

# ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2009

(The figures have not been audited)

### CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	1st Quarter Ended		Cumulative 3 Months Ended	
		30.6.2009	30.6.2008	30.6.2009	30.6.2008
		RM'000	RM'000	RM'000	RM'000
Operating revenue		<b>387,894</b>	421,472	<b>387,894</b>	421,472
Interest income	C1	<b>276,127</b>	314,913	<b>276,127</b>	314,913
Interest expense	C2	<b>(134,306)</b>	(133,802)	<b>(134,306)</b>	(133,802)
Net interest income		<b>141,821</b>	181,111	<b>141,821</b>	181,111
Net income from Islamic banking business	C19(b)	<b>58,888</b>	39,155	<b>58,888</b>	39,155
		<b>200,709</b>	220,266	<b>200,709</b>	220,266
Other operating income	C3	<b>52,954</b>	69,151	<b>52,954</b>	69,151
Net income		<b>253,663</b>	289,417	<b>253,663</b>	289,417
Other operating expenses	C4	<b>(136,982)</b>	(139,375)	<b>(136,982)</b>	(139,375)
Operating profit		<b>116,681</b>	150,042	<b>116,681</b>	150,042
(Allowance)/write-back for losses on loans, advances and financing	C5	<b>(25,017)</b>	20,300	<b>(25,017)</b>	20,300
Impairment net of write-back		<b>(29,221)</b>	(3,378)	<b>(29,221)</b>	(3,378)
Profit before taxation		<b>62,443</b>	166,964	<b>62,443</b>	166,964
Taxation	B5	<b>(16,248)</b>	(42,690)	<b>(16,248)</b>	(42,690)
Profit for the period		<b>46,195</b>	124,274	<b>46,195</b>	124,274
Attributable to:					
Equity holders of the Company		<b>46,221</b>	124,349	<b>46,221</b>	124,349
Minority interests		<b>(26)</b>	(75)	<b>(26)</b>	(75)
Profit for the period		<b>46,195</b>	124,274	<b>46,195</b>	124,274
Earnings per share (sen):					
- Basic	B15(a)	<b>3.0</b>	8.1	<b>3.0</b>	8.1
- Diluted	B15(b)	<b>3.0</b>	8.1	<b>3.0</b>	8.1

(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 2009)

# ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED BALANCE SHEET

		UNAUDITED AS AT 30.6.2009 RM'000	AUDITED AS AT 31.3.2009 RM'000
<b>ASSETS</b>			
Cash and short-term funds		3,614,628	4,998,175
Deposits and placements with banks and other financial institutions		180,290	198,523
Securities held-for-trading	C6	25,133	46,055
Securities available-for-sale	C7	6,775,049	6,320,122
Securities held-to-maturity	C8	190,039	314,620
Derivative financial assets		13,187	17,310
Loans, advances and financing	C9	19,113,426	18,718,097
Balances due from clients and brokers	C10	128,861	69,525
Land held for investment		28,922	28,922
Other assets	C11	176,744	233,930
Tax recoverable		62,840	71,397
Statutory deposits		217,204	199,024
Leasehold land		12,101	12,136
Property, plant and equipment		132,088	137,567
Intangible assets		369,797	368,512
Deferred tax assets		116,857	120,517
<b>TOTAL ASSETS</b>		<b>31,157,166</b>	<b>31,854,432</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	C12	24,256,165	25,575,441
Deposits and placements of banks and other financial institutions	C13	1,651,561	1,190,782
Derivative financial liabilities		26,185	26,016
Recourse obligations on loans sold to Cagamas		42,820	58,391
Bills and acceptances payable		33,372	2,215
Balances due to clients and brokers	C14	128,662	76,701
Other liabilities	C15	1,008,758	954,930
Subordinated bonds	B9(c)	600,000	600,000
Long term borrowings	B9(d)	600,000	600,000
Provision for taxation		28	2,213
Deferred tax liabilities		1,209	1,205
<b>TOTAL LIABILITIES</b>		<b>28,348,760</b>	<b>29,087,894</b>
Share capital		1,548,106	1,548,106
Reserves		1,295,851	1,249,906
Shares held for Employees' Share Scheme		(40,178)	(36,127)
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS</b>		<b>2,803,779</b>	<b>2,761,885</b>
Minority interests		4,627	4,653
<b>TOTAL EQUITY</b>		<b>2,808,406</b>	<b>2,766,538</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>31,157,166</b>	<b>31,854,432</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	B10	<b>16,183,719</b>	15,081,294
<b>Net assets per share attributable to ordinary equity holders of the Company (RM)*</b>		<b>1.81</b>	1.78

\* 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 2009)

# ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)  
(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2009

	----- Attributable to Equity Holders of the Company -----										
	----- Non-distributable -----					----- Distributable -----					
	Share Capital	Share Premium	Statutory Reserve	Capital Reserve	Revaluation Reserve	Employees' Share Scheme Reserve	Shares held for Employees' Share Scheme	Retained Profits	Total Shareholders' Equity	Minority Interests	Total Equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>30 JUNE 2009</b>											
<b>At 1 April 2009</b>	1,548,106	304,289	429,915	7,013	20,174	7,742	(36,127)	480,773	2,761,885	4,653	2,766,538
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	-	(2,069)	-	-	-	(2,069)	-	(2,069)
Income and expense recognised directly in equity	-	-	-	-	(2,069)	-	-	-	(2,069)	-	(2,069)
Profit/(loss) for the period	-	-	-	-	-	-	46,221	46,221	46,221	(26)	46,195
Total recognised income and expense for the period	-	-	-	-	(2,069)	-	46,221	44,152	44,152	(26)	44,126
Share-based payment under Employees' Share Scheme	-	-	-	-	-	1,793	-	1,793	1,793	-	1,793
Purchase of shares pursuant to Employees' Share Scheme	-	-	-	-	-	-	(4,051)	-	(4,051)	-	(4,051)
<b>At 30 June 2009</b>	<b>1,548,106</b>	<b>304,289</b>	<b>429,915</b>	<b>7,013</b>	<b>18,105</b>	<b>9,535</b>	<b>(40,178)</b>	<b>526,994</b>	<b>2,803,779</b>	<b>4,627</b>	<b>2,808,406</b>
<b>30 JUNE 2008</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
Unrealised net loss on revaluation of securities available-for-sale	-	-	-	-	(18,814)	-	-	-	(18,814)	-	(18,814)
Income and expense recognised directly in equity	-	-	-	-	(18,814)	-	-	-	(18,814)	-	(18,814)
Profit/(loss) for the period	-	-	-	-	-	-	124,349	124,349	124,349	(75)	124,274
Total recognised income and expense for the period	-	-	-	-	(18,814)	-	124,349	105,535	105,535	(75)	105,460
Dividends paid to Minority Interests	-	-	-	-	-	-	-	-	-	(64)	(64)
Share-based payment under Employees' Share Scheme	-	-	-	-	-	1,042	-	1,042	1,042	-	1,042
Purchase of shares pursuant to Employees' Share Scheme	-	-	-	-	-	-	(3,834)	-	(3,834)	-	(3,834)
<b>At 30 June 2008</b>	<b>1,548,106</b>	<b>304,289</b>	<b>366,910</b>	<b>7,013</b>	<b>(41,590)</b>	<b>2,480</b>	<b>(30,088)</b>	<b>535,061</b>	<b>2,692,181</b>	<b>4,736</b>	<b>2,696,992</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 2009)*

# ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)  
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## CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2009

	<b>Unaudited 3 Months Ended 30.6.2009 RM'000</b>	<b>Unaudited 3 Months Ended 30.6.2008 RM'000</b>
Profit before taxation	<b>62,443</b>	166,964
Adjustments for non-operating and non-cash items	<b>19,714</b>	(47,022)
Operating profit before working capital changes	<b>82,157</b>	119,942
Changes in working capital	<b>(1,148,911)</b>	(857,931)
Taxes paid	<b>(5,516)</b>	(65,005)
Net cash used in operating activities	<b>(1,072,270)</b>	(802,994)
Net cash used in investing activities	<b>(315,920)</b>	(283,573)
Net cash used in financing activities	<b>(13,590)</b>	(9,173)
Net change in cash and cash equivalents	<b>(1,401,780)</b>	(1,095,740)
Cash and cash equivalents at beginning of the period	<b>5,196,698</b>	6,306,890
Cash and cash equivalents at end of the period	<b>3,794,918</b>	5,211,150
Cash and cash equivalents at end of the period comprise the following:		
Cash and short-term funds	<b>3,614,628</b>	4,869,264
Deposits and placements with banks and other financial institutions	<b>180,290</b>	341,886
	<b>3,794,918</b>	5,211,150

*(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 2009)*

**[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 1st quarter ended 30 June 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 2009. 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 2009.

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 2009.

In the last financial year ended 31 March 2009, the Group had reclassified 1 (one) of its security from securities held-for-trading to securities available-for-sale portfolio based on current market price at the relevant date of reclassification. The reclassification are disclosed in Note C7. There is no new security reclassified during the 1st quarter ended 30 June 2009.

The reclassification is permitted under BNM's circular dated 20 October 2008 which is effective from 1 July 2008 to 31 December 2009. The reclassifications are made at the fair value at the date of the reclassification. The fair values of the securities becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before the reclassification date are subsequently made. The effective interest rate for the securities reclassified to held-to-maturity category is determined at the reclassification date. Further changes in estimates of future cash flows are recognised as an adjustment to the effective interest rate.

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 2009 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 1st quarter ended 30 June 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 1st quarter ended 30 June 2009 were not substantially affected by any item of a material and unusual nature.

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**FIRST FINANCIAL QUARTER ENDED 30 JUNE 2009**

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**A5. Changes In Estimates**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 1st quarter ended 30 June 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 1st quarter ended 30 June 2009.

**A7. Dividend Paid**

There were no dividend paid during the 1st quarter ended 30 June 2009.

**A8. Segment Information**

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

<u>Group</u>	<b>1st Quarter Ended</b> <b>&lt;- 30 June 2009 -&gt;</b>		<b>Cumulative 3 Months Ended</b> <b>&lt;----- 30 June 2009 -----&gt;</b>		
	<b>Revenue</b> <b>RM'000</b>	<b>Profit</b> <b>Before</b> <b>Tax</b> <b>RM'000</b>	<b>Revenue</b> <b>RM'000</b>	<b>Profit</b> <b>Before</b> <b>Tax</b> <b>RM'000</b>	<b>Total</b> <b>Assets</b> <b>RM'000</b>
Commercial banking	300,104	36,479	300,104	36,479	25,438,203
Investment banking	30,604	10,421	30,604	10,421	1,838,801
Islamic banking	54,033	17,188	54,033	17,188	3,284,307
Others <sup>N1</sup>	39,980	28,650	39,980	28,650	46,361
	<b>424,721</b>	<b>92,738</b>	<b>424,721</b>	<b>92,738</b>	<b>30,607,672</b>
Inter-segment eliminations/ Consolidation adjustments	<b>(36,827)</b>	<b>(30,295)</b>	<b>(36,827)</b>	<b>(30,295)</b>	<b>-</b>
	<b>387,894</b>	<b>62,443</b>	<b>387,894</b>	<b>62,443</b>	<b>30,607,672</b>
Intangible assets	-	-	-	-	369,797
Unallocated corporate assets	-	-	-	-	179,697
	<b>387,894</b>	<b>62,443</b>	<b>387,894</b>	<b>62,443</b>	<b>31,157,166</b>

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**FIRST FINANCIAL QUARTER ENDED 30 JUNE 2009**

**A8. Segment Information (cont'd)**

Segment information on Revenue, Profit Before Tax and Total Assets (cont'd):

<b>Group</b>	<b>1st Quarter Ended &lt;- 30 June 2008 -&gt;</b>		<b>Cumulative 3 Months Ended &lt;----- 30 June 2008 -----&gt;</b>		
	<b>Revenue RM'000</b>	<b>Profit Before Tax RM'000</b>	<b>Revenue RM'000</b>	<b>Profit Before Tax RM'000</b>	<b>Total Assets RM'000</b>
Commercial banking	365,024	163,959	365,024	163,959	22,172,860
Investment banking	30,815	7,289	30,815	7,289	1,968,102
Islamic banking	32,410	9,381	32,410	9,381	2,903,746
Others <sup>N1</sup>	63,249	54,783	63,249	54,783	42,222
	<u>491,498</u>	<u>235,412</u>	<u>491,498</u>	<u>235,412</u>	<u>27,086,930</u>
Inter-segment eliminations/ Consolidation adjustments	(70,026)	(68,448)	(70,026)	(68,448)	-
	<u>421,472</u>	<u>166,964</u>	<u>421,472</u>	<u>166,964</u>	<u>27,086,930</u>
Intangible assets	-	-	-	-	354,911
Unallocated corporate assets	-	-	-	-	268,172
	<u>421,472</u>	<u>166,964</u>	<u>421,472</u>	<u>166,964</u>	<u>27,710,013</u>

<sup>N1</sup> Category "Others" consist of businesses from investment holding (the Company), unit trust, asset management and non-banking subsidiaries within the Group.

Included in the revenue and profit before tax under category "Others", an amount of RM31,615,000 (30.6.2008: RM56,073,000) being the dividend income received by the Company from its subsidiary, Alliance Bank Malaysia Berhad. The dividend amounts were eliminated as inter-segment consolidation adjustments to derive the Group's revenue and profit before tax.

**A9. Material Event During The Balance Sheet Date**

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

During the 1st quarter ended 30 June 2009, the Trustee of the ESS had purchased 1,982,000 ordinary shares of RM1.00 each fully paid in the Company from the open market at an average price of RM2.04 per share. The total consideration paid for the purchase including transaction costs was RM4,050,770. 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 30 June 2009, the Trustee of the ESS held 16,287,500 ordinary shares representing 1.05% of the issued and paid-up capital of the Company. No share options or share grants were vested during the 1st quarter ended 30 June 2009.

**A10. Material Events Subsequent To The Balance Sheet Date**

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

The Trustee of the ESS acquired 779,800 ordinary shares of the Company between 1 July 2009 to 17 July 2009 from the open market for a total consideration of RM1,765,700.

**(b) Dissolution of subsidiaries**

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

- (i) ABG Capital Management Sdn Bhd (subsidiary of Syabas Sutra Sdn. Bhd.) was dissolved on 1 July 2009; and
- (ii) Syabas Sutra Sdn. Bhd. was dissolved on 2 July 2009.

Wholly-owned subsidiary of Alliance Bank Malaysia Berhad

- (i) AFB Nominees (Tempatan) Sdn. Bhd. was dissolved on 2 July 2009.

Wholly-owned subsidiaries of Alliance Investment Bank Berhad

- (i) Alliance Merchant Nominees (Tempatan) Sdn. Bhd. was dissolved on 2 July 2009;
- (ii) Alliance Merchant Nominees (Asing) Sdn. Bhd. was dissolved on 2 July 2009; and
- (iii) Rothputra Nominees (Asing) Sdn. Bhd. was dissolved on 2 July 2009.

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

During the 1st quarter ended 30 June 2009, the following subsidiaries of the Company were dissolved pursuant to Section 272(5) of the Companies Act, 1965:

Subsidiaries of Alliance Investment Bank Berhad

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

**A12. 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**

***Comparison of operating profit with last corresponding period***

The Group registered an operating profit of RM116.6 million, a decline of RM33.4 million or 22.3% compared to the corresponding period last year. The decline was mainly due to a decrease in net interest income as a result of the negative impact resulting from a drop in Overnight Policy Rate (“OPR”) by Bank Negara Malaysia from 3.5% to 2.0%. The corresponding period last year also consists of a written-back amount of RM10.8 million due to over-provision of deposit insurance premium.

The 150 basis points drop in OPR caused the Group’s net interest margin to decline from 3.1% as at 30 June 2008 to 2.35% as at 30 June 2009. The impact had an immediate effect as approximately 85% of the Group’s loan portfolio lies in floating rate loans. On the other hand, the “savings” from the reduction in cost of fund will take effect when the Group’s fixed deposits mature.

The Group’s other operating income decreased by 23.4% or RM16.2 million which is largely attributed to lower gain on revaluation of forex derivatives instruments by RM7.8 million. This negative effect was partly offset by higher brokerage fees income by RM5.2 million. In the corresponding period last year, there was a lumpy gain of RM13.3 million from redemption of a debt-converted security.

***Comparison of profit before taxation with last corresponding period***

The Group’s profit before taxation was RM62.4 million for the first quarter ended 30 June 2009, a decrease of RM104.6 million or 62.6% compared to the corresponding period last year, which can be attributed to the following:

- Lower operating profit of RM33.4 million as explained above;
- Higher allowance for losses on loans, advances and financing of RM45.3 million primarily due to lower recoveries on loans and financing compared to the corresponding period last year; and
- Higher provision for impairment on an investment security of RM25.9 million.

The Group registered a profit after taxation of RM46.2 million for the first quarter ended 30 June 2009.

***Asset quality and capital adequacy***

Net non-performing loans (“NPL”) ratio rose marginally from 1.8% as at 31 March 2009 to 1.9% as at 30 June 2009. Gross loans provisioning coverage stood at 97.7% as at 30 June 2009 compared to 99.7% as at 31 March 2009. For the first quarter ended 30 June 2009, the Group’s gross loans and advances increased by 2.0% to RM20.0 billion compared to the preceding quarter ended 31 March 2009.

The Group’s risk-weighted capital ratio remained strong at 14.9%, with core capital ratio at 10.5%.

**B2. Comparison With Immediate Preceding Quarter**

The Group recorded a profit before taxation of RM62.4 million for the first quarter ended 30 June 2009, an increase of RM56.8 million compared to RM5.6 million recorded for the preceding quarter ended 31 March 2009. The improvement is mainly due to higher operating profit by RM19.9 million and lower allowances for losses on loans and advances by RM9.7 million and lower impairment on securities by RM27.2 million.

**B3. Current Year Prospects**

The Malaysian Government has reported a first quarter 2009 negative growth of 6.2% and has revised its forecast economic performance for the country to a negative growth of between 4.0% and 5.0% for the whole of 2009 .

The Group will continue to maintain good asset quality, strengthen balance sheet position and drive cost containment through operational excellence, efficiency and good service levels. 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**

<u>GROUP</u>	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30.6.2009</b>	<b>30.6.2008</b>	<b>30.6.2009</b>	<b>30.6.2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
- Income tax	<b>15,659</b>	50,457	<b>15,659</b>	50,457
- Deferred tax	<b>589</b>	(7,772)	<b>589</b>	(7,772)
	<b>16,248</b>	42,685	<b>16,248</b>	42,685
- Under provision of income tax expense in prior years	-	5	-	5
	<b>16,248</b>	42,690	<b>16,248</b>	42,690

The Group's effective tax rate for the 1st quarter ended 30 June 2009 was higher than the current statutory tax rate mainly due to non-deductibility of certain expenses.

**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 1st quarter ended 30 June 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 1st quarter ended 30 June 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>30.6.2009</b>	<b>31.3.2009</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>15,630,493</b>	16,890,804
- More than one year (medium/long term)	<b>194,019</b>	237,102
	<b>15,824,512</b>	17,127,906
Others	<b>8,431,653</b>	8,447,535
	<b>24,256,165</b>	25,575,441
<b>(b) Deposits And Placements Of Banks And Other Financial Institutions</b>		
- One year or less (short term)	<b>1,040,828</b>	606,227
- More than one year (medium/long term)	<b>610,733</b>	584,555
	<b>1,651,561</b>	1,190,782
<b>(c) Subordinated Bonds</b>		
Unsecured and more than one year (medium/long term) (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>	400,000
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>	200,000
	<b>600,000</b>	600,000

**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:

	<----- 30.6.2009 ----->			<----- 31.3.2009 ----->		
	Principal Amount	Credit Equivalent Amount*	Risk- Weighted Amount*	Principal Amount	Credit Equivalent Amount*	Risk- Weighted Amount*
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	442,416	442,416	442,416	448,370	448,370	448,370
Transaction-related contingent items	479,620	239,810	239,810	505,920	252,960	252,960
Short-term self-liquidating trade-related contingencies	93,693	18,739	18,739	112,406	22,481	22,481
Irrevocable commitments to extend credit:						
- maturity exceeding one year	1,895,516	947,758	787,368	2,051,099	1,025,549	825,344
- maturity not exceeding one year	8,558,540	1,711,708	1,459,497	8,439,276	1,687,856	1,437,642
Foreign exchange related contracts less than one year	3,663,934	61,290	25,491	2,474,223	58,004	27,695
Interest rate related contracts:						
- one year or less	150,000	375	75	100,000	250	50
- over one year to five years	840,000	21,304	4,261	890,000	27,324	5,465
- over five years	60,000	6,333	1,267	60,000	7,019	1,404
<b>Total</b>	<b>16,183,719</b>	<b>3,449,733</b>	<b>2,978,924</b>	<b>15,081,294</b>	<b>3,529,813</b>	<b>3,021,411</b>

\* The credit equivalent amount and risk-weighted amount of the Group are computed in accordance with Bank Negara Malaysia (BNM)'s revised Risk-weighted Capital Adequacy Framework (RWCAF-Basel II) and for Islamic bank subsidiary in accordance with BNM Capital Adequacy Framework for Islamic Banks ("CAFIB"). The Group has adopted the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

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

Details of financial instruments with off-balance sheet risk as at 30 June 2009:

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

Alliance Bank

Items	Principal amount RM'000	1 month or less RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	>5 years RM'000	Margin requirements RM'000
Foreign exchange related contracts								
- forward	198,152	26,439	84,682	81,205	5,826	-	-	-
- swaps	2,888,496	1,059,658	1,190,623	424,390	213,825	-	-	-
- options	68,552	68,552	-	-	-	-	-	-
- spot	508,734	508,734	-	-	-	-	-	-
Interest rate related contracts								
- forward	-	-	-	-	-	-	-	-
- futures	-	-	-	-	-	-	-	-
- swaps	1,050,000	-	-	-	150,000	840,000	60,000	-
<b>Total</b>	<b>4,713,934</b>	<b>1,663,383</b>	<b>1,275,305</b>	<b>505,595</b>	<b>369,651</b>	<b>840,000</b>	<b>60,000</b>	<b>-</b>

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

Related accounting policies

Alliance Bank acts as an intermediary with counterparties who wish to swap their interest rate risk 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.

Derivative financial instruments are initially recognised at fair value, which is normally zero or negligible at inception except for options and subsequently re-measured at their fair value. The fair value of options at inception is normally equivalent to the premium received (for options written) or paid (for options purchased). All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value are recognised in profit or loss.

Interest income and expenses associated with interest rate swaps are recognised over the life of the swap agreement as a component of interest income or interest expense.

## **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) Alliance Bank Malaysia Berhad ("ABMB")'s wholly-owned subsidiary, Alliance Investment Bank Berhad ("AIBB") was 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 Section 181A(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 their 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 brought by Celcom against the leave granted to Mohd Shuaib Ishak to commence the derivative action on behalf of Celcom. Mohd Shuaib Ishak has since filed an application for leave to appeal to the Federal Court against the said decision and the same is fixed for hearing on 2 November 2009.

In addition, AIBB's solicitors are taking steps to strike out the Suit.

- (b) A corporate borrower 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 the 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. The Court had on 24 June 2009 granted a stay of execution of the judgment pending appeal to the Court of Appeal.

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 the Bank 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.

At a clarification hearing held on 25 May 2009, the Court clarified that ABMB's liability to pay damages under the counter-claim is only in respect of general damages to be assessed by the Court and not special damages.

ABMB has since filed its appeal and application for stay of execution against the said judgment.

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

**B13. Dividend Declared**

- a) A First Interim Dividend of 1.30 sen per share, tax exempt under the single tier tax system, has been declared by the directors;
- b) Amount per share: 1.30 sen, tax exempt under the single tier tax system;
- c) Previous corresponding period: A first interim dividend of 2.50 sen per share, tax exempt under the single tier tax system;
- d) Payment date: 26 August 2009; and
- e) In respect of deposited securities, entitlement to the interim dividend will be determined on the basis of the record of depositors as at 12 August 2009.

**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.

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**FIRST FINANCIAL QUARTER ENDED 30 JUNE 2009**

**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 1st quarter ended 30 June 2009 divided by the weighted average number of ordinary shares of RM1.00 each in issue during the 1st quarter ended 30 June 2009 excluding the weighted average shares held for ESS.

	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30.6.2009</b>	<b>30.6.2008</b>	<b>30.6.2009</b>	<b>30.6.2008</b>
Net profit attributable to equity holders of the Company (RM'000)	<b>46,221</b>	124,349	<b>46,221</b>	124,349
Weighted average number of ordinary shares in issue ('000)	<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,548,106
Effect of shares bought back for ESS ('000)	<b>(15,235)</b>	(10,647)	<b>(15,235)</b>	(10,647)
	<b>1,532,871</b>	1,537,459	<b>1,532,871</b>	1,537,459
Basic earnings per share (sen)	<b>3.0</b>	8.1	<b>3.0</b>	8.1

**(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 1st quarter ended 30 June 2009 divided by the weighted average number of ordinary shares of RM1.00 each in issue during the 1st quarter ended 30 June 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 30 June 2009.

	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30.6.2009</b>	<b>30.6.2008</b>	<b>30.6.2009</b>	<b>30.6.2008</b>
Net profit attributable to equity holders of the Company (RM'000)	<b>46,221</b>	124,349	<b>46,221</b>	124,349
Weighted average number of ordinary shares in issue ('000)	<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,548,106
Effect of shares bought back for ESS ('000)	<b>(15,235)</b>	(10,647)	<b>(15,235)</b>	(10,647)
Effect of Share Grants under ESS ('000)	<b>3,998</b>	1,954	<b>3,998</b>	1,954
	<b>1,536,869</b>	1,539,413	<b>1,536,869</b>	1,539,413
Diluted earnings per share (sen)	<b>3.0</b>	8.1	<b>3.0</b>	8.1



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

**C1. Interest Income**

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30.6.2009</b>	<b>30.6.2008</b>	<b>30.6.2009</b>	<b>30.6.2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans, advances and financing				
- Interest/income other than recoveries from NPLs	<b>193,632</b>	211,973	<b>193,632</b>	211,973
- Recoveries from NPLs	<b>11,904</b>	16,926	<b>11,904</b>	16,926
	<b>205,536</b>	228,899	<b>205,536</b>	228,899
Money at call and deposit placements				
with financial institutions	<b>19,276</b>	42,578	<b>19,276</b>	42,578
Securities held-for-trading	<b>108</b>	61	<b>108</b>	61
Securities available-for-sale	<b>41,869</b>	16,701	<b>41,869</b>	16,701
Securities held-to-maturity	<b>1,371</b>	5,895	<b>1,371</b>	5,895
Others	<b>164</b>	502	<b>164</b>	502
	<b>268,324</b>	294,636	<b>268,324</b>	294,636
Accretion of discount less amortisation of premium	<b>13,293</b>	24,457	<b>13,293</b>	24,457
Net interest/income suspended	<b>(5,490)</b>	(4,180)	<b>(5,490)</b>	(4,180)
	<b>276,127</b>	314,913	<b>276,127</b>	314,913

**C2. Interest Expense**

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30.6.2009</b>	<b>30.6.2008</b>	<b>30.6.2009</b>	<b>30.6.2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	<b>4,385</b>	7,749	<b>4,385</b>	7,749
Deposits from customers	<b>111,143</b>	125,214	<b>111,143</b>	125,214
Loans sold to Cagamas	<b>201</b>	1,830	<b>201</b>	1,830
Subordinated bonds	<b>9,110</b>	9,110	<b>9,110</b>	9,110
Long term borrowings	<b>4,986</b>	-	<b>4,986</b>	-
Others	<b>4,481</b>	(10,101)	<b>4,481</b>	(10,101)
	<b>134,306</b>	133,802	<b>134,306</b>	133,802

C3. Other Operating Income

<u>Group</u>	1st Quarter Ended		Cumulative 3 Months Ended	
	30.6.2009 RM'000	30.6.2008 RM'000	30.6.2009 RM'000	30.6.2008 RM'000
(a) <u>Fee income:</u>				
Commissions	4,886	6,889	4,886	6,889
Service charges and fees	10,299	7,002	10,299	7,002
Portfolio management fees	1,463	1,662	1,463	1,662
Corporate advisory fees	292	960	292	960
Brokerage fees	9,466	4,221	9,466	4,221
Guarantee fees	1,713	1,931	1,713	1,931
Processing fees	1,684	2,702	1,684	2,702
Commitment fees	3,292	3,304	3,292	3,304
Other fee income	5,425	4,545	5,425	4,545
	<b>38,520</b>	33,216	<b>38,520</b>	33,216
(b) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Securities held-for-trading	461	(143)	461	(143)
- Securities available-for-sale	2,001	263	2,001	263
- Securities held-to-maturity	-	14,404	-	14,404
Unrealised gain/(loss) on revaluation of:				
- Securities held-for-trading	81	269	81	269
- Derivative instruments	(4,273)	6,294	(4,273)	6,294
Realised gain on revaluation of:				
- Derivative instruments	14,267	11,577	14,267	11,577
Gross dividend income from:				
- Securities held-to-maturity	49	1,414	49	1,414
	<b>12,586</b>	34,078	<b>12,586</b>	34,078
(c) <u>Other income:</u>				
Foreign exchange profit	1,795	978	1,795	978
Rental income	(177)	66	(177)	66
Gain on disposal of property, plant and equipment	194	114	194	114
Gain/(loss) on disposal of foreclosed properties	1,895	(148)	1,895	(148)
Others	(1,859)	847	(1,859)	847
	<b>1,848</b>	1,857	<b>1,848</b>	1,857
Total other operating income	<b>52,954</b>	69,151	<b>52,954</b>	69,151

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**FIRST FINANCIAL QUARTER ENDED 30 JUNE 2009**

**C4. Other Operating Expenses**

<u>Group</u>	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30.6.2009</b>	<b>30.6.2008</b>	<b>30.6.2009</b>	<b>30.6.2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Personnel costs:</u>				
Salaries, allowances and bonuses	<b>59,901</b>	65,372	<b>59,901</b>	65,372
Contribution to EPF	<b>10,159</b>	10,793	<b>10,159</b>	10,793
Share options/grants under ESS	<b>1,793</b>	1,042	<b>1,793</b>	1,042
Others	<b>8,327</b>	10,620	<b>8,327</b>	10,620
	<b>80,180</b>	87,827	<b>80,180</b>	87,827
<u>Establishment costs:</u>				
Depreciation of property, plant and equipment	<b>9,334</b>	8,425	<b>9,334</b>	8,425
Amortisation of computer software	<b>2,724</b>	4,094	<b>2,724</b>	4,094
Amortisation of leasehold land	<b>35</b>	35	<b>35</b>	35
Rental of premises	<b>7,830</b>	6,879	<b>7,830</b>	6,879
Water and electricity	<b>2,256</b>	1,829	<b>2,256</b>	1,829
Repairs and maintenance	<b>2,049</b>	2,243	<b>2,049</b>	2,243
Information Technology expenses	<b>10,798</b>	9,779	<b>10,798</b>	9,779
Others	<b>3,760</b>	2,813	<b>3,760</b>	2,813
	<b>38,786</b>	36,097	<b>38,786</b>	36,097
<u>Marketing expenses:</u>				
Promotion and advertisement	<b>1,249</b>	(200)	<b>1,249</b>	(200)
Branding and publicity	<b>1,260</b>	1,517	<b>1,260</b>	1,517
Others	<b>1,082</b>	1,587	<b>1,082</b>	1,587
	<b>3,591</b>	2,904	<b>3,591</b>	2,904
<u>Administration and general expenses:</u>				
Communication expenses	<b>3,399</b>	3,648	<b>3,399</b>	3,648
Printing and stationery	<b>1,229</b>	1,599	<b>1,229</b>	1,599
Insurance	<b>2,910</b>	1,002	<b>2,910</b>	1,002
Professional fees	<b>3,005</b>	2,714	<b>3,005</b>	2,714
Others	<b>3,882</b>	3,584	<b>3,882</b>	3,584
	<b>14,425</b>	12,547	<b>14,425</b>	12,547
Total other operating expenses	<b>136,982</b>	139,375	<b>136,982</b>	139,375

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

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30.6.2009</b>	<b>30.6.2008</b>	<b>30.6.2009</b>	<b>30.6.2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Write-back for bad and doubtful debts and financing:				
(a) Specific allowance				
- Made during the period	<b>100,095</b>	93,365	<b>100,095</b>	93,365
- Written back during the period	<b>(69,977)</b>	(101,396)	<b>(69,977)</b>	(101,396)
(b) General allowance				
- Made during the period	<b>13,212</b>	20,357	<b>13,212</b>	20,357
- Written back during the period	<b>(7,282)</b>	(7,216)	<b>(7,282)</b>	(7,216)
Bad debts on loans and financing				
- Recovered	<b>(11,048)</b>	(25,522)	<b>(11,048)</b>	(25,522)
- Written off	<b>208</b>	1,078	<b>208</b>	1,078
	<b>25,208</b>	(19,334)	<b>25,208</b>	(19,334)
Write-back on other assets	<b>(191)</b>	(966)	<b>(191)</b>	(966)
	<b>25,017</b>	(20,300)	<b>25,017</b>	(20,300)

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

	<b>Group</b>	
	<b>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<u>Money market instruments:</u>		
Commercial papers	-	9,951
Malaysian Government securities	<b>15,213</b>	24,690
<u>Quoted securities in Malaysia:</u>		
Shares	<b>2,146</b>	2,470
Debt securities	<b>7,772</b>	8,942
<u>Unquoted securities:</u>		
Debt securities	<b>2</b>	2
Total securities held-for-trading	<b>25,133</b>	46,055

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

	<b>Group</b>	
	<b>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<u>Money market instruments:</u>		
Malaysian Government securities	<b>1,936,890</b>	1,647,355
Malaysian Government investment certificates	<b>290,495</b>	113,849
Malaysian Government treasury bills	<b>114,024</b>	132,492
Bank Negara Malaysia bills	<b>49,851</b>	74,525
Negotiable instruments of deposits	<b>1,919,321</b>	1,696,057
Commercial papers	<b>25,480</b>	98,906
Bankers acceptances	<b>1,351,474</b>	1,578,533
Khazanah bonds	<b>9,959</b>	9,909
 <u>Quoted securities in Malaysia:</u>		
Shares [Note (a)]	<b>3,474</b>	3,010
Debt securities	<b>9,721</b>	6,071
 <u>Unquoted securities:</u>		
Shares [Note (b)]	<b>6,877</b>	6,877
Debt securities	<b>1,057,483</b>	952,538
 Total securities available-for-sale	 <b><u>6,775,049</u></b>	 <b><u>6,320,122</u></b>

Note

(a) Disclosures of the reclassification from securities held-for-trading ("HFT") to securities available-for-sale ("AFS") portfolio in the financial statements of the Group is as follows:

- (i) Amount reclassified from securities HFT to AFS portfolio with effect date from 31 December 2008. There is no new security reclassified during the 1st quarter ended 30 June 2009.

	<b>Group</b>
	<b>RM'000</b>
Fair value of securities HFT reclassified to AFS portfolio	<b><u>3,419</u></b>

- (ii) Carrying amount and fair value of securities HFT reclassified to AFS portfolio as at the period/financial year are:

	<b>Group</b>	
	<b>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Securities HFT reclassified to AFS portfolio		
Carrying amount	<b>3,474</b>	3,010
Fair value	<b><u>3,474</u></b>	<u>3,010</u>

- (iii) The fair value (gain)/loss recognised in respect of the securities HFT reclassified to AFS portfolio as at the period/financial year are:

	<b>Group</b>	
	<b>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Unrealised (gain)/loss recognised in equity	<b><u>(55)</u></b>	<u>409</u>

**C7. Securities Available-for-sale (cont'd)**

Note (a): cont'd

- (iv) Effective interest rate for the security reclassified from HFT to AFS portfolio is not applicable as the security reclassified is an equity portfolio.
- (b) Included in the unquoted shares were shares allocated to a subsidiary and out of which a portion had been redeemed by the issuer on the same date. The shares are generally non-voting and is non-transferable until three years after the close of the issuer's Initial Public Offering ("IPO"), subject to limited exceptions stipulated by the issuer.

The remaining units of shares have been valued based on the redemption price of the shares, being the closest available estimate of the fair value of these shares.

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

	<b>Group</b>	
	<b>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
<u>Money market instruments:</u>		
Malaysian Government investment certificates	<b>48,954</b>	53,770
Cagamas bonds	-	20,000
Khazanah bonds	<b>54,388</b>	53,896
<u>Quoted securities in Malaysia:</u>		
Debt securities	<b>4,902</b>	4,902
<u>Unquoted securities:</u>		
Shares	<b>22,021</b>	22,021
Debt securities	<b>164,252</b>	266,865
	<b>294,517</b>	421,454
Accumulated impairment	<b>(104,478)</b>	(106,834)
Total securities held-to-maturity	<b>190,039</b>	314,620

**C9. Loans, Advances And Financing**

	<b>Group</b>	
	<b>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Overdrafts	<b>1,586,361</b>	1,610,636
Term loans/financing		
- Housing loans/financing	<b>8,075,152</b>	7,842,479
- Syndicated term loans/financing	<b>312,307</b>	314,794
- Hire purchase receivables	<b>1,277,997</b>	1,360,731
- Lease receivables	<b>104</b>	104
- Other term loans/financing	<b>6,255,091</b>	5,857,500
Bills receivables	<b>39,278</b>	71,906
Trust receipts	<b>162,318</b>	154,941
Claims on customers under acceptance credits	<b>1,815,070</b>	1,735,910
Staff loans [includes RM1,363,000 loans to Directors of banking subsidiary (2009: RM1,437,000)]	<b>115,425</b>	119,127
Credit/charge card receivables	<b>658,638</b>	645,058
Revolving credits	<b>889,228</b>	995,713
Other loans	<b>301,071</b>	257,432
	<b>21,488,040</b>	20,966,331
Less: Unearned interest and income	<b>(1,504,317)</b>	(1,376,192)
Gross loans, advances and financing	<b>19,983,723</b>	19,590,139
Less: Allowance for losses on loans, advances and financing		
- Specific	<b>(524,149)</b>	(531,824)
- General	<b>(346,148)</b>	(340,218)
Total net loans, advances and financing	<b>19,113,426</b>	18,718,097

(a) By type of customer:

	<b>Group</b>	
	<b>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-bank financial institutions		
- Others	<b>212,175</b>	276,429
Domestic business enterprises		
- Small and medium enterprises	<b>4,208,468</b>	4,185,864
- Others	<b>3,904,695</b>	3,861,118
Government and statutory bodies	<b>17,199</b>	17,345
Individuals	<b>11,227,017</b>	10,886,992
Other domestic entities	<b>4,967</b>	4,356
Foreign entities	<b>409,202</b>	358,035
Gross loans, advances and financing	<b>19,983,723</b>	19,590,139

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

(b) By interest/profit rate sensitivity:

	<b>Group</b>	
	<b>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
- Housing loans/financing	159,835	171,467
- Hire purchase receivables	1,127,012	1,197,050
- Other fixed rate loans/financing	1,645,309	1,503,071
Variable rate		
- Base lending rate plus	13,564,984	13,223,436
- Cost plus	3,387,221	3,381,339
- Other variable rates	99,362	113,776
	<b>19,983,723</b>	<b>19,590,139</b>

(c) By economic purposes:

	<b>Group</b>	
	<b>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of securities	253,548	273,541
Purchase of transport vehicles	1,113,776	1,190,239
Purchase of landed property	10,682,350	10,477,737
<i>of which: - Residential</i>	7,953,032	7,730,963
<i>- Non-residential</i>	2,729,318	2,746,774
Purchase of fixed assets excluding land & buildings	58,222	61,094
Personal use	1,383,539	1,155,811
Credit card	658,638	645,057
Purchase of durable goods	-	15
Construction	323,939	313,552
Working capital	4,728,176	4,846,438
Others	781,535	626,655
	<b>19,983,723</b>	<b>19,590,139</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>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of year	875,070	1,158,506
Non-performing during the period/year	197,069	775,826
Reclassified as performing during the period/year	(97,275)	(493,941)
Recoveries	(46,663)	(328,770)
Amount written off	(37,793)	(236,551)
At end of period/year	<b>890,408</b>	875,070
Specific allowance	(524,149)	(531,824)
- on non-performing loans	(473,616)	(451,554)
- on performing loans	(50,533)	(80,270)
Net non-performing loans, advances and financing	<b>366,259</b>	343,246
Net NPL as % of gross loans, advances and financing less specific allowance		
- Including specific allowance on performing loans	1.9%	1.8%
- Excluding specific allowance on performing loans	2.1%	2.2%

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

	<b>Group</b>	
	<b>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>General Allowance</b>		
At beginning of year	340,218	289,296
Allowance made during the period/year	13,212	78,854
Amount written back	(7,282)	(27,932)
At end of period/year	<b>346,148</b>	340,218
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)

	<b>Group</b>	
	<b>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Specific Allowance</b>		
At beginning of year	531,824	636,429
Allowance made during the period/year	100,095	416,100
Amount written back in respect of recoveries	(69,977)	(284,154)
Amount written off	(37,793)	(236,551)
	<hr/>	<hr/>
At end of period/year	<b>524,149</b>	<b>531,824</b>

Included in specific allowance of the Group are allowances made for high risk accounts which are still performing amounting to RM50,533,000 (31.03.2009: RM80,270,000).

(f) NPL/NPF by economic purposes:

	<b>Group</b>	
	<b>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of securities	15,988	16,347
Purchase of transport vehicles	20,345	26,376
Purchase of landed property	398,904	399,985
<i>of which: - Residential</i>	274,163	273,500
<i>- Non-residential</i>	124,741	126,485
Purchase of fixed assets excluding land and buildings	620	630
Personal use	56,462	55,927
Credit card	17,858	17,518
Construction	29,379	22,674
Working capital	316,442	307,833
Others	34,410	27,780
	<hr/>	<hr/>
Gross NPL	<b>890,408</b>	<b>875,070</b>

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

	<b>Group</b>	
	<b>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Due from clients	91,402	59,688
Due from brokers	54,870	27,367
	<u>146,272</u>	<u>87,055</u>
Less: Allowance for bad and doubtful debts	(17,411)	(17,530)
	<u>128,861</u>	<u>69,525</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>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Classified as doubtful	637	841
Classified as bad	17,923	18,091
	<u>18,560</u>	<u>18,932</u>

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

At beginning of year	17,530	24,665
Allowance made during the period/year	348	2,828
Reversal of allowance	(467)	(5,789)
Bad debts written off against allowance	-	(4,174)
	<u>17,411</u>	<u>17,530</u>

**C11. Other Assets**

	<b>Group</b>	
	<b>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Other receivables, deposits and prepayments	<b>130,900</b>	165,748
Interest/income receivable	<b>54,372</b>	76,408
Trade receivables	<b>36</b>	34
Manager's stocks	<b>672</b>	1,243
Foreclosed properties	<b>4,883</b>	4,883
	<b>190,863</b>	248,316
Less: Allowance for bad and doubtful debts	<b>(14,119)</b>	(14,386)
	<b>176,744</b>	233,930

**C12. Deposits From Customers**

	<b>Group</b>	
	<b>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>By type of deposits:</u>		
Demand deposits	<b>6,787,238</b>	6,815,306
Savings deposits	<b>1,605,955</b>	1,628,580
Fixed/investment deposits	<b>13,574,701</b>	14,085,022
Money market deposits	<b>1,550,548</b>	2,063,280
Negotiable instruments of deposits	<b>699,263</b>	979,604
Structured deposits [Note (a)]	<b>38,460</b>	3,649
	<b>24,256,165</b>	25,575,441

Note

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

	<b>Group</b>	
	<b>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
(b) <u>By type of customers:</u>		
Government and statutory bodies	<b>1,232,178</b>	1,360,896
Business enterprises	<b>8,124,855</b>	9,552,952
Individuals	<b>13,521,529</b>	13,660,573
Others	<b>1,377,603</b>	1,001,020
	<b>24,256,165</b>	25,575,441

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

	<b>Group</b>	
	<b>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	923,822	433,391
Licensed Islamic banks	5,000	-
Licensed investment banks	90,000	140,000
Bank Negara Malaysia	632,739	617,391
	<b>1,651,561</b>	<b>1,190,782</b>

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

	<b>Group</b>	
	<b>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Due to clients	71,864	51,856
Due to brokers	56,798	24,845
	<b>128,662</b>	<b>76,701</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>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Other payable and accruals	858,249	743,088
Interest/income payable	94,018	138,384
Remisier's accounts	24,742	23,400
Profit equalisation reserve	31,749	50,058
	<b>1,008,758</b>	<b>954,930</b>

**C16. Capital Adequacy**

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 capital adequacy ratios of the ABMB group are as follows:

	<b>30.6.2009</b>	<b>31.3.2009</b>
<u>Before deducting proposed dividends</u>		
Core capital ratio	-	10.41%
Risk-weighted capital ratio	-	14.76%
<u>After deducting proposed dividends</u>		
Core capital ratio	<b>10.46%</b>	10.30%
Risk-weighted capital ratio	<b>14.90%</b>	14.65%

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

	<b>30.6.2009</b>	<b>31.3.2009</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>749,155</b>	772,867
Statutory reserves	<b>671,953</b>	671,953
Other reserves	<b>10,035</b>	10,035
Minority interests	<b>4,652</b>	4,652
	<b>2,633,829</b>	2,657,541
Less: Purchased goodwill/goodwill on consolidation	<b>(304,149)</b>	(304,149)
Deferred tax assets	<b>(116,849)</b>	(119,305)
Total Tier I capital	<b>2,212,831</b>	2,234,087
<b>Tier II Capital</b>		
Subordinated bonds	<b>600,000</b>	600,000
General allowance for losses on loans, advances and financing	<b>346,212</b>	340,246
Total Tier II capital	<b>946,212</b>	940,246
Total Capital	<b>3,159,043</b>	3,174,333
Less: Investment in subsidiaries	<b>(6,579)</b>	(7,066)
<b>Total Capital Base</b>	<b>3,152,464</b>	3,167,267

**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>30.6.2009</b>		<b>31.3.2009</b>	
	<b>Net Exposure</b>	<b>Risk-Weighted</b>	<b>Net Exposure</b>	<b>Risk-Weighted</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
0%	<b>4,659,152</b>	<b>-</b>	4,568,126	-
20%	<b>5,688,941</b>	<b>1,137,788</b>	6,484,084	1,296,817
35%	<b>2,976,919</b>	<b>1,041,922</b>	2,795,907	978,567
50%	<b>2,329,887</b>	<b>1,164,943</b>	2,567,685	1,283,843
75%	<b>9,266,512</b>	<b>6,949,884</b>	9,321,837	6,991,378
100%	<b>8,215,310</b>	<b>8,215,310</b>	8,352,819	8,352,819
150%	<b>359,218</b>	<b>538,827</b>	299,781	449,671
Total RWA equivalent for Credit risk	<b>33,495,939</b>	<b>19,048,674</b>	34,390,239	19,353,095
Total RWA equivalent for Market risk	-	<b>49,920</b>	-	59,902
Total RWA equivalent for Operational risk	-	<b>2,058,630</b>	-	2,041,388
<b>Total Risk-Weighted Assets</b>	<b>33,495,939</b>	<b>21,157,224</b>	34,390,239	21,454,385

**C17. Comparative Figures**

The following comparatives have been reclassified to conform with the current period's presentation:

	<b>Group</b>	
	<b>As restated</b>	<b>As previously reported</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Income statement for the financial period ended 30 June 2008</b>		
Other operating income	<b>69,151</b>	69,402
Other operating expenses	<b>(139,375)</b>	(139,626)

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**FIRST FINANCIAL QUARTER ENDED 30 JUNE 2009**

**C18. Interest Rate Risk**

GROUP	----- Non-trading book -----							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	Non-interest sensitive			
As at 30 June 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	3,047,042	-	-	-	-	-	567,586	-	3,614,628	1.94
Deposits and placements with banks and other financial institutions	-	80,290	100,000	-	-	-	-	-	180,290	2.00
Securities held-for-trading	-	-	-	-	-	-	-	25,133	25,133	3.54
Securities available-for-sale	1,604,490	1,503,808	391,447	741,134	2,468,570	48,570	-	17,030	6,775,049	2.92
Securities held-to-maturity	1,140	39,686	11,885	20,452	93,140	5,220	18,516	-	190,039	4.64
Loans, advances and financing	14,018,932	1,014,597	439,829	930,848	1,756,865	932,244	20,111 *	-	19,113,426	5.40
Balances due from clients and brokers	111,355	-	-	-	-	-	17,506	-	128,861	12.00
Other non-interest sensitive balances	-	-	-	-	-	-	1,116,553	13,187	1,129,740	-
<b>TOTAL ASSETS</b>	<b>18,782,959</b>	<b>2,638,381</b>	<b>943,161</b>	<b>1,692,434</b>	<b>4,318,575</b>	<b>986,034</b>	<b>1,740,272</b>	<b>55,350</b>	<b>31,157,166</b>	
<b>LIABILITIES</b>										
Deposits from customers	14,961,571	2,973,143	2,128,683	3,998,749	194,019	-	-	-	24,256,165	1.89
Deposits and placements of banks and other financial institutions	475,251	559,810	4,900	867	610,733	-	-	-	1,651,561	1.39
Recourse obligations on loans sold to Cagamas	7,745	6,164	14,617	14,294	-	-	-	-	42,820	3.86
Bills and acceptances payable	-	33,175	197	-	-	-	-	-	33,372	2.32
Balances due to clients and brokers	127,961	-	-	-	-	-	701	-	128,662	1.50
Subordinated bonds	-	-	-	-	600,000	-	-	-	600,000	6.09
Long term borrowings	-	-	-	-	600,000	-	-	-	600,000	3.33
Other non-interest sensitive balances	-	-	-	-	-	-	1,009,995	26,185	1,036,180	-
<b>TOTAL LIABILITIES</b>	<b>15,572,528</b>	<b>3,572,292</b>	<b>2,148,397</b>	<b>4,013,910</b>	<b>2,004,752</b>	<b>-</b>	<b>1,010,696</b>	<b>26,185</b>	<b>28,348,760</b>	
Equity	-	-	-	-	-	-	2,803,779	-	2,803,779	-
Minority interests	-	-	-	-	-	-	4,627	-	4,627	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>15,572,528</b>	<b>3,572,292</b>	<b>2,148,397</b>	<b>4,013,910</b>	<b>2,004,752</b>	<b>-</b>	<b>3,819,102</b>	<b>26,185</b>	<b>31,157,166</b>	
On-balance sheet interest sensitivity gap	3,210,431	(933,911)	(1,205,236)	(2,321,476)	2,313,823	986,034	(2,078,830)	29,165	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	-	
<b>Total interest sensitivity gap</b>	<b>3,210,431</b>	<b>(933,911)</b>	<b>(1,205,236)</b>	<b>(2,321,476)</b>	<b>2,313,823</b>	<b>986,034</b>	<b>(2,078,830)</b>	<b>29,165</b>	<b>-</b>	

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



**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**FIRST FINANCIAL QUARTER ENDED 30 JUNE 2009**

C18. Interest Rate Risk (cont'd)

GROUP	----- Non-trading book ----->							Trading book RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000			
<b>As at 31 March 2009</b>										
<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.

C19. Operations Of Islamic Banking

(a) Balance Sheet (Unaudited)

		Group	
	<i>Note</i>	30.6.2009 RM'000	31.3.2009 RM'000
<b>ASSETS</b>			
Cash and short-term funds		283,262	323,975
Deposits and placements with banks and other financial institutions		95,150	150
Securities available-for-sale		452,060	380,723
Securities held-to-maturity		108,793	113,343
Financing and advances	<i>C19(c)</i>	2,462,668	2,319,579
Other assets		26,576	98,778
Statutory deposits with Bank Negara Malaysia		23,673	21,503
Property, plant and equipment		674	674
Intangible assets		703	755
Deferred tax assets		19,352	24,567
<b>TOTAL ASSETS</b>		<b>3,472,911</b>	<b>3,284,047</b>
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>			
Deposits from customers	<i>C19(d)</i>	2,694,795	2,638,220
Deposits and placements of banks and other financial institutions		163,956	77,725
Bills and acceptances payable		6	15
Other liabilities		174,053	142,964
Provision for taxation and zakat		4,616	6,803
<b>TOTAL LIABILITIES</b>		<b>3,037,426</b>	<b>2,865,727</b>
Islamic Banking Funds		356,000	356,000
Reserves		79,485	62,320
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>		<b>3,472,911</b>	<b>3,284,047</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		<b>588,526</b>	<b>624,258</b>

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

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

	<b>GROUP</b>			
	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30.6.2009</b>	<b>30.6.2008</b>	<b>30.6.2009</b>	<b>30.6.2008</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>46,015</b>	46,160	<b>46,015</b>	46,160
Income derived from investment of Islamic Banking funds	<b>5,375</b>	5,749	<b>5,375</b>	5,749
Allowance for losses on financing and advances	<b>(21,917)</b>	(8,140)	<b>(21,917)</b>	(8,140)
Impairment on securities available-for-sale	<b>5,000</b>	-	<b>5,000</b>	-
Transfer from/(to) profit equalisation reserve	<b>18,309</b>	(577)	<b>18,309</b>	(577)
Other expenses directly attributable to the investment of the depositors and shareholders' funds	<b>(1,361)</b>	(437)	<b>(1,361)</b>	(437)
<b>Total distributable income</b>	<b>51,421</b>	42,755	<b>51,421</b>	42,755
Income attributable to the depositors and financial institutions	<b>(13,372)</b>	(17,458)	<b>(13,372)</b>	(17,458)
<b>Total net income</b>	<b>38,049</b>	25,297	<b>38,049</b>	25,297
Other operating expenses	<b>(14,928)</b>	(14,897)	<b>(14,928)</b>	(14,897)
<b>Profit before taxation and zakat</b>	<b>23,121</b>	10,400	<b>23,121</b>	10,400
Taxation and zakat	<b>(5,745)</b>	(2,613)	<b>(5,745)</b>	(2,613)
<b>Profit for the period</b>	<b>17,376</b>	7,787	<b>17,376</b>	7,787
Net income from Islamic banking business:				
Income derived from investment of depositors' funds and others	<b>46,015</b>	46,160	<b>46,015</b>	46,160
Income derived from investment of Islamic Banking funds	<b>5,375</b>	5,749	<b>5,375</b>	5,749
Transfer from/(to) profit equalisation reserve	<b>18,309</b>	(577)	<b>18,309</b>	(577)
Income attributable to depositors and financial institutions	<b>(13,372)</b>	(17,458)	<b>(13,372)</b>	(17,458)
Other expenses directly attributable to the investment of the depositors and shareholders' funds	<b>(1,361)</b>	(437)	<b>(1,361)</b>	(437)
	<b>54,966</b>	33,437	<b>54,966</b>	33,437
Add: Income due to head office eliminated at Group level	<b>3,922</b>	5,718	<b>3,922</b>	5,718
	<b>58,888</b>	39,155	<b>58,888</b>	39,155

Note:

Net income from Islamic banking business comprises income generated from both Alliance Islamic Bank Berhad ("AIS") 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>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
(i) By type		
Cash line financing	58,476	59,594
Term financing		
- House financing	770,213	755,535
- Hire purchase receivables	611,328	635,541
- Other term financing	2,162,955	1,876,787
Bills receivables	-	2,987
Trust receipts	21,952	29,027
Claims on customers under acceptance credits	240,865	210,639
Staff financing	64,788	65,608
Revolving credits	44,013	45,713
	<b>3,974,590</b>	<b>3,681,431</b>
Less: Unearned income	<b>(1,428,027)</b>	<b>(1,290,966)</b>
Gross financing and advances	<b>2,546,563</b>	<b>2,390,465</b>
Less: Allowance for losses on financing and advances		
- Specific	<b>(38,405)</b>	<b>(28,109)</b>
- General	<b>(45,490)</b>	<b>(42,777)</b>
Total net financing and advances	<b>2,462,668</b>	<b>2,319,579</b>

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

	<b>Group</b>	
	<b>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of year	62,684	76,876
Non-performing during the period/year	32,612	97,989
Reclassified as performing during the period/year	(12,479)	(56,553)
Recoveries	(2,842)	(11,560)
Amount written off	(9,797)	(44,068)
At end of year	<b>70,178</b>	<b>62,684</b>
Specific allowance	<b>(38,405)</b>	<b>(28,109)</b>
- on non-performing financing and advances	<b>(37,495)</b>	<b>(28,109)</b>
- on performing financing and advances	<b>(910)</b>	<b>-</b>
Net non-performing financing and advances	<b>31,773</b>	<b>34,575</b>
Net NPF as % of gross financing and advances less specific allowance		
- Including specific allowance on performing financing and advances	<b>1.3%</b>	<b>1.5%</b>
- Excluding specific allowance on performing financing and advances	<b>1.3%</b>	<b>1.5%</b>

**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>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>General Allowance</b>		
At beginning of year	42,777	35,510
Allowance made during the period/year	3,596	11,915
Amount written back	(883)	(4,648)
	<hr/>	<hr/>
At end of year	<b>45,490</b>	<b>42,777</b>
	<hr/>	<hr/>
As % of total gross financing and advances less specific allowance	<b>1.8%</b>	1.8%
 <b>Specific Allowance</b>		
At beginning of year	28,109	38,985
Allowance made during the period/year	30,982	76,985
Amount written back in respect of recoveries	(10,889)	(43,793)
Amount written off	(9,797)	(44,068)
	<hr/>	<hr/>
At end of year	<b>38,405</b>	<b>28,109</b>
	<hr/>	<hr/>

Included in specific allowance of the Group are allowances made for high risk accounts which are still performing amounting to RM910,000 (31.03.2009: RM Nil).

**(d) Deposits From Customers**

	<b>Group</b>	
	<b>30.6.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Non-Mudharabah Fund</u>		
Demand deposits	852,796	906,594
Savings deposits	251,831	252,413
Negotiable instruments of deposits	269,263	129,604
 <u>Mudharabah Fund</u>		
General investment deposits	1,307,043	1,324,345
Money market deposits	13,862	25,264
	<hr/>	<hr/>
	<b>2,694,795</b>	<b>2,638,220</b>
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**By Order of the Board**

**LEE WEI YEN (MAICSA 7001798)**

Group Company Secretary  
 Kuala Lumpur  
 17 August 2009