >3-6<br>months     | >6-12<br>months    | >1-5<br>years    | Over 5<br>years |                               |                 |                   |                               |
| <b>As at 31 March 2008</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>   | <b>RM'000</b>     |                               |
| <b>ASSETS</b>  |                              |                  |                    |                    |                  |                 |                               |                 |                   |                               |
| Cash and short-term funds  | 5,276,877                    | -                | -                  | -                  | -                | -               | 497,178                       | -               | 5,774,055         | 3.54                          |
| Deposits and placements with banks<br>and other financial institutions | -                            | 532,835          | -                  | -                  | -                | -               | -                             | -               | 532,835           | 3.19                          |
| Securities held-for-trading  | -                            | -                | -                  | -                  | -                | -               | -                             | 100,129         | 100,129           | 4.17                          |
| Securities available-for-sale  | 928,435                      | 1,028,391        | 428,524            | 5,049              | 423,090          | 264,185         | 1,113                         | 12,231          | 3,091,018         | 4.08                          |
| Securities held-to-maturity  | 25,183                       | 149,437          | 282,944            | 27,840             | 311,521          | 5,253           | 19,116                        | -               | 821,294           | 4.67                          |
| Loans, advances and financing  | 11,219,410                   | 1,029,481        | 259,665            | 331,198            | 1,862,176        | 684,260         | 232,781*                      | -               | 15,618,971        | 7.10                          |
| Balances due from clients and brokers                                  | 98,481                       | -                | -                  | -                  | -                | -               | 20,852                        | -               | 119,333           | 12.00                         |
| Other non-interest sensitive balances                                  | -                            | -                | -                  | -                  | -                | -               | 1,597,898                     | 19,393          | 1,617,291         | -                             |
| <b>TOTAL ASSETS</b>  | <b>17,548,386</b>            | <b>2,740,144</b> | <b>971,133</b>     | <b>364,087</b>     | <b>2,596,787</b> | <b>953,698</b>  | <b>2,368,938</b>              | <b>131,753</b>  | <b>27,674,926</b> |                               |
| <b>LIABILITIES</b>   |                              |                  |                    |                    |                  |                 |                               |                 |                   |                               |
| Deposits from customers  | 13,498,073                   | 1,893,926        | 2,083,198          | 3,385,967          | 490,596          | -               | -                             | -               | 21,351,760        | 2.53                          |
| Deposits and placements of banks<br>and other financial institutions   | 1,022,923                    | 24,537           | 15,469             | 20,644             | 370,551          | -               | -                             | -               | 1,454,124         | 2.73                          |
| Recourse obligations on loans<br>sold to Cagamas                       | -                            | -                | 168,535            | 6,224              | 80,632           | -               | -                             | -               | 255,391           | 3.44                          |
| Bills and acceptances payable  | 57,841                       | 96,275           | 7,302              | -                  | -                | -               | -                             | -               | 161,418           | 3.83                          |
| Balances due to clients and brokers                                    | 112,123                      | -                | -                  | -                  | -                | -               | 503                           | -               | 112,626           | 2.50                          |
| Subordinated bonds   | -                            | -                | -                  | -                  | 600,000          | -               | -                             | -               | 600,000           | 6.09                          |
| Other non-interest sensitive balances                                  | -                            | -                | -                  | -                  | -                | -               | 1,121,943                     | 23,276          | 1,145,219         | -                             |
| <b>TOTAL LIABILITIES</b>   | <b>14,690,960</b>            | <b>2,014,738</b> | <b>2,274,504</b>   | <b>3,412,835</b>   | <b>1,541,779</b> | <b>-</b>        | <b>1,122,446</b>              | <b>23,276</b>   | <b>25,080,538</b> |                               |
| Equity   | -                            | -                | -                  | -                  | -                | -               | 2,589,438                     | -               | 2,589,438         | -                             |
| Minority interests   | -                            | -                | -                  | -                  | -                | -               | 4,950                         | -               | 4,950             | -                             |
| <b>TOTAL LIABILITIES AND<br/>EQUITY</b>                                | <b>14,690,960</b>            | <b>2,014,738</b> | <b>2,274,504</b>   | <b>3,412,835</b>   | <b>1,541,779</b> | <b>-</b>        | <b>3,716,834</b>              | <b>23,276</b>   | <b>27,674,926</b> |                               |
| On-balance sheet interest<br>sensitivity gap                           | 2,857,426                    | 725,406          | (1,303,371)        | (3,048,748)        | 1,055,008        | 953,698         | (1,347,896)                   | 108,477         | -                 |                               |
| Off-balance sheet interest<br>sensitivity gap                          | -                            | -                | -                  | -                  | -                | -               | -                             | -               | -                 |                               |
| <b>Total interest sensitivity gap</b>                                  | <b>2,857,426</b>             | <b>725,406</b>   | <b>(1,303,371)</b> | <b>(3,048,748)</b> | <b>1,055,008</b> | <b>953,698</b>  | <b>(1,347,896)</b>            | <b>108,477</b>  | <b>-</b>          |                               |

\* Non-performing loans, specific allowance and general allowance of the Group are classified as non-interest sensitive.

**C19. Operations Of Islamic Banking**

**(a) Balance Sheet (Unaudited)**

|   | <i>Note</i>   | <b>Group</b><br><b>31.3.2009</b><br><b>RM'000</b> | <b>31.3.2008</b><br><b>RM'000</b> |
|---|---------------|---|-----------------------------------|
| <b>ASSETS</b>   |               |   |                                   |
| Cash and short-term funds   |               | <b>323,975</b>                                    | 724,084                           |
| Deposits and placements with banks and other financial institutions |               | <b>150</b>  | 20,000                            |
| Securities available-for-sale                                       |               | <b>380,723</b>                                    | 58,843                            |
| Securities held-to-maturity   |               | <b>113,343</b>                                    | 274,524                           |
| Financing and advances  | <i>C19(c)</i> | <b>2,319,579</b>                                  | 2,020,503                         |
| Other assets  |               | <b>98,778</b>                                     | 19,718                            |
| Statutory deposits with Bank Negara Malaysia                        |               | <b>21,503</b>                                     | 63,383                            |
| Property, plant and equipment                                       |               | <b>674</b>  | 176                               |
| Intangible assets   |               | <b>755</b>  | 630                               |
| Deferred tax assets   |               | <b>24,567</b>                                     | 25,405                            |
| <b>TOTAL ASSETS</b>   |               | <b>3,284,047</b>                                  | 3,207,266                         |
| <b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>                        |               |   |                                   |
| Deposits from customers   | <i>C19(d)</i> | <b>2,638,220</b>                                  | 1,911,739                         |
| Deposits and placements of banks and other financial institutions   |               | <b>77,725</b>                                     | 43,128                            |
| Bills and acceptances payable                                       |               | <b>15</b>   | -                                 |
| Other liabilities   |               | <b>142,964</b>                                    | 133,655                           |
| Provision for taxation and zakat                                    |               | <b>6,803</b>                                      | 96,722                            |
| <b>TOTAL LIABILITIES</b>  |               | <b>2,865,727</b>                                  | 2,185,244                         |
| Islamic Banking Funds   |               | <b>356,000</b>                                    | 792,100                           |
| Reserves  |               | <b>62,320</b>                                     | 229,922                           |
| <b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>                  |               | <b>3,284,047</b>                                  | 3,207,266                         |
| <b>COMMITMENTS AND CONTINGENCIES</b>                                |               | <b>624,258</b>                                    | 498,504                           |

**C19. Operations Of Islamic Banking (cont'd)**

**(b) Income Statements (Unaudited)**

|  | <b>GROUP</b>             |                  |                                   |                  |
|--|--------------------------|------------------|-----------------------------------|------------------|
|  | <b>4th Quarter Ended</b> |                  | <b>Cumulative 12 Months Ended</b> |                  |
|  | <b>31.3.2009</b>         | <b>31.3.2008</b> | <b>31.3.2009</b>                  | <b>31.3.2008</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>44,682</b>            | 38,477           | <b>186,724</b>                    | 146,858          |
| Income derived from investment of Islamic Banking funds  | <b>4,860</b>             | 15,596           | <b>22,543</b>                     | 59,858           |
| Allowance for losses on financing and advances   | <b>(7,650)</b>           | (5,488)          | <b>(38,357)</b>                   | (1,131)          |
| Impairment on securities available-for-sale  | -                        | -                | <b>2,500</b>                      | (11,451)         |
| Transfer from/(to) profit equalisation reserve   | <b>(968)</b>             | (10,555)         | <b>1,867</b>                      | (35,312)         |
| Other expenses directly attributable to the investment of the depositors and shareholders' funds | <b>(1,411)</b>           | (159)            | <b>(4,038)</b>                    | (670)            |
| <b>Total distributable income</b>  | <b>39,513</b>            | 37,871           | <b>171,239</b>                    | 158,152          |
| Income attributable to the depositors and financial institutions                                 | <b>(15,277)</b>          | (11,810)         | <b>(69,668)</b>                   | (55,572)         |
| <b>Total net income</b>  | <b>24,236</b>            | 26,061           | <b>101,571</b>                    | 102,580          |
| Other operating expenses   | <b>(13,979)</b>          | (1,283)          | <b>(55,899)</b>                   | (3,780)          |
| <b>Profit before taxation and zakat</b>  | <b>10,257</b>            | 24,778           | <b>45,672</b>                     | 98,800           |
| Taxation and zakat   | <b>(2,650)</b>           | (6,879)          | <b>(11,522)</b>                   | (26,793)         |
| <b>Profit for the period</b>   | <b>7,607</b>             | 17,899           | <b>34,150</b>                     | 72,007           |
| Net income from Islamic banking business:  |                          |                  |                                   |                  |
| Income derived from investment of depositors' funds and others                                   | <b>44,682</b>            | 38,477           | <b>186,724</b>                    | 146,858          |
| Income derived from investment of Islamic Banking funds  | <b>4,860</b>             | 15,596           | <b>22,543</b>                     | 59,858           |
| Transfer (to)/from profit equalisation reserve   | <b>(968)</b>             | (10,555)         | <b>1,867</b>                      | (35,312)         |
| Income attributable to depositors and financial institutions                                     | <b>(15,277)</b>          | (11,810)         | <b>(69,668)</b>                   | (55,572)         |
| Other expenses directly attributable to the investment of the depositors and shareholders' funds | <b>(1,411)</b>           | (159)            | <b>(4,038)</b>                    | (670)            |
|  | <b>31,886</b>            | 31,549           | <b>137,428</b>                    | 115,162          |
| Add: Income due to head office eliminated at Group level   | <b>7,433</b>             | -                | <b>26,507</b>                     | -                |
|  | <b>39,319</b>            | 31,549           | <b>163,935</b>                    | 115,162          |

Note:

Net income from Islamic banking business comprises income generated from both Alliance Islamic Bank Berhad ("AIS"), a newly incorporated Islamic banking subsidiary and Islamic banking business currently residing in Alliance Investment Bank Berhad ("AIBB"). Both AIS and AIBB are wholly-owned subsidiaries of Alliance Bank Malaysia Berhad, which in turn is a wholly owned subsidiary of the Company.

**C19. Operations Of Islamic Banking (cont'd)**

**(c) Financing And Advances**

|  | <b>Group</b>       |                  |
|--|--------------------|------------------|
|  | <b>31.3.2009</b>   | <b>31.3.2008</b> |
|  | <b>RM'000</b>      | <b>RM'000</b>    |
| (i) By type  |                    |                  |
| Cash line financing                                  | <b>59,594</b>      | 39,273           |
| Term financing                                       |                    |                  |
| - House financing                                    | <b>755,535</b>     | 479,859          |
| - Hire purchase receivables                          | <b>635,541</b>     | 620,112          |
| - Lease receivables                                  | -                  | 3,950            |
| - Other term financing                               | <b>1,876,787</b>   | 1,486,660        |
| Bills receivables                                    | <b>2,987</b>       | -                |
| Trust receipts                                       | <b>29,027</b>      | 9,127            |
| Claims on customers under acceptance credits         | <b>210,639</b>     | 209,773          |
| Staff financing                                      | <b>65,608</b>      | 50,791           |
| Revolving credits                                    | <b>45,713</b>      | 57,564           |
|  | <b>3,681,431</b>   | 2,957,109        |
| Less: Unearned income                                | <b>(1,290,966)</b> | (862,111)        |
| Gross financing and advances                         | <b>2,390,465</b>   | 2,094,998        |
| Less: Allowance for losses on financing and advances |                    |                  |
| - Specific   | <b>(28,109)</b>    | (38,985)         |
| - General  | <b>(42,777)</b>    | (35,510)         |
| Total net financing and advances                     | <b>2,319,579</b>   | 2,020,503        |

(ii) Movements in non-performing financing and advances ("NPF")  
are as follows:

|   | <b>Group</b>     |                  |
|---|------------------|------------------|
|   | <b>31.3.2009</b> | <b>31.3.2008</b> |
|   | <b>RM'000</b>    | <b>RM'000</b>    |
| At beginning of year  | <b>76,876</b>    | 85,110           |
| Non-performing during the year  | <b>97,989</b>    | 79,726           |
| Reclassified as performing during the year                              | <b>(56,553)</b>  | (50,287)         |
| Recoveries  | <b>(11,560)</b>  | (21,437)         |
| Amount written off  | <b>(44,068)</b>  | (16,236)         |
| At end of year  | <b>62,684</b>    | 76,876           |
| Specific allowance  | <b>(28,109)</b>  | (38,985)         |
| Net non-performing financing and advances                               | <b>34,575</b>    | 37,891           |
| Net NPF as % of gross financing and advances<br>less specific allowance | <b>1.5%</b>      | 1.8%             |

**C19. Operations Of Islamic Banking (cont'd)**

**(c) Financing And Advances (cont'd)**

(iii) Movements in the allowance for losses on financing and advances are as follows:

|   | <b>Group</b>     |                  |
|---|------------------|------------------|
|   | <b>31.3.2009</b> | <b>31.3.2008</b> |
|   | <b>RM'000</b>    | <b>RM'000</b>    |
| <b>General Allowance</b>  |                  |                  |
| At beginning of year  | 35,510           | 33,898           |
| Allowance made during the year  | 11,915           | 8,526            |
| Amount written back   | (4,648)          | (6,914)          |
|   | <b>42,777</b>    | <b>35,510</b>    |
| At end of year  |                  |                  |
| As % of total gross financing and advances<br>less specific allowance | <b>1.8%</b>      | <b>1.7%</b>      |
| <b>Specific Allowance</b>   |                  |                  |
| At beginning of year  | 38,985           | 55,045           |
| Allowance made during the year  | 76,985           | 61,194           |
| Amount written back in respect of recoveries                          | (43,793)         | (61,018)         |
| Amount written off  | (44,068)         | (16,236)         |
|   | <b>28,109</b>    | <b>38,985</b>    |
| At end of year  |                  |                  |

**(d) Deposits From Customers**

|                                    | <b>Group</b>     |                  |
|------------------------------------|------------------|------------------|
|                                    | <b>31.3.2009</b> | <b>31.3.2008</b> |
|                                    | <b>RM'000</b>    | <b>RM'000</b>    |
| <u>Non-Mudharabah Fund</u>         |                  |                  |
| Demand deposits                    | 906,594          | 763,591          |
| Savings deposits                   | 252,413          | 241,962          |
| Negotiable instruments of deposits | 129,604          | 64,456           |
| <u>Mudharabah Fund</u>             |                  |                  |
| General investment deposits        | 1,324,345        | 841,730          |
| Money market deposits              | 25,264           | -                |
|                                    | <b>2,638,220</b> | <b>1,911,739</b> |

**By Order of the Board**

**LEE WEI YEN (MAICSA 7001798)**

Group Company Secretary  
 Kuala Lumpur  
 28 May 2009