

# ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009

(The figures have not been audited)

### CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	2nd Quarter Ended		Cumulative 6 Months Ended	
		30.9.2009	30.9.2008	30.9.2009	30.9.2008
		RM'000	RM'000	RM'000	RM'000
Interest income	C1	<b>276,433</b>	318,539	<b>554,054</b>	633,475
Interest expense	C2	<b>(123,528)</b>	(152,286)	<b>(256,059)</b>	(296,390)
Net interest income		<b>152,905</b>	166,253	<b>297,995</b>	337,085
Net income from Islamic banking business	C19(b)	<b>49,556</b>	42,708	<b>108,857</b>	81,970
		<b>202,461</b>	208,961	<b>406,852</b>	419,055
Other operating income	C3	<b>46,707</b>	43,176	<b>99,800</b>	109,769
Net income		<b>249,168</b>	252,137	<b>506,652</b>	528,824
Other operating expenses	C4	<b>(126,847)</b>	(126,036)	<b>(269,145)</b>	(255,239)
Operating profit		<b>122,321</b>	126,101	<b>237,507</b>	273,585
Write-back of/(allowance for) losses on loans, advances and financing	C5	<b>80,872</b>	(63,482)	<b>55,855</b>	(43,182)
(Allowance for)/write-back of impairment		<b>(95,113)</b>	443	<b>(122,839)</b>	(377)
Profit before taxation and zakat		<b>108,080</b>	63,062	<b>170,523</b>	230,026
Taxation and zakat	B5	<b>(30,015)</b>	(8,492)	<b>(46,263)</b>	(51,182)
Net profit after taxation and zakat		<b>78,065</b>	54,570	<b>124,260</b>	178,844
Attributable to:					
Equity holders of the Company		<b>78,038</b>	54,644	<b>124,259</b>	178,993
Minority interests		<b>27</b>	(74)	<b>1</b>	(149)
Net profit after taxation and zakat		<b>78,065</b>	54,570	<b>124,260</b>	178,844
Earnings per share (sen):					
- Basic	B15(a)	<b>5.1</b>	3.6	<b>8.1</b>	11.6
- Diluted	B15(b)	<b>5.1</b>	3.5	<b>8.1</b>	11.6

(The Condensed Consolidated Income Statements should be read in conjunction with the audited Annual Financial Statements of the Group for the financial year ended 31 March 2009)

# ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED BALANCE SHEET

		UNAUDITED	AUDITED
		AS AT	AS AT
	<i>Note</i>	30.9.2009	31.3.2009
		RM'000	RM'000
<b>ASSETS</b>			
Cash and short-term funds		2,223,354	4,998,175
Deposits and placements with banks and other financial institutions		50,156	198,523
Securities held-for-trading	<i>C6</i>	14,161	46,055
Securities available-for-sale	<i>C7</i>	6,338,410	6,320,122
Securities held-to-maturity	<i>C8</i>	576,823	314,620
Derivative financial assets		31,651	40,858
Loans, advances and financing	<i>C9</i>	19,800,539	18,718,097
Balances due from clients and brokers	<i>C10</i>	135,805	69,525
Land held for investment		27,748	27,748
Other assets	<i>C11</i>	192,414	233,930
Tax recoverable		50,128	71,397
Statutory deposits		222,211	199,024
Leasehold land		11,295	12,136
Property, plant and equipment		125,938	137,567
Intangible assets		370,834	368,512
Deferred tax assets		106,887	120,517
<b>TOTAL ASSETS</b>		<b>30,278,354</b>	<b>31,876,806</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	<i>C12</i>	22,763,942	25,575,441
Deposits and placements of banks and other financial institutions	<i>C13</i>	2,272,703	1,190,782
Derivative financial liabilities		36,158	49,564
Amount due to Cagamas Berhad		29,790	58,391
Bills and acceptances payable		86,264	2,215
Balances due to clients and brokers	<i>C14</i>	150,450	76,701
Other liabilities	<i>C15</i>	873,782	954,930
Subordinated bonds	<i>B9(c)</i>	600,000	600,000
Long term borrowings	<i>B9(d)</i>	600,000	600,000
Provision for taxation		1,957	2,213
Deferred tax liabilities		19	31
<b>TOTAL LIABILITIES</b>		<b>27,415,065</b>	<b>29,110,268</b>
Share capital		1,548,106	1,548,106
Reserves		1,359,226	1,249,906
Shares held for Employees' Share Scheme		(48,697)	(36,127)
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS</b>		<b>2,858,635</b>	<b>2,761,885</b>
Minority interests		4,654	4,653
<b>TOTAL EQUITY</b>		<b>2,863,289</b>	<b>2,766,538</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>30,278,354</b>	<b>31,876,806</b>
<b>COMMITMENTS AND CONTINGENCIES</b>	<i>B10</i>	<b>15,711,778</b>	15,081,294
<b>Net assets per share attributable to ordinary equity holders of the Company (RM)*</b>		<b>1.85</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 financial 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 SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 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	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 SEPTEMBER 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 profit on revaluation of securities available-for-sale	-	-	-	-	832	-	-	-	832	-	832
Income and expense recognised directly in equity	-	-	-	-	832	-	-	-	832	-	832
Net profit after taxation and zakat	-	-	-	-	-	-	-	124,259	124,259	1	124,260
Total recognised income and expense for the period	-	-	-	-	832	-	-	124,259	125,091	1	125,092
Transfer to statutory reserve	-	-	33,074	-	-	-	-	(33,074)	-	-	-
Dividends paid to shareholders	-	-	-	-	-	-	-	(19,904)	(19,904)	-	(19,904)
Share-based payment under Employees' Share Scheme	-	-	-	-	-	4,133	-	-	4,133	-	4,133
Purchase of shares pursuant to Employees' Share Scheme	-	-	-	-	-	-	(12,570)	-	(12,570)	-	(12,570)
<b>At 30 September 2009</b>	<b>1,548,106</b>	<b>304,289</b>	<b>462,989</b>	<b>7,013</b>	<b>21,006</b>	<b>11,875</b>	<b>(48,697)</b>	<b>552,054</b>	<b>2,858,635</b>	<b>4,654</b>	<b>2,863,289</b>
<b>30 SEPTEMBER 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	-	-	-	-	(10,909)	-	-	-	(10,909)	-	(10,909)
Income and expense recognised directly in equity	-	-	-	-	(10,909)	-	-	-	(10,909)	-	(10,909)
Net profit/(loss) after taxation and zakat	-	-	-	-	-	-	-	178,993	178,993	(149)	178,844
Total recognised income and expense for the period	-	-	-	-	(10,909)	-	-	178,993	168,084	(149)	167,935
Dividends paid to shareholders	-	-	-	-	-	-	-	(38,434)	(38,434)	-	(38,434)
Dividends paid to Minority Interests	-	-	-	-	-	-	-	-	-	(64)	(64)
Transfer to statutory reserve	-	-	47,144	-	-	-	-	(47,144)	-	-	-
Share-based payment under Employees' Share Scheme	-	-	-	-	-	2,410	-	-	2,410	-	2,410
Purchase of shares pursuant to Employees' Share Scheme	-	-	-	-	-	-	(3,834)	-	(3,834)	-	(3,834)
<b>At 30 September 2008</b>	<b>1,548,106</b>	<b>304,289</b>	<b>414,054</b>	<b>7,013</b>	<b>(33,685)</b>	<b>3,848</b>	<b>(30,088)</b>	<b>504,127</b>	<b>2,717,664</b>	<b>4,737</b>	<b>2,722,401</b>

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited Annual Financial Statements of the Group for the financial year ended 31 March 2009)

# ALLIANCE FINANCIAL GROUP BERHAD

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## CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009

	<b>Unaudited 6 Months Ended 30.9.2009</b>	Unaudited 6 Months Ended 30.9.2008
	<b>RM'000</b>	RM'000
Profit before taxation and zakat	<b>170,523</b>	230,026
Adjustments for non-cash items	<b>10,750</b>	(3,842)
Operating profit before changes in working capital	<b>181,273</b>	226,184
Changes in working capital	<b>(2,580,281)</b>	(910,512)
Taxation paid	<b>(11,235)</b>	(98,213)
Net cash used in operating activities	<b>(2,410,243)</b>	(782,541)
Net cash used in investing activities	<b>(316,325)</b>	(946,657)
Net cash used in financing activities	<b>(48,253)</b>	(56,818)
Net change in cash and cash equivalents	<b>(2,774,821)</b>	(1,786,016)
Cash and cash equivalents at beginning of the year	<b>4,998,175</b>	5,774,055
Cash and cash equivalents at end of the period	<b>2,223,354</b>	3,988,039
Cash and cash equivalents comprise:		
Cash and short-term funds	<b>2,223,354</b>	3,988,039

*(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited Annual Financial Statements of the Group for the financial 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 2nd quarter and the financial half year ended 30 September 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 ("revised 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 financial 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 financial 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 financial 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 the securities available-for-sale portfolio based on current market price at the relevant date of reclassification. The reclassification is disclosed in Note C7. There was no new security reclassified during the 2nd quarter and the financial half year ended 30 September 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 reclassification is made at the fair value at the date of the reclassification. The fair value of the security 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 in conformity with Classification of Non-Performing Loans and Provision for Substandard, Bad and Doubtful Debts (BNM/GP3). Consistent with previous years, the Group has adopted a more stringent classification policy on non-performing loans, whereby loans, advances and financing are classified as non-performing when repayments are in arrears for more than three (3) months from the first day of default or after maturity date.

The Group has also adopted a more stringent basis for specific allowances on non-performing loans by making a 100% specific allowance on the balance of non-performing loans which are more than 3 months-in arrears and not covered by realisable value of collateral.

**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 2nd quarter and the financial half year ended 30 September 2009.

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 2nd quarter and the financial half year ended 30 September 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 2nd quarter and the financial half year ended 30 September 2009.

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

There were no issuance or repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the 2nd quarter and the financial half year ended 30 September 2009.

**A7. Dividend Paid**

During the 2nd quarter and the financial half year ended 30 September 2009, a First Interim Dividend of 1.3 sen per share, tax exempt under the single tier tax system in respect of the financial year ending 31 March 2010, on 1,548,105,929 ordinary shares amounting to RM19,904,000 was paid on 26 August 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. An amount of RM222,000 being dividend paid for those shares were added back to the appropriation of retained profits in respect of the first interim dividend.*

**A8. Segment Information**

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

	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>		
	<b>&lt;- 30 September 2009 -&gt;</b>		<b>&lt;----- 30 September 2009 -----&gt;</b>		
<b>Group</b>	<b>Revenue</b>	<b>Profit Before Tax</b>	<b>Revenue</b>	<b>Profit Before Tax</b>	<b>Total Assets</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Commercial banking	303,467	54,165	605,064	90,644	24,106,670
Investment banking	19,133	31,935	49,737	42,356	2,062,622
Islamic banking	44,233	24,334	98,266	41,522	3,535,659
Others <sup>N1</sup>	11,014	260	50,994	28,910	45,554
	<b>377,847</b>	<b>110,694</b>	<b>804,061</b>	<b>203,432</b>	<b>29,750,505</b>
Inter-segment eliminations/ Consolidation adjustments	(7,399)	(2,614)	(44,226)	(32,909)	-
	<b>370,448</b>	<b>108,080</b>	<b>759,835</b>	<b>170,523</b>	<b>29,750,505</b>
Intangible assets	-	-	-	-	370,834
Unallocated corporate assets	-	-	-	-	157,015
	<b>370,448</b>	<b>108,080</b>	<b>759,835</b>	<b>170,523</b>	<b>30,278,354</b>

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009**

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

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

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>		
	<b>&lt;- 30 September 2008 -&gt;</b>		<b>&lt;----- 30 September 2008 -----&gt;</b>		
	<b>Revenue</b>	<b>Profit Before Tax</b>	<b>Revenue</b>	<b>Profit Before Tax</b>	<b>Total Assets</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Commercial banking	343,439	77,728	708,486	241,687	23,250,974
Investment banking	23,486	(19,320)	54,301	(12,031)	1,686,500
Islamic banking	37,510	11,695	69,920	21,076	3,205,129
Others <sup>N1</sup>	8,132	(923)	71,381	53,860	47,692
	<u>412,567</u>	<u>69,180</u>	<u>904,088</u>	<u>304,592</u>	<u>28,190,295</u>
Inter-segment eliminations/ Consolidation adjustments	(7,648)	(6,118)	(77,674)	(74,566)	-
	<u>404,919</u>	<u>63,062</u>	<u>826,414</u>	<u>230,026</u>	<u>28,190,295</u>
Intangible assets	-	-	-	-	361,406
Unallocated corporate assets	-	-	-	-	249,752
	<u>404,919</u>	<u>63,062</u>	<u>826,414</u>	<u>230,026</u>	<u>28,801,453</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" for cumulative 6 months ended 30 September 2009, an amount of RM31,615,000 (30.9.2008: 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) Employees' Share Scheme ("ESS")**

During the financial half year ended 30 September 2009, 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) 2,620,800 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) 10,189,800 share options under the Share Option Plan at an option price of RM2.38 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 - Share-based Payment, the compensation expense relating to the share scheme is recognised in profit or loss over the vesting periods of the grants with a corresponding increase in equity.

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

During the financial half year ended 30 September 2009, the Trustee of the ESS had purchased 5,581,700 ordinary shares of RM1.00 each fully paid in the Company from the open market at an average price of RM2.25 per share. The total consideration paid for the purchase including transaction costs was RM12,570,000. The shares purchased are being held in trust by the Trustee of the ESS in accordance with the Trust Deed dated 3 December 2007.

As at 30 September 2009, the Trustee of the ESS held 19,887,200 ordinary shares representing 1.28% of the issued and paid-up capital of the Company. No share options or share grants were vested during the 2nd quarter and the financial half year ended 30 September 2009.



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

There were no material events subsequent to the balance sheet date that require disclosure or adjustment to the unaudited condensed interim financial statements.

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

During the financial half year ended 30 September 2009, the following subsidiaries of the Company were dissolved pursuant to Section 272(5) of the Companies Act, 1965:

(a) Subsidiary of the Company

- (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.

(b) Subsidiary of Alliance Bank Malaysia Berhad

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

(c) Subsidiaries of Alliance Investment Bank Berhad

- (i) Alliance Capital Asset Management Sdn. Bhd. was dissolved on 1 April 2009;
- (ii) Alliance Asset Management (L) Limited was dissolved on 6 April 2009;
- (iii) Alliance Merchant Nominees (Tempatan) Sdn. Bhd. was dissolved on 2 July 2009;
- (iv) Alliance Merchant Nominees (Asing) Sdn. Bhd. was dissolved on 2 July 2009; and
- (v) Rothputra Nominees (Asing) Sdn. Bhd. was dissolved on 2 July 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**

For the current quarter under review, the Group recorded profit before taxation of RM108.1 million, an increase of RM45.0 million or 71.3% compared to the corresponding quarter last year. The improvement was primarily due to lower allowance for losses on loans and financing.

For the 6 months ended 30 September 2009, the Group recorded profit before taxation of RM170.5 million compared to RM230.0 million registered in the corresponding period last year. The lower profit this year was primarily due to lower net interest income as a result of the negative impact resulting from the drop in Overnight Policy Rate (“OPR”) from 3.5% to 2.0%. The 150 basis points drop in OPR caused the Group’s net interest margin to decline from 3.1% as at 30 September 2008 to 2.6% as at 30 September 2009. The impact had an immediate effect as approximately 85% of the Group’s loan portfolio is floating rate loans. On the other hand, savings from the reduction in cost of funds will take effect when the Group’s fixed deposits mature.

The Group’s other operating income decreased by 9.1% or RM10 million which is largely attributed to a lower gain from the realisation of investment securities despite a higher brokerage fees income.

During the second quarter ended 30 September 2009, the Group provided a further RM97.4 million impairment to one of the Collateralised Loan Obligations (“CLO”) in anticipation of future economic conditions which may further impact the businesses of some of the obligors. The additional impairment provision made in the second quarter effectively raised the provision coverage of the CLO to 96%.

Net non-performing loans (“NPL”) rose from 1.8% as at 31 March 2009 to 2.0% as at 30 September 2009. Gross loans provisioning coverage stood at 89% as at 30 September 2009 compared to 99.7% as at 31 March 2009 mainly due to write-back of loan allowances which is now no longer required. For the second quarter ended 30 September 2009, the Group’s gross loans and advances increased by 4.9% to RM20.5 billion compared to 31 March 2009.

The Group’s risk-weighted capital ratio remained strong at 15.4% with core capital ratio at 11.1%.

**B2. Comparison With Immediate Preceding Quarter**

For the second quarter ended 30 September 2009, the Group recorded profit before taxation of RM108.1 million, an increase of RM45.7 million or 73.2% compared to the first quarter ended 30 June 2009. The improvement was primarily due to lower allowance for losses on loans and financing.

**B3. Current Year Prospect**

The Malaysian economy registered an improvement in the third quarter of 2009 with a reduced contraction of 1.2% when compared to -3.9% in the second quarter of 2009 and -6.2% in the first quarter of 2009 amidst positive growth in domestic demand and stabilisation of external demand. The financial sector remains resilient with strong capitalisation, high asset quality, ample liquidity and continued profitability in the third quarter. This has enabled the financial sector to remain supportive of the financing and financial services needs of the economy.

The Group will continue to maintain good asset quality, strengthen its balance sheet position and enhance productivity through operational excellence, whilst ensuring good and efficient 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 and zakat**

<b><u>GROUP</u></b>	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>30.9.2009</b>	<b>30.9.2008</b>	<b>30.9.2009</b>	<b>30.9.2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
- Income tax	<b>17,165</b>	29,651	<b>32,824</b>	80,108
- Deferred tax	<b>12,850</b>	(12,327)	<b>13,439</b>	(20,099)
	<b>30,015</b>	17,324	<b>46,263</b>	60,009
- Under provision of income tax expense in prior years	-	(8,832)	-	(8,827)
	<b>30,015</b>	8,492	<b>46,263</b>	51,182

The Group's effective tax rate for the 2nd quarter and the financial half year ended 30 September 2009 was higher than the current statutory tax rate mainly due to non-deductibility of certain expenses.

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

There was no material profit/(loss) on sale of unquoted investments or properties for the 2nd quarter and the financial half year ended 30 September 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 2nd quarter and the financial half year ended 30 September 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>30.9.2009</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>13,858,313</b>	16,890,804
- More than one year (medium/long term)	<b>184,038</b>	237,102
	<b>14,042,351</b>	17,127,906
Others	<b>8,721,591</b>	8,447,535
	<b>22,763,942</b>	25,575,441
<b>(b) Deposits And Placements Of Banks And Other Financial Institutions</b>		
- One year or less (short term)	<b>1,615,836</b>	596,001
- More than one year (medium/long term)	<b>656,867</b>	594,781
	<b>2,272,703</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:

	<----- 30.9.2009 ----->			<----- 31.3.2009 ----->		
	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk- Weighted Amount* RM'000	Principal Amount RM'000	Credit Equivalent Amount* RM'000	Risk- Weighted Amount* RM'000
Direct credit substitutes	486,351	486,351	486,351	448,370	448,370	448,370
Transaction-related contingent items	497,974	248,987	248,987	505,920	252,960	252,960
Short-term self-liquidating trade-related contingencies	112,875	22,575	22,575	112,406	22,481	22,481
Irrevocable commitments to extend credit:						
- maturity exceeding one year	1,893,501	946,751	779,909	2,051,099	1,025,549	825,344
- maturity not exceeding one year	8,248,352	1,649,670	1,406,243	8,439,276	1,687,856	1,437,642
Foreign exchange related contracts less than one year	3,422,725	79,385	25,544	2,474,223	58,004	27,695
Interest rate related contracts:						
- one year or less	200,000	500	100	-	-	-
- over one year to five years	790,000	20,113	4,022	990,000	30,124	6,025
- over five years	60,000	6,214	1,243	60,000	7,019	1,404
<b>Total</b>	<b>15,711,778</b>	<b>3,460,546</b>	<b>2,974,974</b>	<b>15,081,294</b>	<b>3,532,363</b>	<b>3,021,921</b>

\* The credit equivalent amount and risk-weighted amount of the Group are computed in accordance with Bank Negara Malaysia's ("BNM") 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 have 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 September 2009:

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

Alliance Bank Malaysia Berhad

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	259,149	64,992	126,763	63,253	4,141	-	-	-
- swaps	2,491,851	1,066,877	603,604	647,820	173,550	-	-	-
- options	107,833	107,833	-	-	-	-	-	-
- spot	563,892	563,892	-	-	-	-	-	-
Interest rate related contracts								
- forward	-	-	-	-	-	-	-	-
- futures	-	-	-	-	-	-	-	-
- swaps	1,050,000	-	-	-	200,000	790,000	60,000	-
<b>Total</b>	<b>4,472,725</b>	<b>1,803,594</b>	<b>730,367</b>	<b>711,073</b>	<b>377,691</b>	<b>790,000</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 Malaysia Berhad acts as an intermediary with counterparties who wish to swap their interest rate obligations. Alliance Bank Malaysia Berhad 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's ("ABMB") 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 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.

Meanwhile, AIBB has filed an application to cease being a party to the proceedings on the ground that it has been improperly and unnecessarily been made a party to the proceedings on 16 July 2009. The application is fixed for mention on 6 November 2009 pending the exchange of affidavits between the parties.

- (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 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 realisation 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 corporate borrower has since filed an appeal to the Court of Appeal against the stay order granted by the High Court. The Court Of Appeal has fixed a tentative date on 16 November 2009 to hear the 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.

On 3 August 2009, the High Court dismissed ABMB's application for stay of execution of the judgment granted in favour of the Defendants. ABMB has since filed an appeal to the Court of Appeal against the said decision.

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



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

- (d) (i) ABMB had commenced a civil suit against an individual borrower in March 2007 for recovery of an overdraft facility secured by shares from the individual borrower and shares from a third party. The individual borrower counter-claimed against ABMB for various declarations amongst others that ABMB had acted wrongfully or in bad faith in demanding repayment of the facility and that there was in existence a collateral contract between the individual borrower, ABMB and the third party. In addition, the individual borrower is also claiming for general damages to be assessed by the courts.

ABMB filed its reply and defence to counter-claim on 7 July 2007. Case management has been fixed for 25 November 2009.

Our solicitors are of the firm view that ABMB has good defence to the counter-claim.

- (ii) Arising from the above-mentioned suit (Note B12 d(i)), the third party in September 2008 filed a separate suit against ABMB for force selling the shares pledged by the third party. The third party alleges amongst others that ABMB sold the pledged shares off-market without notice to them in breach of the collateral contract between the third party and ABMB. The third party is claiming for damages for loss of the benefit of the shares pledged to ABMB, damages for conversion, damages for misrepresentation and for breach of contract.

ABMB had filed its defence to the suit on 13 November 2008. The Court has fixed 9 November 2009 for case management.

Our solicitors are of the firm view that there is no such collateral contract and that ABMB has good defence to the claim brought by the third party.

**B13. Dividend Declared**

No dividend has been proposed or declared for the 2nd quarter ended 30 September 2009.

**B14. Related Party Transactions**

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

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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 divided by the weighted average number of ordinary shares of RM1.00 each in issue during the period excluding the weighted average shares held for ESS.

	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>30.9.2009</b>	<b>30.9.2008</b>	<b>30.9.2009</b>	<b>30.9.2008</b>
Net profit attributable to equity holders of the Company (RM'000)	<b>78,038</b>	54,644	<b>124,259</b>	178,993
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>(16,603)</b>	(10,696)	<b>(16,603)</b>	(10,696)
	<b>1,531,503</b>	1,537,410	<b>1,531,503</b>	1,537,410
Basic earnings per share (sen)	<b>5.1</b>	3.6	<b>8.1</b>	11.6

**(b) Diluted**

The calculation of the diluted earnings per share is based on the net profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares of RM1.00 each in issue during the period, excluding the weighted average shares held for ESS and taken into account the assumed Share Grants to employees under ESS was vested with the employees as at 30 September 2009.

	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>30.9.2009</b>	<b>30.9.2008</b>	<b>30.9.2009</b>	<b>30.9.2008</b>
Net profit attributable to equity holders of the Company (RM'000)	<b>78,038</b>	54,644	<b>124,259</b>	178,993
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>(16,603)</b>	(10,696)	<b>(16,603)</b>	(10,696)
Effect of Share Grants under ESS ('000)	<b>6,491</b>	4,361	<b>6,491</b>	4,361
	<b>1,537,994</b>	1,541,771	<b>1,537,994</b>	1,541,771
Diluted earnings per share (sen)	<b>5.1</b>	3.5	<b>8.1</b>	11.6

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

**C1. Interest Income**

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>30.9.2009</b>	<b>30.9.2008</b>	<b>30.9.2009</b>	<b>30.9.2008</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/NPFs	<b>197,642</b>	217,873	<b>391,438</b>	430,347
- Recoveries from NPLs/NPFs	<b>12,918</b>	15,077	<b>24,822</b>	32,003
	<b>210,560</b>	232,950	<b>416,260</b>	462,350
Money at call and deposit placements with financial institutions	<b>15,506</b>	37,534	<b>34,782</b>	80,112
Securities held-for-trading	<b>330</b>	-	<b>438</b>	61
Securities available-for-sale	<b>43,397</b>	22,910	<b>85,266</b>	39,611
Securities held-to-maturity	<b>932</b>	2,847	<b>2,303</b>	8,742
Others	<b>1,537</b>	281	<b>3,030</b>	305
	<b>272,262</b>	296,522	<b>542,079</b>	591,181
Accretion of discount less amortisation of premium	<b>9,295</b>	27,084	<b>22,589</b>	51,541
Net interest/income suspended	<b>(5,124)</b>	(5,067)	<b>(10,614)</b>	(9,247)
	<b>276,433</b>	318,539	<b>554,054</b>	633,475

**C2. Interest Expense**

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>30.9.2009</b>	<b>30.9.2008</b>	<b>30.9.2009</b>	<b>30.9.2008</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>9,988</b>	7,607	<b>14,373</b>	15,356
Deposits from customers	<b>96,446</b>	133,803	<b>207,589</b>	259,017
Loans sold to Cagamas Berhad	<b>54</b>	991	<b>255</b>	2,821
Subordinated bonds	<b>9,210</b>	9,210	<b>18,320</b>	18,320
Long term borrowings	<b>5,043</b>	-	<b>10,029</b>	-
Others	<b>2,787</b>	675	<b>5,493</b>	876
	<b>123,528</b>	152,286	<b>256,059</b>	296,390

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**C3. Other Operating Income**

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>30.9.2009</b>	<b>30.9.2008</b>	<b>30.9.2009</b>	<b>30.9.2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Fee income:</b>				
Commissions	2,832	5,789	7,718	12,678
Service charges and fees	8,444	7,551	18,743	14,553
Portfolio management fees	1,607	1,533	3,070	3,195
Corporate advisory fees	333	975	625	1,935
Brokerage fees	6,382	3,024	15,848	7,245
Guarantee fees	1,659	2,817	3,372	4,748
Processing fees	1,342	1,987	3,026	4,689
Commitment fees	3,310	3,443	6,602	6,747
Other fee income	5,941	8,433	11,366	12,978
	<b>31,850</b>	<b>35,552</b>	<b>70,370</b>	<b>68,768</b>
<b>(b) Investment income:</b>				
(Loss)/gain arising from sale/redemption of:				
- Securities held-for-trading	(287)	464	174	321
- Securities available-for-sale	2,280	(1,364)	4,281	(1,101)
- Securities held-to-maturity	-	387	-	14,791
Unrealised (loss)/gain on revaluation of:				
- Securities held-for-trading	(3,734)	(1,437)	(5,148)	(3,726)
- Derivative instruments	8,510	(4,369)	4,237	1,925
Realised (loss)/gain on revaluation of:				
- Derivative instruments	(2,856)	6,773	11,411	18,350
Gross dividend income from:				
- Securities held-to-maturity	3,446	3,240	3,495	4,654
	<b>7,359</b>	<b>3,694</b>	<b>18,450</b>	<b>35,214</b>
<b>(c) Other income:</b>				
Foreign exchange profit	6,353	3,237	8,148	4,215
Rental income	132	71	179	137
(Loss)/gain on disposal of property, plant and equipment	(334)	4	(140)	118
Gain/(loss) on disposal of foreclosed properties	2,861	3	4,756	(145)
Others	(1,514)	615	(1,963)	1,462
	<b>7,498</b>	<b>3,930</b>	<b>10,980</b>	<b>5,787</b>
<b>Total other operating income</b>	<b>46,707</b>	<b>43,176</b>	<b>99,800</b>	<b>109,769</b>

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**C4. Other Operating Expenses**

<u>Group</u>	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>30.9.2009</b>	<b>30.9.2008</b>	<b>30.9.2009</b>	<b>30.9.2008</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>53,464</b>	59,739	<b>113,365</b>	125,111
Contribution to EPF	<b>9,720</b>	10,740	<b>19,879</b>	21,533
Share options/grants under ESS	<b>2,340</b>	1,368	<b>4,133</b>	2,410
Others	<b>13,250</b>	2,929	<b>21,577</b>	13,549
	<b>78,774</b>	74,776	<b>158,954</b>	162,603
<u>Establishment costs:</u>				
Depreciation of property, plant and equipment	<b>9,410</b>	10,074	<b>18,744</b>	18,499
Amortisation of computer software	<b>2,669</b>	4,330	<b>5,393</b>	8,424
Amortisation of leasehold land	<b>34</b>	35	<b>69</b>	70
Rental of premises	<b>7,885</b>	6,806	<b>15,715</b>	13,685
Water and electricity	<b>1,712</b>	2,042	<b>3,968</b>	3,871
Repairs and maintenance	<b>1,811</b>	2,328	<b>3,860</b>	4,571
Information Technology expenses	<b>6,372</b>	8,032	<b>17,170</b>	17,811
Others	<b>2,786</b>	2,361	<b>8,180</b>	5,174
	<b>32,679</b>	36,008	<b>73,099</b>	72,105
<u>Marketing expenses:</u>				
Promotion and advertisement	<b>1,238</b>	(792)	<b>2,487</b>	(992)
Branding and publicity	<b>646</b>	1,415	<b>1,906</b>	2,932
Others	<b>978</b>	1,718	<b>2,060</b>	3,305
	<b>2,862</b>	2,341	<b>6,453</b>	5,245
<u>Administration and general expenses:</u>				
Communication expenses	<b>2,494</b>	4,024	<b>5,893</b>	7,672
Printing and stationery	<b>750</b>	1,424	<b>1,979</b>	3,023
Insurance	<b>2,223</b>	903	<b>8,814</b>	(8,267)
Professional fees	<b>1,725</b>	2,481	<b>4,730</b>	5,195
Others	<b>5,340</b>	4,079	<b>9,223</b>	7,663
	<b>12,532</b>	12,911	<b>30,639</b>	15,286
Total other operating expenses	<b>126,847</b>	126,036	<b>269,145</b>	255,239

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**C5. (Write-back of)/Allowance for Losses on Loans, Advances and Financing**

<b>Group</b>	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>30.9.2009</b>	<b>30.9.2008</b>	<b>30.9.2009</b>	<b>30.9.2008</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(Write-back of)/allowance for bad and doubtful debts and financing:				
(a) Specific allowance				
- Made during the period	<b>66,010</b>	114,827	<b>166,105</b>	208,192
- Written back during the period	<b>(98,586)</b>	(58,578)	<b>(168,563)</b>	(159,974)
(b) General allowance				
- Made during the period	<b>18,002</b>	25,958	<b>31,214</b>	46,315
- Written back during the period	<b>(54,312)</b>	(3,531)	<b>(61,594)</b>	(10,747)
(c) Bad debts on loans and financing				
- Recovered	<b>(13,440)</b>	(12,273)	<b>(24,488)</b>	(37,795)
- Written off	<b>18</b>	142	<b>226</b>	1,220
	<b>(82,308)</b>	66,545	<b>(57,100)</b>	47,211
Allowance on commitments and contingencies	<b>1,433</b>	-	<b>1,433</b>	-
Allowance for/(write-back of) other assets	<b>3</b>	(3,063)	<b>(188)</b>	(4,029)
	<b>(80,872)</b>	63,482	<b>(55,855)</b>	43,182

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

	<b>Group</b>	
	<b>30.9.2009</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>9,898</b>	24,690
<u>Quoted securities in Malaysia:</u>		
Shares	-	2,470
Debt securities	<b>4,260</b>	8,942
<u>Unquoted securities:</u>		
Debt securities	<b>3</b>	2
Total securities held-for-trading	<b>14,161</b>	46,055

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

	<b>Group</b>	
	<b>30.9.2009</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	1,910,427	1,647,355
Malaysian Government investment certificates	583,290	113,849
Malaysian Government treasury bills	79,544	132,492
Bank Negara Malaysia bills	-	74,525
Cagamas bonds	55,937	-
Negotiable instruments of deposits	1,029,665	1,696,057
Commercial papers	19,724	98,906
Bankers acceptances	1,334,662	1,578,533
Khazanah bonds	-	9,909
<u>Quoted securities in Malaysia:</u>		
Shares [Note (a)]	3,827	3,010
Debt securities	8,812	6,071
<u>Unquoted securities:</u>		
Shares [Note (b)]	6,528	6,877
Debt securities	1,305,994	952,538
Total securities available-for-sale	<b>6,338,410</b>	<b>6,320,122</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 security HFT to AFS portfolio on 31 December 2008:

	<b>Group</b>
	<b>RM'000</b>
Fair value of security HFT reclassified to AFS portfolio as at reclassification date	<u>3,419</u>

There was no new security reclassified during the financial half year ended 30 September 2009.

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

	<b>Group</b>	
	<b>30.9.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Security HFT reclassified to AFS portfolio		
Carrying amount	3,827	3,010
Fair value	<u>3,827</u>	<u>3,010</u>

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

Note: (cont'd)

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

	<b>Group</b>	
	<b>30.9.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Unrealised (gain)/loss recognised in equity	<b>(408)</b>	<b>409</b>

- (iv) Effective interest rate for the security reclassified from HFT to AFS portfolio is not applicable as the security reclassified is an equity security.

- (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>30.9.2009</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 securities	<b>428,436</b>	-
Malaysian Government investment certificates	<b>49,142</b>	53,770
Cagamas bonds	-	20,000
Khazanah bonds	<b>14,837</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>159,709</b>	266,865
	<b>679,047</b>	421,454
Accumulated impairment	<b>(102,224)</b>	(106,834)
Total securities held-to-maturity	<b>576,823</b>	314,620



**C9. Loans, Advances And Financing**

	<b>Group</b>	
	<b>30.9.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Overdrafts	1,576,660	1,610,636
Term loans/financing		
- Housing loans/financing	8,256,103	7,842,479
- Syndicated term loans/financing	299,335	314,794
- Hire purchase receivables	1,196,817	1,360,731
- Lease receivables	104	104
- Other term loans/financing	6,649,803	5,857,500
Bills receivables	36,294	71,906
Trust receipts	164,074	154,941
Claims on customers under acceptance credits	1,854,349	1,735,910
Staff loans [including RM1,288,000 loans to Directors of banking subsidiary (2009: RM1,437,000)]	112,593	119,127
Credit/charge card receivables	683,902	645,058
Revolving credits	1,091,997	995,713
Other loans	315,017	257,432
	<b>22,237,048</b>	<b>20,966,331</b>
Less: Unearned interest and income	<b>(1,684,250)</b>	<b>(1,376,192)</b>
Gross loans, advances and financing	<b>20,552,798</b>	<b>19,590,139</b>
Less: Allowance for losses on loans, advances and financing		
- Specific	(442,421)	(531,824)
- General	(309,838)	(340,218)
Total net loans, advances and financing	<b>19,800,539</b>	<b>18,718,097</b>

(a) By types of customers:

	<b>Group</b>	
	<b>30.9.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-bank financial institutions		
- Others	248,970	276,429
Domestic business enterprises		
- Small and medium enterprises	4,247,206	4,185,864
- Others	4,011,726	3,861,118
Government and statutory bodies	16,969	17,345
Individuals	11,588,136	10,886,992
Other domestic entities	4,855	4,356
Foreign entities	434,936	358,035
Gross loans, advances and financing	<b>20,552,798</b>	<b>19,590,139</b>

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

(b) By interest/profit rate sensitivity:

	<b>Group</b>	
	<b>30.9.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
- Housing loans/financing	160,504	171,467
- Hire purchase receivables	1,057,744	1,197,050
- Other fixed rate loans/financing	1,851,011	1,503,071
Variable rate		
- Base lending rate plus	13,728,792	13,223,436
- Cost plus	3,664,513	3,381,339
- Other variable rates	90,234	113,776
	<b>20,552,798</b>	<b>19,590,139</b>

(c) By economic purposes:

	<b>Group</b>	
	<b>30.9.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of securities	329,855	273,541
Purchase of transport vehicles	1,036,396	1,190,239
Purchase of landed property	10,803,139	10,477,736
<i>of which: - Residential</i>	8,089,730	7,730,962
<i>- Non-residential</i>	2,713,409	2,746,774
Purchase of fixed assets excluding land and buildings	60,325	61,094
Personal use	1,611,320	1,155,811
Credit card	683,902	645,058
Purchase of durable goods	-	15
Construction	321,793	313,552
Working capital	5,139,351	4,846,438
Others	566,717	626,655
	<b>20,552,798</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>30.9.2009</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	366,078	775,826
Reclassified as performing during the period/year	(217,034)	(493,941)
Recoveries	(92,249)	(328,770)
Amount written off	(86,945)	(236,551)
At end of period/year	844,920	875,070
Specific allowance	(442,421)	(531,824)
- on non-performing loans	(403,221)	(451,554)
- on performing loans	(39,200)	(80,270)
Net non-performing loans, advances and financing	<b>402,499</b>	<b>343,246</b>
Net NPL as % of gross loans, advances and financing less specific allowance		
- Including specific allowance on performing loans/financing	<b>2.0%</b>	1.8%
- Excluding specific allowance on performing loans/financing	<b>2.2%</b>	2.2%

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

	<b>Group</b>	
	<b>30.9.2009</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	31,214	78,854
Amount written back	(61,594)	(27,932)
At end of period/year	<b>309,838</b>	<b>340,218</b>
As % of gross loans, advances and financing less specific allowance	<b>1.5%</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>30.9.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Specific Allowance</b>		
At beginning of year	<b>531,824</b>	636,429
Allowance made during the period/year	<b>166,105</b>	416,100
Amount written back in respect of recoveries	<b>(168,563)</b>	(284,154)
Amount written off	<b>(86,945)</b>	(236,551)
	<hr/>	<hr/>
At end of period/year	<b>442,421</b>	531,824
	<hr/>	<hr/>

Included in specific allowance of the Group are allowances made for high risk accounts which are still performing amounting to RM39,200,000 (31.03.2009: RM80,270,000).

(f) NPL/NPF by economic purposes:

	<b>Group</b>	
	<b>30.9.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of securities	<b>16,150</b>	16,347
Purchase of transport vehicles	<b>18,111</b>	26,376
Purchase of landed property	<b>371,900</b>	399,985
<i>of which: - Residential</i>	<b>259,274</b>	273,500
<i>- Non-residential</i>	<b>112,626</b>	126,485
Purchase of fixed assets excluding land and buildings	<b>65</b>	630
Personal use	<b>51,789</b>	55,927
Credit card	<b>18,001</b>	17,518
Construction	<b>28,603</b>	22,674
Working capital	<b>302,136</b>	307,833
Others	<b>38,165</b>	27,780
	<hr/>	<hr/>
Gross NPL	<b>844,920</b>	875,070
	<hr/>	<hr/>

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

	<b>Group</b>	
	<b>30.9.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Due from clients	85,821	59,688
Due from brokers	67,360	27,367
	<u>153,181</u>	<u>87,055</u>
Less: Allowance for bad and doubtful debts	(17,376)	(17,530)
	<u>135,805</u>	<u>69,525</u>

These represent amounts receivable by Alliance Investment Bank Berhad ("AIBB") from non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the 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 ("Bursa") 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>30.9.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Classified as doubtful	786	841
Classified as bad	17,992	18,091
	<u>18,778</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	446	2,828
Reversal of allowance	(600)	(5,789)
Bad debts written off against allowance	-	(4,174)
	<u>17,376</u>	<u>17,530</u>

**C11. Other Assets**

	<b>Group</b>	
	<b>30.9.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Other receivables, deposits and prepayments	<b>140,070</b>	164,925
Interest/income receivable	<b>60,644</b>	77,231
Trade receivables	<b>35</b>	34
Manager's stocks	<b>761</b>	1,243
Foreclosed properties	<b>4,883</b>	4,883
	<b>206,393</b>	248,316
Less: Allowance for bad and doubtful debts	<b>(13,979)</b>	(14,386)
	<b>192,414</b>	233,930

**C12. Deposits From Customers**

	<b>Group</b>	
	<b>30.9.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>By type of deposits:</u>		
Demand deposits	<b>7,044,491</b>	6,815,306
Savings deposits	<b>1,614,412</b>	1,628,580
Fixed/investment deposits	<b>13,047,742</b>	14,085,022
Money market deposits	<b>544,872</b>	2,063,280
Negotiable instruments of deposits	<b>449,737</b>	979,604
Structured deposits [Note (a)]	<b>62,688</b>	3,649
	<b>22,763,942</b>	25,575,441

Note

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

	<b>Group</b>	
	<b>30.9.2009</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>1,272,216</b>	1,360,896
Business enterprises	<b>6,848,879</b>	9,552,952
Individuals	<b>13,462,464</b>	13,660,573
Others	<b>1,180,383</b>	1,001,020
	<b>22,763,942</b>	25,575,441

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

	<b>Group</b>	
	<b>30.9.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	1,128,787	433,391
Licensed Islamic banks	130,000	-
Licensed investment banks	350,000	140,000
Bank Negara Malaysia	663,916	617,391
	<b>2,272,703</b>	<b>1,190,782</b>

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

	<b>Group</b>	
	<b>30.9.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Due to clients	99,849	51,856
Due to brokers	50,601	24,845
	<b>150,450</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>30.9.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Other payable and accruals	714,344	743,088
Interest/income payable	106,266	138,384
Remisier's accounts	23,710	23,400
Profit equalisation reserve	29,462	50,058
	<b>873,782</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>30.9.2009</b>	<b>31.3.2009</b>
<u>Before deducting proposed dividends</u>		
Core capital ratio	<b>11.19%</b>	10.41%
Risk-weighted capital ratio	<b>15.48%</b>	14.76%
<u>After deducting proposed dividends</u>		
Core capital ratio	<b>11.09%</b>	10.30%
Risk-weighted capital ratio	<b>15.39%</b>	14.65%

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

	<b>30.9.2009</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>843,816</b>	772,867
Statutory reserves	<b>705,027</b>	671,953
Other reserves	<b>10,018</b>	10,035
Minority interests	<b>4,653</b>	4,652
	<b>2,761,548</b>	2,657,541
Less: Purchased goodwill/goodwill on consolidation	<b>(304,149)</b>	(304,149)
Deferred tax assets	<b>(105,675)</b>	(119,305)
Total Tier I capital	<b>2,351,724</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>309,878</b>	340,246
Total Tier II capital	<b>909,878</b>	940,246
Total Capital	<b>3,261,602</b>	3,174,333
Less: Investment in subsidiaries	<b>(7,787)</b>	(7,066)
<b>Total Capital Base</b>	<b>3,253,815</b>	3,167,267



C16. Capital Adequacy (cont'd)

Analysis of the risk-weighted assets ("RWA") in the various categories of risk-weighted are as follows:

<u>Group</u>	<b>30.9.2009</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%	4,943,226	-	4,568,126	-
20%	3,973,562	794,712	6,486,634	1,297,327
35%	3,146,573	1,101,301	2,795,907	978,567
50%	2,549,654	1,274,827	2,567,685	1,283,843
75%	9,471,330	7,103,497	9,321,837	6,991,378
100%	8,228,473	8,228,473	8,352,819	8,352,819
150%	258,922	388,383	299,781	449,671
Total RWA equivalent for Credit risk	32,571,740	18,891,193	34,392,789	19,353,605
Total RWA equivalent for Market risk	-	46,384	-	59,902
Total RWA equivalent for Operational risk	-	2,078,491	-	2,041,388
<b>Total Risk-Weighted Assets</b>	<b>32,571,740</b>	<b>21,016,068</b>	<b>34,392,789</b>	<b>21,454,895</b>

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>
(i) <u>Balance sheet as at 31 March 2009</u>		
Derivative financial assets	40,858	17,310
Land held for investment	27,748	28,922
Derivative financial liabilities	(49,564)	(26,016)
Deferred tax liabilities	(31)	(1,205)

	<b>Group</b>			
	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>As restated</b>	<b>As previously reported</b>	<b>As restated</b>	<b>As previously reported</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(ii) <u>Income statement for the financial half year ended 30 September 2008</u>				
Interest income	318,539	318,258	633,475	633,171
Interest expense	(152,286)	(152,506)	(296,390)	(286,308)
Net income from				
Islamic banking business	42,708	42,605	81,970	81,760
Other operating income	43,176	44,405	109,769	113,807
Other operating expenses	(126,036)	(125,224)	(255,239)	(264,850)
Write-back of/(allowance for) impairment	443	(994)	(377)	(4,372)

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009**

**C18. Interest Rate Risk**

GROUP	----- Non-trading book -----						Non-interest/ profit sensitive	Trading book	Total	Effective interest/ profit rate %
	Up to 1 month	>1-3 months	>3-6 months	>6-12 months	>1-5 years	Over 5 years				
As at 30 September 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	1,630,629	-	-	-	-	-	592,725	-	2,223,354	1.89
Deposits and placements with banks and other financial institutions	-	-	50,000	156	-	-	-	-	50,156	2.18
Securities held-for-trading	-	-	-	-	-	-	-	14,161	14,161	3.52
Securities available-for-sale	974,332	1,043,925	545,737	819,348	2,895,447	49,244	10,377	-	6,338,410	3.02
Securities held-to-maturity	12,310	-	16,387	2,700	521,697	5,213	18,516	-	576,823	3.23
Loans, advances and financing	14,485,317	1,168,214	670,622	647,607	1,591,192	1,144,926	92,661*	-	19,800,539	5.33
Balances due from clients and brokers	117,807	-	-	-	-	-	17,998	-	135,805	12.00
Other non-interest sensitive balances	-	-	-	-	-	-	1,107,455	31,651	1,139,106	-
<b>TOTAL ASSETS</b>	<b>17,220,395</b>	<b>2,212,139</b>	<b>1,282,746</b>	<b>1,469,811</b>	<b>5,008,336</b>	<b>1,199,383</b>	<b>1,839,732</b>	<b>45,812</b>	<b>30,278,354</b>	
<b>LIABILITIES</b>										
Deposits from customers	14,437,911	2,292,371	2,410,099	3,439,523	184,038	-	-	-	22,763,942	1.75
Deposits and placements of banks and other financial institutions	725,303	889,210	383	940	656,867	-	-	-	2,272,703	1.84
Amount due to Cagamas Berhad	3,847	9,808	13,756	-	2,379	-	-	-	29,790	4.49
Bills and acceptances payable	41,516	44,691	57	-	-	-	-	-	86,264	2.29
Balances due to clients and brokers	149,723	-	-	-	-	-	727	-	150,450	1.50
Subordinated bonds	-	-	-	-	600,000	-	-	-	600,000	6.09
Long term borrowings	-	-	-	-	600,000	-	-	-	600,000	3.34
Other non-interest sensitive balances	-	-	-	-	-	-	875,758	36,158	911,916	-
<b>TOTAL LIABILITIES</b>	<b>15,358,300</b>	<b>3,236,080</b>	<b>2,424,295</b>	<b>3,440,463</b>	<b>2,043,284</b>	<b>-</b>	<b>876,485</b>	<b>36,158</b>	<b>27,415,065</b>	
Equity	-	-	-	-	-	-	2,858,635	-	2,858,635	-
Minority interests	-	-	-	-	-	-	4,654	-	4,654	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>15,358,300</b>	<b>3,236,080</b>	<b>2,424,295</b>	<b>3,440,463</b>	<b>2,043,284</b>	<b>-</b>	<b>3,739,774</b>	<b>36,158</b>	<b>30,278,354</b>	
On-balance sheet interest sensitivity gap	1,862,095	(1,023,941)	(1,141,549)	(1,970,652)	2,965,052	1,199,383	(1,900,042)	9,654	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	-	
<b>Total interest sensitivity gap</b>	<b>1,862,095</b>	<b>(1,023,941)</b>	<b>(1,141,549)</b>	<b>(1,970,652)</b>	<b>2,965,052</b>	<b>1,199,383</b>	<b>(1,900,042)</b>	<b>9,654</b>	<b>-</b>	

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

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009**

C18. Interest Rate Risk (cont'd)

GROUP	----- Non-trading book -----						Non-interest/ profit sensitive	Trading book	Total	Effective interest profit 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	2,306,065	220,770	9,887	-	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	-	-	-	-	-	-	1,170,831	40,858	1,211,689	-
<b>TOTAL ASSETS</b>	<b>19,007,179</b>	<b>3,157,649</b>	<b>1,507,160</b>	<b>878,367</b>	<b>4,530,965</b>	<b>1,023,173</b>	<b>1,685,400</b>	<b>86,913</b>	<b>31,876,806</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	457,778	127,973	5,367	4,883	594,781	-	-	-	1,190,782	1.43
Amount due to Cagamas Berhad	-	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	-	-	-	-	-	-	957,174	49,564	1,006,738	-
<b>TOTAL LIABILITIES</b>	<b>17,250,279</b>	<b>2,255,399</b>	<b>2,317,010</b>	<b>4,248,273</b>	<b>2,031,883</b>	<b>-</b>	<b>957,860</b>	<b>49,564</b>	<b>29,110,268</b>	
Equity	-	-	-	-	-	-	2,761,885	-	2,761,885	-
Minority interests	-	-	-	-	-	-	4,653	-	4,653	-
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>17,250,279</b>	<b>2,255,399</b>	<b>2,317,010</b>	<b>4,248,273</b>	<b>2,031,883</b>	<b>-</b>	<b>3,724,398</b>	<b>49,564</b>	<b>31,876,806</b>	
On-balance sheet interest sensitivity gap	1,756,900	902,250	(809,850)	(3,369,906)	2,499,082	1,023,173	(2,038,998)	37,349	-	
Off-balance sheet interest sensitivity gap	-	-	-	-	-	-	-	-	-	
<b>Total interest sensitivity gap</b>	<b>1,756,900</b>	<b>902,250</b>	<b>(809,850)</b>	<b>(3,369,906)</b>	<b>2,499,082</b>	<b>1,023,173</b>	<b>(2,038,998)</b>	<b>37,349</b>	<b>-</b>	

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

C19. Operations Of Islamic Banking

(a) Balance Sheet (Unaudited)

	<i>Note</i>	<b>Group</b>	
		<b>30.9.2009</b>	<b>31.3.2009</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
Cash and short-term funds		<b>249,870</b>	323,975
Deposits and placements with banks and other financial institutions		<b>123,956</b>	150
Securities available-for-sale		<b>510,952</b>	380,723
Securities held-to-maturity		<b>84,219</b>	113,343
Financing and advances	<i>C19(c)</i>	<b>2,745,124</b>	2,319,579
Other assets		<b>30,381</b>	98,778
Statutory deposits with Bank Negara Malaysia		<b>29,063</b>	21,503
Property, plant and equipment		<b>605</b>	674
Intangible assets		<b>652</b>	755
Deferred tax assets		<b>19,771</b>	24,567
<b>TOTAL ASSETS</b>		<b>3,794,593</b>	3,284,047
<b>LIABILITIES AND ISLAMIC BANKING FUNDS</b>			
Deposits from customers	<i>C19(d)</i>	<b>2,773,966</b>	2,638,220
Deposits and placements of banks and other financial institutions		<b>339,056</b>	77,725
Bills and acceptances payable		-	15
Other liabilities		<b>220,344</b>	142,964
Provision for taxation and zakat		<b>6,709</b>	6,803
<b>TOTAL LIABILITIES</b>		<b>3,340,075</b>	2,865,727
Islamic Banking Funds		<b>356,000</b>	356,000
Reserves		<b>98,518</b>	62,320
<b>TOTAL LIABILITIES AND ISLAMIC BANKING FUNDS</b>		<b>3,794,593</b>	3,284,047
<b>COMMITMENTS AND CONTINGENCIES</b>		<b>761,345</b>	624,258

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

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

	<b>GROUP</b>			
	<b>2nd Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>30.9.2009</b>	<b>30.9.2008</b>	<b>30.9.2009</b>	<b>30.9.2008</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>48,895</b>	48,774	<b>94,910</b>	94,934
Income derived from investment of Islamic Banking funds	<b>7,158</b>	5,798	<b>12,533</b>	11,547
Allowance for losses on financing and advances	<b>(6,536)</b>	(12,152)	<b>(28,453)</b>	(20,292)
Write-back of impairment	<b>-</b>	2,500	<b>5,000</b>	2,500
Transfer from profit equalisation reserve	<b>2,287</b>	1,769	<b>20,596</b>	1,192
Other expenses directly attributable to the investment of the depositors and shareholders' funds	<b>(291)</b>	(924)	<b>(1,301)</b>	(1,254)
<b>Total distributable income</b>	<b>51,513</b>	45,765	<b>103,285</b>	88,627
Income attributable to the depositors and financial institutions	<b>(13,131)</b>	(19,202)	<b>(26,441)</b>	(36,660)
<b>Total net income</b>	<b>38,382</b>	26,563	<b>76,844</b>	51,967
Other operating expenses	<b>(13,074)</b>	(13,558)	<b>(28,415)</b>	(28,562)
<b>Profit before taxation and zakat</b>	<b>25,308</b>	13,005	<b>48,429</b>	23,405
Taxation and zakat	<b>(6,541)</b>	(3,234)	<b>(12,286)</b>	(5,847)
<b>Net profit after taxation and zakat</b>	<b>18,767</b>	9,771	<b>36,143</b>	17,558
Net income from Islamic banking business:				
Income derived from investment of depositors' funds and others	<b>48,895</b>	48,774	<b>94,910</b>	94,934
Income derived from investment of Islamic Banking funds	<b>7,158</b>	5,798	<b>12,533</b>	11,547
Transfer from profit equalisation reserve	<b>2,287</b>	1,769	<b>20,596</b>	1,192
Income attributable to depositors and financial institutions	<b>(13,131)</b>	(19,202)	<b>(26,441)</b>	(36,660)
Other expenses directly attributable to the investment of the depositors and shareholders' funds	<b>(291)</b>	(924)	<b>(1,301)</b>	(1,254)
	<b>44,918</b>	36,215	<b>100,297</b>	69,759
Add: Income due to head office eliminated at Group level	<b>4,638</b>	6,493	<b>8,560</b>	12,211
	<b>49,556</b>	42,708	<b>108,857</b>	81,970

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>30.9.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
(i) By type		
Cash line financing	80,024	59,594
Term financing		
- House financing	835,487	755,535
- Hire purchase receivables	578,130	635,541
- Other term financing	2,485,721	1,876,787
Bills receivables	-	2,987
Trust receipts	21,253	29,027
Claims on customers under acceptance credits	286,667	210,639
Staff financing	63,938	65,608
Revolving credits	92,852	45,713
	<b>4,444,072</b>	<b>3,681,431</b>
Less: Unearned income	<b>(1,615,047)</b>	<b>(1,290,966)</b>
Gross financing and advances	<b>2,829,025</b>	<b>2,390,465</b>
Less: Allowance for losses on financing and advances		
- Specific	<b>(34,199)</b>	<b>(28,109)</b>
- General	<b>(49,702)</b>	<b>(42,777)</b>
Total net financing and advances	<b>2,745,124</b>	<b>2,319,579</b>

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

	<b>Group</b>	
	<b>30.9.2009</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	53,264	97,989
Reclassified as performing during the period/year	(24,400)	(56,553)
Recoveries	(6,968)	(11,560)
Amount written off	(17,823)	(44,068)
At end of period/year	<b>66,757</b>	<b>62,684</b>
Specific allowance	<b>(34,199)</b>	<b>(28,109)</b>
- on non-performing financing and advances	<b>(33,995)</b>	<b>(28,109)</b>
- on performing financing and advances	<b>(204)</b>	-
Net non-performing financing and advances	<b>32,558</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>1.2%</b>	<b>1.5%</b>
- Excluding specific allowance on performing financing and advances	<b>1.2%</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>30.9.2009</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	9,074	11,915
Amount written back	(2,149)	(4,648)
	<hr/>	<hr/>
At end of period/year	<b>49,702</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	46,372	76,985
Amount written back in respect of recoveries	(22,459)	(43,793)
Amount written off	(17,823)	(44,068)
	<hr/>	<hr/>
At end of period/year	<b>34,199</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 RM204,000 (31.03.2009: RM Nil).

**(d) Deposits From Customers**

	<b>Group</b>	
	<b>30.9.2009</b>	<b>31.3.2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Non-Mudharabah Fund</u>		
Demand deposits	938,133	906,594
Savings deposits	260,421	252,413
Negotiable instruments of deposits	209,737	129,604
 <u>Mudharabah Fund</u>		
General investment deposits	1,359,823	1,324,345
Money market deposits	5,852	25,264
	<hr/>	<hr/>
	<b>2,773,966</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  
 25 November 2009