

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	2nd Quarter Ended		Cumulative 6 Months Ended	
		30.9.2010	30.9.2009	30.9.2010	30.9.2009
		RM'000	RM'000	RM'000	RM'000
Interest income	C1	311,551	268,543	588,255	538,358
Interest expense	C2	(137,382)	(123,528)	(244,979)	(256,059)
Net interest income		174,169	145,015	343,276	282,299
Net income from Islamic banking business	C3	58,733	49,606	114,339	109,009
		232,902	194,621	457,615	391,308
Other operating income	C4	64,078	55,637	115,588	117,384
Net income		296,980	250,258	573,203	508,692
Other operating expenses	C5	(136,415)	(126,847)	(261,217)	(269,145)
Operating profit		160,565	123,411	311,986	239,547
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	C6	(22,828)	79,782	(23,348)	53,815
Allowance for impairment		(99)	(95,113)	(723)	(122,839)
Profit before taxation and zakat		137,638	108,080	287,915	170,523
Taxation and zakat	B5	(35,227)	(30,015)	(74,983)	(46,263)
Net profit after taxation and zakat		102,411	78,065	212,932	124,260
Attributable to:					
Equity holders of the Company		102,273	78,038	213,009	124,259
Minority interests		138	27	(77)	1
Net profit after taxation and zakat		102,411	78,065	212,932	124,260
Earnings per share (sen):					
- Basic	B15(a)	6.7	5.1	13.9	8.1
- Diluted	B15(b)	6.7	5.1	13.9	8.1

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited Annual Financial Statements of the Group for the financial year ended 31 March 2010)

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (cont'd)

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
	RM'000	RM'000	RM'000	RM'000
Net profit after taxation and zakat	102,411	78,065	212,932	124,260
Other comprehensive income:				
Revaluation reserve on financial investments available-for-sale				
- Net gain from change in fair value	26,611	3,868	27,560	1,109
- Transfer to deferred tax assets	(6,653)	(967)	(6,890)	(277)
Other comprehensive income, net of tax	19,958	2,901	20,670	832
Total comprehensive income for the period	122,369	80,966	233,602	125,092
Total comprehensive income for the period attributable to:				
Equity holders of the Company	122,231	80,939	233,679	125,091
Minority interests	138	27	(77)	1
	122,369	80,966	233,602	125,092

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited Annual Financial Statements of the Group for the financial year ended 31 March 2010)

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		UNAUDITED AS AT	AUDITED AS AT
	<i>Note</i>	<u>30.9.2010</u>	<u>31.3.2010</u>
		RM'000	RM'000
ASSETS			
Cash and short-term funds		2,144,250	3,564,545
Deposits and placements with banks and other financial institutions		270,160	150,156
Financial assets held-for-trading	C7	1,641,565	-
Financial investments available-for-sale	C8	8,392,968	5,154,828
Financial investments held-to-maturity	C9	1,000,059	931,420
Derivative financial assets	B11	36,040	44,698
Loans, advances and financing	C10	21,182,263	20,706,550
Balances due from clients and brokers	C11	81,293	72,568
Land held for investment		27,748	27,748
Other assets	C12	149,742	128,602
Tax recoverable		2,892	24,316
Statutory deposits		265,863	258,506
Leasehold land		11,050	11,119
Property, plant and equipment		108,500	123,974
Intangible assets		360,150	361,858
Deferred tax assets		79,334	102,727
TOTAL ASSETS		<u>35,753,877</u>	<u>31,663,615</u>
LIABILITIES AND EQUITY			
Deposits from customers	B9(a), C13	26,369,920	23,628,331
Deposits and placements of banks and other financial institutions	B9(b), C14	3,106,795	2,289,666
Derivative financial liabilities	B11	36,171	50,175
Amount due to Cagamas Berhad		26,611	28,077
Bills and acceptances payable		726,331	538,350
Balances due to clients and brokers	C15	96,716	80,249
Other liabilities	C16	879,651	892,880
Subordinated bonds	B9(c)	600,000	600,000
Long term borrowings	B9(d)	600,000	600,000
Provision for taxation		61,895	4,201
Deferred tax liabilities		8,738	5
TOTAL LIABILITIES		<u>32,512,828</u>	<u>28,711,934</u>
Share capital		1,548,106	1,548,106
Reserves		1,733,125	1,445,732
Shares held for Employees' Share Scheme		(44,645)	(46,697)
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS		<u>3,236,586</u>	<u>2,947,141</u>
Minority interests		4,463	4,540
TOTAL EQUITY		<u>3,241,049</u>	<u>2,951,681</u>
TOTAL LIABILITIES AND EQUITY		<u>35,753,877</u>	<u>31,663,615</u>
COMMITMENTS AND CONTINGENCIES	C17	<u>14,501,111</u>	<u>14,293,097</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)*		<u>2.09</u>	<u>1.90</u>

* 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 Statements of Financial Position should be read in conjunction with the audited Annual Financial Statements of the Group for the financial year ended 31 March 2010)

ALLIANCE FINANCIAL GROUP BERHAD

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED) FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

	----- Attributable to Equity Holders of the Company ----->											
	----- Non-distributable ----->							<Distributable				
	Share Capital	Share Premium	Statutory Reserve	Capital Reserve	Revaluation Reserve	Employees' Share Scheme ("ESS") Reserve	Profit Equalisation Reserve ("PER")	Shares held for ESS	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
30 SEPTEMBER 2010												
At 1 April 2010, as previously stated	1,548,106	304,289	493,477	7,013	7,440	12,341	26,388	(46,697)	594,784	2,947,141	4,540	2,951,681
Effects of adopting FRS 139	-	-	-	-	67,124	-	-	-	36,322	103,446	-	103,446
At 1 April 2010, as restated	1,548,106	304,289	493,477	7,013	74,564	12,341	26,388	(46,697)	631,106	3,050,587	4,540	3,055,127
Net profit/(loss) after taxation and zakat	-	-	-	-	-	-	-	-	213,009	213,009	(77)	212,932
Other comprehensive income	-	-	-	-	20,670	-	-	-	-	20,670	-	20,670
Total comprehensive income	-	-	-	-	20,670	-	-	-	213,009	233,679	(77)	233,602
for the period	-	-	-	-	20,670	-	-	-	213,009	233,679	(77)	233,602
Transfer to statutory reserve	-	-	29,266	-	-	-	-	-	(29,266)	-	-	-
Transfer from PER	-	-	-	-	-	-	(9,400)	-	9,400	-	-	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(50,458)	(50,458)	-	(50,458)
Share-based payment under ESS	-	-	-	-	-	2,778	-	-	-	2,778	-	2,778
ESS shares vested to:	-	-	-	-	-	-	-	-	-	-	-	-
- employees of subsidiaries	-	-	-	-	-	(2,029)	-	2,029	-	-	-	-
- own employees	-	-	-	-	-	(23)	-	23	-	-	-	-
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	(79)	-	-	79	-	-	-
At 30 September 2010	1,548,106	304,289	522,743	7,013	95,234	12,988	16,988	(44,645)	773,870	3,236,586	4,463	3,241,049
30 SEPTEMBER 2009												
At 1 April 2009	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
Net profit after taxation and zakat	-	-	-	-	-	-	-	-	124,259	124,259	1	124,260
Other comprehensive income	-	-	-	-	832	-	-	-	-	832	-	832
Total comprehensive income	-	-	-	-	832	-	-	-	124,259	125,091	1	125,092
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 ESS	-	-	-	-	-	4,133	-	-	-	4,133	-	4,133
Purchase of shares pursuant to ESS	-	-	-	-	-	-	-	(12,570)	-	(12,570)	-	(12,570)
At 30 September 2009	1,548,106	304,289	462,989	7,013	21,006	11,875	-	(48,697)	552,054	2,858,635	4,654	2,863,289

(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 2010)

ALLIANCE FINANCIAL GROUP BERHAD

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

	Unaudited 6 Months Ended 30.9.2010	Unaudited 6 Months Ended 30.9.2009
	RM'000	RM'000
Profit before taxation and zakat	287,915	170,523
Adjustments for non-cash items	(25,860)	10,750
Operating profit before changes in working capital	262,055	181,273
Changes in working capital	1,498,872	(2,604,694)
Taxes and zakat paid	(5,066)	(11,235)
Net cash generated from/(used in) operating activities	1,755,861	(2,434,656)
Net cash used in investing activities	(3,068,350)	(316,325)
Net cash used in financing activities	(79,378)	(48,253)
Net change in cash and cash equivalents	(1,391,867)	(2,799,234)
Cash and cash equivalents at beginning of year	3,470,296	4,944,211
Cash and cash equivalents at end of period	2,078,429	2,144,977

Cash and cash equivalents comprise the following:

Cash and short-term funds	2,144,250	2,212,305
Less: Monies held in trust	(65,821)	(67,328)
	2,078,429	2,144,977

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited Annual Financial Statements of the Group for the financial year ended 31 March 2010)

**[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 financial quarter and the financial half year ended 30 September 2010 have been prepared in accordance with FRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB"), Bank Negara Malaysia's ("BNM") Revised Guidelines on Financial Reporting for Licensed Institutions 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 2010. 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 2010.

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 2010, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2010:

- FRS 7 "Financial Instruments: Disclosures"
- FRS 8 "Operating Segments"
- FRS 101 "Presentation of Financial Statements"
- FRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors"
- FRS 123 "Borrowing Costs"
- FRS 139 "Financial Instruments: Recognition and Measurement"
- Amendments to FRS 139 "Financial Instruments: Recognition and Measurement", FRS 7 "Financial Instruments: "Disclosures"
- Amendments to FRS 1 "First-time Adoption of Financial Reporting Standards" and FRS 127 "Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"
- Amendments to FRS 2 "Share-based Payment: Vesting Conditions and Cancellations"
- Amendments to FRS 132 "Financial Instruments: Presentation"
- Amendments to FRS 5 "Non-current Assets Held for Sale and Discontinued Operations" (effective 1 January 2010)
- Amendments to FRS 8 "Operating Segments"
- Amendments to FRS 107 "Statement of Cash Flows"
- Amendments to FRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors"
- Amendments to FRS 110 "Events after the Reporting Period"
- Amendments to FRS 116 "Property, Plant and Equipment"
- Amendments to FRS 117 "Leases"
- Amendments to FRS 118 "Revenue"
- Amendments to FRS 119 "Employee Benefits"
- Amendments to FRS 123 "Borrowing Cost"
- Amendments to FRS 128 "Investments in Associates"
- Amendments to FRS 131 "Interests in Joint Ventures"
- Amendments to FRS 134 "Interim Financial Reporting"
- Amendments to FRS 136 "Impairment of Assets"
- Amendments to FRS 138 "Intangible Assets"
- Amendments to FRS 140 "Investment Property"
- IC Interpretation 9 "Reassessment of Embedded Derivatives"

A1. Basis Of Preparation (cont'd.)

- IC Interpretation 10 "Interim Financial Reporting and Impairment"
- IC Interpretation 11 "FRS 2 Group and Treasury Share Transactions"
- IC Interpretation 13 "Customer Loyalty Programmes"
- IC Interpretation 14 "FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
- TR i-3 "Presentation of Financial Statements of Islamic Financial Institutions"

From 1 April 2010, the Group is required to apply the amended FRS 139 "Financial Instruments: Recognition and Measurement" ("FRS 139") for the first time in the presentation of its annual consolidated financial statements. The amendments to FRS 139 above include an additional transitional arrangement for entities in the financial sector, whereby BNM prescribed the use of an alternative basis for collective assessment of impairment by banking institutions. This transitional arrangement, as prescribed in BNM's guidelines on Classification and Impairment Provisions for Loans/Financing issued in January 2010, and its principal effects is also disclosed in Note C19.

In preparing these financial information, management has used its best knowledge of expected standards and interpretations, facts and circumstances, and accounting policies that will be applied when the Group prepares its interim financial statements in accordance with FRS 134 "Interim Financial Reporting" as at 30 September 2010, which is inclusive of FRS 139.

Given that FRS 139 is currently being applied in Malaysia for the first time and contains new and revised impairment methodologies, the practices that were drawn in applying the standard may develop. In this respect and at this preliminary stage, until such time the Group's first annual financial statements prepared under FRS 139 are completed, the possibility cannot be excluded that the financial information in this interim financial statements may be subject to change.

The following revised FRSs, new IC Interpretations and Amendments to FRSs have been issued by the MASB and are effective for annual periods commencing on or after 1 July 2010, and have yet to be adopted by the Group:

- FRS 1 "First-time Adoption of Financial Reporting Standards"
- FRS 3 "Business Combinations"
- FRS 127 "Consolidated and Separate Financial Statements"
- Amendments to FRS 1 "Limited Exemptions from Comparatives FRS 7 Disclosures for First-time Adopters"
- Amendments to FRS 1 "Additional Exemptions for First-time Adopters"
- Amendments to FRS 2 "Share-based Payment: Vesting Conditions and Cancellations"
- Amendments to FRS 2 "Group Cash-settled Share-based Payment Transactions"
- Amendments to FRS 5 "Non-current Assets Held for Sale and Discontinued Operations" (effective 1 July 2010)
- Amendments to FRS 7 "Improving Disclosures about Financial Instruments"
- Amendments to IC Interpretation 9 "Reassessment of Embedded Derivatives"
- IC Interpretation 4 "Determining whether an Arrangement contains a Leases"
- IC Interpretation 16 "Hedges of a Net Investment in a Foreign Operation"
- IC Interpretation 17 "Distribution of non-cash assets to owners"
- TR i-4 "Shariah Compliant Sale Contracts"

A2. Declaration Of Audit Confirmation

The annual audited report on the financial statements for the financial year ended 31 March 2010 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 financial quarter and the financial half year ended 30 September 2010.

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 financial quarter and the financial half year ended 30 September 2010 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 financial quarter and the financial half year ended 30 September 2010.

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 financial quarter and the financial half year ended 30 September 2010.

A7. Dividends Paid

A First Interim Dividend of 3.3 sen per share, tax exempt under the single tier tax system in respect of the financial year ending 31 March 2011, on 1,548,105,929 ordinary shares amounting to RM50,458,000 was paid on 27 August 2010.

** Dividends paid on the shares held in Trust pursuant to the Company's ESS which are classified as shares held for ESS are not accounted for in the total equity. An amount of RM629,000 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

The following segment information has been prepared in accordance with FRS 8 Operating Segments, which defines the requirements for the disclosure of financial information of an entity's operating segments. The operating segments results are prepared based on the Group's internal management reporting reflective of the organisation's management reporting structure.

The Group is organised into the following key operating segments:

(i) Consumer Banking

Consumer Banking provides a wide range of personal banking solutions covering mortgages, term loans, personal loans, hire purchase facilities, credit cards, wealth management (cash management, investment services, share trading, bancassurance and will writing). Consumer banking customers are serviced via branch network, call centre, electronic/internet banking channels, and direct sales channels.

(ii) Business Banking

Business Banking segment covers Small and Medium Enterprise ("SME"), Commercial and Corporate Banking. SME Banking customers comprise self-employed, small and medium scale enterprises. Commercial and Corporate Banking serve larger business customers, with Commercial Banking targeting family-owned businesses while Corporate Banking focus on public-listed and large corporate. Business Banking provides a wide range of services and products covering loans, trade finance, cash management, treasury and structured solutions.

A8. Segment Information (cont'd)

(iii) Financial Markets

Financial Markets provide foreign exchange, money market, hedging, wealth management and investment (capital market instruments) solutions for banking customers. It also manages the assets and liabilities, liquidity and statutory reserve requirements of the banking entities in the Group.

(iv) Investment Banking

Investment Banking covers stockbroking activities and corporate advisory which include initial public offering, equity and debt fund raising, loan syndication, mergers and acquisition, as well as corporate restructuring.

(v) Others

Others refer to mainly other business operations such as alternative distribution channels, unit trust, asset management, trustee services and head office.

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

A8. Segment Information (cont'd)

GROUP As at 30 September 2010	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Investment Banking RM'000	Others RM'000	Total Operations RM'000	Inter- segment Elimination RM'000	Total RM'000
Net interest income/(expense)								
- external income/(expense)	129,200	125,494	86,906	2,180	(1,418)	342,362	914	343,276
- inter-segment	14,185	19,486	(32,457)	(1,214)	-	-	-	-
	143,385	144,980	54,449	966	(1,418)	342,362	914	343,276
Net income from Islamic banking business	68,136	27,156	7,296	-	-	102,588	11,751	114,339
Other operating income	41,141	54,752	13,900	11,377	81,477	202,647	(87,059)	115,588
Net income	252,662	226,888	75,645	12,343	80,059	647,597	(74,394)	573,203
Other operating expenses	(116,114)	(80,925)	(21,044)	(9,183)	(11,219)	(238,485)	1,240	(237,245)
Depreciation and amortisation	(11,653)	(6,754)	(3,538)	(1,885)	(142)	(23,972)	-	(23,972)
Operating profit/(loss)	124,895	139,209	51,063	1,275	68,698	385,140	(73,154)	311,986
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(13,784)	(9,820)	93	343	(180)	(23,348)	-	(23,348)
Write-back of/(allowance for) impairment	-	579	(1,302)	-	-	(723)	-	(723)
Segment result	111,111	129,968	49,854	1,618	68,518	361,069	(73,154)	287,915
Taxation and zakat								(74,983)
Net profit after taxation and zakat								212,932
Segment assets	12,643,541	8,622,841	16,028,843	210,829	2,505,919	40,011,973	(4,820,022)	35,191,951
Reconciliation of segment assets to consolidated assets:								
Leasehold land								11,050
Property, plant and equipment								108,500
Unallocated assets								82,226
Intangible assets								360,150
Total assets								35,753,877
Segment liabilities	13,997,212	10,103,071	9,776,884	130,385	668,310	34,675,862	(2,233,667)	32,442,195
Unallocated liabilities								70,633
Total liabilities								32,512,828

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

A8. Segment Information (cont'd)

GROUP As at 30 September 2009	Consumer Banking RM'000	Business Banking RM'000	Financial Markets RM'000	Investment Banking RM'000	Others RM'000	Total Operations RM'000	Inter- segment Elimination RM'000	Total RM'000
Net interest income/(expense)								
- external income/(expense)	82,723	103,292	92,384	2,919	(1,322)	279,996	2,303	282,299
- inter-segment	29,533	18,055	(46,603)	(985)	-	-	-	-
	112,256	121,347	45,781	1,934	(1,322)	279,996	2,303	282,299
Net income from Islamic banking business	56,895	36,445	7,108	-	-	100,448	8,561	109,009
Other operating income	38,841	50,024	12,121	18,798	42,405	162,189	(44,805)	117,384
Net income	207,992	207,816	65,010	20,732	41,083	542,633	(33,941)	508,692
Other operating expenses	(104,519)	(83,093)	(36,461)	(10,051)	(11,846)	(245,970)	1,031	(244,939)
Depreciation and amortisation	(10,767)	(6,928)	(4,306)	(2,053)	(152)	(24,206)	-	(24,206)
Operating profit/(loss)	92,706	117,795	24,243	8,628	29,085	272,457	(32,910)	239,547
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(27,162)	81,904	(904)	151	(174)	53,815	-	53,815
(Allowance for)/write-back of impairment	-	1,889	(127,214)	2,486	(483)	(123,322)	483	(122,839)
Segment result	65,544	201,588	(103,875)	11,265	28,428	202,950	(32,427)	170,523
Taxation and zakat								(46,263)
Net profit after taxation and zakat								124,260
Segment assets	11,956,137	7,991,531	11,963,343	286,386	2,479,618	34,677,015	(5,063,743)	29,613,272
Reconciliation of segment assets to consolidated assets:								
Leasehold land								11,295
Property, plant and equipment								125,938
Unallocated assets								157,015
Intangible assets								370,834
Total assets								30,278,354
Segment liabilities	13,844,635	8,665,818	6,534,398	189,788	654,551	29,889,190	(2,476,101)	27,413,089
Unallocated liabilities								1,976
Total liabilities								27,415,065

A9. Material Event During The Financial Reporting Period

Employees' Share Scheme ("ESS")

On 23 September 2010, 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) 7,959,300 share options under the Share Option Plan at an option price of RM3.15 per share which will be vested subject to the achievement of performance conditions.
- (ii) 2,169,200 share grants under the Share Grant Plan. The first 50% of the share grants are to be vested at the end of the 2nd year and the remaining 50% of the share grants are to be vested at the end of the 3rd year from the date on which an award is made.

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

A10. Material Event Subsequent To The End Of The Financial Reporting Period

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

A11. Changes In The Composition Of The Group

There was no change in the composition of the Group during the 2nd financial quarter and the financial half year ended 30 September 2010.

A12. Changes In Contingent Liabilities Since The Last Annual Financial Reporting Date

Please refer to Note C17.

[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 RM137.6 million, an increase of 27.3% compared to the corresponding quarter last year. The improvement was primarily due to higher net interest income and lower impairment charge.

For the 6 months ended 30 September 2010, the Group recorded profit before taxation of RM287.9 million, an increase of 68.8% compared to the corresponding period last year. The higher profit was due to higher net income, lower overheads and lower impairment charge.

The Group registered an increase in net interest income of 21.6% due to growth in loans and financing as well as benefiting from 75 basis point increase in Base Lending Rate. Gross loans and financing grew by 6.3% year-on-year to RM21.8 billion compared to RM20.5 billion as at 30 September 2009. Similarly, net interest margin improved from 2.55% as of 30 September 2009 to 2.74% as of 30 September 2010.

In line with the Group's effort to reduce cost, overheads were contained at RM261.2 million, a saving of 2.9% over the corresponding period last year. Consequently cost-to-income ratio improved from 52.9% to 45.6%.

The impairment on loans and financing for the current period recorded a net charge of RM23.3 million compared to net write-back of RM53.8 million in the corresponding period last year. The net write-back of RM53.8 million was mainly due to one-off recovery from a corporate borrower and write-back of general provisions (GP) arising from reduction in GP rate from 1.8% to 1.5%.

For the current 6 months ended 30 September 2010, the Group incurred an impairment loss of RM0.7 million on a Collateralised Loan Obligations ("CLO"). This CLO has since matured and been redeemed. During the corresponding period last year, a total impairment loss of RM122.8 million was incurred for another CLO of which full provision was made in the last financial year.

Gross impaired loans ratio reduced from 4.1% as of 30 September 2009 to 3.8% as of 30 September 2010.

The Group's risk-weighted capital ratio remained strong at 16.1%, with core capital ratio at 11.9%.

B2. Comparison With Immediate Preceding Quarter

For the second quarter ended 30 September 2010, the Group recorded profit before taxation of RM137.6 million, a decrease of 8.4% compared to the first quarter ended 30 June 2010. The Group's net income registered an increase of RM20.8 million or 7.5%. However, this increase was partly off-set by higher overheads and impairment on loans and financing in the second quarter.

B3. Current Year Prospect

The Malaysian Government announced second quarter 2010 real growth of 8.9%. The Government forecasts that external developments may result in a moderation in the pace of growth of the Malaysian economy. However, overall growth will continue, supported by robust domestic economic activity.

The Group will continue to focus on underlying business momentum and productivity improvements while maintaining strong risk management practices, active liquidity management and a healthy capital position. The Group expects satisfactory results in the financial year ending 31 March 2011.

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B4. Profit Forecast

There was no profit forecast issued by the Group.

B5. Taxation and Zakat

<u>GROUP</u>	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
	RM'000	RM'000	RM'000	RM'000
Taxation				
- Income tax	34,428	17,165	73,973	32,824
- Deferred tax	597	12,850	808	13,439
	35,025	30,015	74,781	46,263
Zakat	202	-	202	-
	35,227	30,015	74,983	46,263

The Group's effective tax rate for the financial period ended 30 September 2010 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 2nd financial quarter and the financial half year ended 30 September 2010 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 financial quarter and the financial half year ended 30 September 2010 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 financial reporting date.

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

	GROUP	
	30.9.2010	31.3.2010
	RM'000	RM'000
(a) Deposits From Customers		
Fixed/investment deposits, negotiable instruments of deposits and money market deposits:		
- One year or less (short term)	16,877,664	13,649,990
- More than one year (medium/long term)	118,154	135,366
	16,995,818	13,785,356
Others	9,374,102	9,842,975
	26,369,920	23,628,331
(b) Deposits And Placements Of Banks And Other Financial Institutions		
- One year or less (short term)	2,256,297	1,546,206
- More than one year (medium/long term)	850,498	743,460
	3,106,795	2,289,666
(c) Subordinated Bonds		
Unsecured and more than one year (medium/long term) (6.09% Tier II Subordinated bonds 2006/2016)	600,000	600,000
(d) Long Term Borrowings		
<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.)	400,000	400,000
Floating rate term loan (Tenor of 4 years with all in interest rate of Cost of Fund plus 0.5% p.a.)	200,000	200,000
	600,000	600,000

B11. Derivative Financial Instruments

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

	As at 30 September 2010			As at 31 March 2010		
	Principal RM'000	Fair value		Principal RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading derivatives						
<u>Foreign exchange derivatives</u>						
Currency forwards						
- one year or less	415,981	5,684	(7,490)	432,551	5,037	(10,194)
Currency swaps						
- one year or less	1,048,063	20,847	(19,928)	1,810,451	33,075	(32,981)
Currency spots						
- one year or less	109,952	103	(55)	142,983	224	(179)
Currency options						
- one year or less	229,237	3,273	(3,218)	66,418	252	(158)
	1,803,233	29,907	(30,691)	2,452,403	38,588	(43,512)
<u>Interest rate derivatives</u>						
Interest rate swap	1,912,000	6,133	(5,480)	1,050,000	6,110	(6,663)
- one year or less	770,000	685	(1,460)	560,000	491	(1,655)
- over one year to three years	957,000	3,907	(3,289)	270,000	1,370	(3,114)
- over three years	185,000	1,541	(731)	220,000	4,249	(1,894)
Total derivatives assets/(liabilities)	3,715,233	36,040	(36,171)	3,502,403	44,698	(50,175)

The credit risk, market risk and liquidity risk associated with the derivatives and the policies in place for mitigating or controlling the risk with these derivatives are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2010.

Forwards

Forwards are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market.

Swaps

Swaps are contractual agreements between two parties to exchange exposures in foreign currency or interest rates.

Spots

Spots refer to the buying and selling of the currency where the settlement date is two business days.

Options

Options are contractual agreements under which the seller grants the purchaser the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date during a set period, a specific amount of an underlying asset at a predetermined price. The seller receives a premium from the purchaser in consideration of risk. Options may be either exchange-traded or negotiated between the purchaser and the seller in the over-the-counter market.

B11. Derivative Financial Instruments (cont'd)

Related accounting policies

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

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

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) 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.

The agent bank's solicitors had 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.

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

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

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 then filed an appeal to the Court of Appeal against the said decision.

On 16 November 2009, the Court of Appeal had dismissed the ABMB's appeal for stay of execution with no order as to costs and directed that an early hearing date would be scheduled for the ABMB's appeal proper.

Hearing for the assessment of damages has been fixed for continued hearing from 25 October 2010 to 26 October 2010.

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

B12. Material Litigation (cont'd)

- (c) (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.

Pending case management for the individual borrower to consolidate the present suit with the case mentioned under Note B12 (c)(ii) below. Individual borrower decided not to proceed with the consolidation of the case.

Next case management fixed on 13 October 2010.

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

- (ii) Arising from the above-mentioned suit (Note B12 (c)(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. Pending consolidation of the case mentioned under Note B12 (c)(i) above with the present suit. The individual borrower decided not to proceed with consolidation of the case under Note B12 (c)(i) above with the present suit.

Court has fixed the matter for show cause on 19 August 2010 as the third party did not take further steps with regards to this matter. Next case management fixed for 3 November 2010.

The third party had filed an application for further interrogatories and the said application has been fixed for hearing on 1 November 2010.

ABMB's 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 financial quarter ended 30 September 2010.

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.

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
Net profit attributable to equity holders of the Company (RM'000)	102,273	78,038	213,009	124,259
Weighted average number of ordinary shares in issue ('000)	1,548,106	1,548,106	1,548,106	1,548,106
Effect of shares bought back for ESS ('000)	(18,232)	(16,603)	(18,232)	(16,603)
	1,529,874	1,531,503	1,529,874	1,531,503
Basic earnings per share (sen)	6.7	5.1	13.9	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 divided by the weighted average number of ordinary shares of RM1.00 each in issue during the period, excluding the weighted average shares held for ESS and taken into account the assumed Share Grants to employees under ESS were vested to the employees as at 30 September 2010.

	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
Net profit attributable to equity holders of the Company (RM'000)	102,273	78,038	213,009	124,259
Weighted average number of ordinary shares in issue ('000)	1,548,106	1,548,106	1,548,106	1,548,106
Effect of shares bought back for ESS ('000)	(18,232)	(16,603)	(18,232)	(16,603)
Effect of Share Grants under ESS ('000)	3,600	6,491	3,600	6,491
	1,533,474	1,537,994	1,533,474	1,537,994
Diluted earnings per share (sen)	6.7	5.1	13.9	8.1

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

C1. Interest Income

Group	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest/income other than recoveries	202,527	189,752	394,398	375,742
- Recoveries from impaired loans	13,427	12,918	25,811	24,822
- Unwinding income *	1,222	-	4,650	-
	217,176	202,670	424,859	400,564
Money at call and deposit placements with financial institutions	20,439	15,506	32,297	34,782
Financial assets held-for-trading	194	330	272	438
Financial investments available-for-sale	53,520	43,397	94,500	85,266
Financial investments held-to-maturity	7,292	932	15,003	2,303
Others	957	1,537	2,176	3,030
	299,578	264,372	569,107	526,383
Accretion of discount less amortisation of premium	11,973	9,295	19,148	22,589
Net interest suspended	-	(5,124)	-	(10,614)
	311,551	268,543	588,255	538,358

* Unwinding income is income earned on unimpaired portion of impaired loans, advances and financing.

C2. Interest Expense

Group	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	20,293	9,988	33,195	14,373
Deposits from customers	100,882	96,446	179,040	207,589
Loans sold to Cagamas Berhad	-	54	-	255
Subordinated bonds	9,210	9,210	18,320	18,320
Long term borrowings	5,412	5,043	10,600	10,029
Others	1,585	2,787	3,824	5,493
	137,382	123,528	244,979	256,059

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C3. Net Income from Islamic Banking Business

Group	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	74,539	48,689	136,838	93,885
Income derived from investment of Islamic Banking funds	6,866	7,123	13,792	12,409
Transfer from profit equalisation reserve ("PER") (Note a)	-	2,287	-	20,596
Income attributable to depositors and financial institutions	(27,881)	(13,131)	(48,042)	(26,441)
	53,524	44,968	102,588	100,449
Add: Income due to head office eliminated at Group level	5,209	4,638	11,751	8,560
	58,733	49,606	114,339	109,009

Note:

- (a) Beginning with the financial period ended 31 March 2010, appropriations to PER were made out of retained profits, whereas in the preceding financial periods such appropriations were made out of gross income.
- (b) 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.

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C4. Other Operating Income

<u>Group</u>	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.9.2010 RM'000	30.9.2009 RM'000	30.9.2010 RM'000	30.9.2009 RM'000
(a) <u>Fee income:</u>				
Commissions	10,486	6,867	18,286	15,753
Service charges and fees	7,959	8,444	17,015	18,743
Portfolio management fees	1,617	1,607	3,225	3,070
Corporate advisory fees	627	333	961	625
Underwriting commissions	172	-	172	-
Brokerage fees	3,799	6,382	7,450	15,848
Guarantee fees	2,016	1,659	4,215	3,372
Processing fees	8,187	1,475	9,224	3,335
Commitment fees	3,613	3,310	7,157	6,602
Other fee income	4,521	5,941	8,579	11,366
	42,997	36,018	76,284	78,714
(b) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	95	(287)	(15)	174
- Financial investments available-for-sale	218	2,280	1,826	4,281
Unrealised gain/(loss) from revaluation of:				
- Financial assets held-for-trading	314	(3,734)	319	(5,148)
- Derivative instruments	17,298	8,510	5,329	4,237
Realised (loss)/gain on revaluation of derivative instruments	(7,973)	(2,856)	13,203	11,411
Gross dividend income from:				
- Financial investments held-to-maturity	-	3,446	-	3,495
- Financial investments available-for-sale	2,154	-	3,193	-
	12,106	7,359	23,855	18,450
(c) <u>Other income:</u>				
Foreign exchange gain	5,460	6,353	8,244	8,148
Rental income	25	132	25	179
Gain/(loss) on disposal of property, plant and equipment	2	(334)	(122)	(140)
(Loss)/gain on disposal of foreclosed properties	(38)	2,861	(38)	4,756
Others	3,526	3,248	7,340	7,277
	8,975	12,260	15,449	20,220
Total other operating income	64,078	55,637	115,588	117,384

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C5. Other Operating Expenses

<u>Group</u>	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.9.2010 RM'000	30.9.2009 RM'000	30.9.2010 RM'000	30.9.2009 RM'000
<u>Personnel costs:</u>				
Salaries, allowances and bonuses	65,932	59,370	128,610	122,612
Contribution to EPF	10,254	9,720	20,746	19,879
Share options/grants under ESS	1,352	2,340	2,778	4,133
Others	8,776	7,344	14,322	12,330
	86,314	78,774	166,456	158,954
<u>Establishment costs:</u>				
Depreciation of property, plant and equipment	8,027	9,410	16,693	18,744
Amortisation of computer software	3,609	2,669	7,210	5,393
Amortisation of leasehold land	35	34	69	69
Rental of premises	6,584	7,885	13,415	15,715
Water and electricity	1,060	1,712	2,919	3,968
Repairs and maintenance	2,441	1,811	4,715	3,860
Information technology expenses	5,309	6,372	13,885	17,170
Others	5,456	2,786	9,355	8,180
	32,521	32,679	68,261	73,099
<u>Marketing expenses:</u>				
Promotion and advertisement	1,716	1,427	2,540	3,492
Branding and publicity	1,177	457	1,757	901
Others	1,310	978	2,306	2,060
	4,203	2,862	6,603	6,453
<u>Administration and general expenses:</u>				
Communication expenses	3,139	2,494	4,888	5,893
Printing and stationery	1,185	750	2,113	1,979
Insurance	2,426	2,223	4,769	8,814
Professional fees	3,075	1,725	4,063	4,730
Others	3,552	5,340	4,064	9,223
	13,377	12,532	19,897	30,639
Total other operating expenses	136,415	126,847	261,217	269,145

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C6. Allowance for/(Write-back of) Impairment on Loans, Advances and Financing and Other Losses

Group	2nd Quarter Ended		Cumulative 6 Months Ended	
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
	RM'000	RM'000	RM'000	RM'000
Allowance for/(write-back of) impaired loans and financing:				
(a) Individual impairment allowance				
- made during the period (net)	38,218	-	50,161	-
(b) Collective assessment allowance				
- made during the period (net)	4,567	-	6,494	-
(c) Specific allowance				
- made during the period	-	66,010	-	166,105
- written back during the period	-	(98,586)	-	(168,563)
(d) General allowance				
- made during the period	-	18,002	-	31,214
- written back during the period	-	(54,312)	-	(61,594)
(e) Bad debts on loans and financing				
- recovered	(21,550)	(13,440)	(37,669)	(24,488)
- written off	346	18	468	226
	21,581	(82,308)	19,454	(57,100)
Allowance for commitments and contingencies	-	1,433	980	1,433
Allowance for other assets	1,247	1,093	2,914	1,852
	22,828	(79,782)	23,348	(53,815)

C7. Financial assets held-for-trading

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Bank Negara Malaysia bills	1,033,160	-
Malaysian Government securities	565,937	-
Malaysian Government treasury bills	42,468	-
Total financial assets held-for-trading	1,641,565	-

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C8. Financial investments available-for-sale

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Malaysian Government securities	2,630,057	1,748,115
Malaysian Government investment certificates	729,820	566,495
Cagamas bonds	55,389	205,629
Negotiable instruments of deposits	932,569	459,444
Bankers' acceptances	2,162,656	799,951
<u>Quoted securities in Malaysia:</u>		
Shares [Note (a)]	3,728	3,919
Debt securities	7,082	7,591
<u>Unquoted securities:</u>		
Shares	117,907	11,377
Debt securities	1,753,760	1,352,307
Total financial investments available-for-sale	8,392,968	5,154,828

Note:

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

- (i) Amount reclassified from financial assets HFT to financial investments AFS portfolio on 31 December 2008:

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

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

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
Financial assets HFT reclassified to financial investments AFS portfolio		
Carrying amount	3,716	3,902
Fair value	<u>3,716</u>	<u>3,902</u>

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C8. Financial investments available-for-sale (cont'd)

Note: (cont'd)

- (a) (iii) The fair value gain recognised in respect of the financial assets HFT reclassified to financial investments AFS portfolio during the financial period/year:

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
Unrealised gain recognised in equity	297	483

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

The above reclassification had been accounted for in accordance with the BNM circular on "Reclassification of Securities under Specific Circumstances" dated 20 October 2008, which was effective from 1 July 2008 to 31 December 2009.

C9. Financial investments held-to-maturity

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government securities	807,490	811,208
Malaysian Government investment certificates	130,256	39,368
At cost		
<u>Quoted securities in Malaysia:</u>		
Debt securities	4,902	4,902
<u>Unquoted securities:</u>		
Shares	-	22,021
Debt securities	151,084	152,248
	1,093,732	1,029,747
Accumulated impairment	(93,673)	(98,327)
Total financial investments held-to-maturity	1,000,059	931,420

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C10. Loans, Advances And Financing

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
Overdrafts	1,661,726	1,632,204
Term loans/financing		
- Housing loans/financing	9,639,559	9,081,024
- Syndicated term loans/financing	295,070	278,248
- Hire purchase receivables	964,638	1,070,593
- Lease receivables	-	104
- Other term loans/financing	7,536,275	7,243,133
Bills receivables	143,713	56,173
Trust receipts	190,892	161,254
Claims on customers under acceptance credits	2,108,532	2,025,751
Staff loans [including RM144,000 loans to Directors of banking subsidiary (31.3.2010: RM182,000)]	97,538	102,583
Credit/charge card receivables	652,681	685,003
Revolving credits	1,095,745	1,115,275
Other loans	325,319	339,071
	24,711,688	23,790,416
Less: Unearned interest and income	(2,874,790)	(2,380,480)
Gross loans, advances and financing	21,836,898	21,409,936
Add: Sales commission and handling fees	40,464	58,105
Less: Allowance for impairment on loan, advances and financing		
- Individual assessment allowance	(364,961)	-
- Collective assessment allowance	(330,138)	-
- Specific allowance	-	(438,582)
- General allowance	-	(322,909)
Total net loans, advances and financing	21,182,263	20,706,550

(a) By types of customer:

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
Domestic non-bank financial institutions		
- Stockbroking companies	-	20,001
- Others	155,950	168,766
Domestic business enterprises		
- Small and medium enterprises	4,556,866	4,430,883
- Others	4,320,684	4,133,379
Government and statutory bodies	21,439	16,590
Individuals	12,257,887	12,157,289
Other domestic entities	15,146	5,088
Foreign entities	508,926	477,940
Gross loans, advances and financing	21,836,898	21,409,936

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C10. Loans, Advances And Financing (cont'd)

(b) By interest/profit rate sensitivity:

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
Fixed rate		
- Housing loans/financing	332,952	316,948
- Hire purchase receivables	857,785	950,134
- Other fixed rate loans/financing	2,253,053	2,188,491
Variable rate		
- Base lending rate plus	14,476,478	14,097,157
- Cost plus	3,735,760	3,753,267
- Other variable rates	180,870	103,939
Gross loans, advances and financing	21,836,898	21,409,936

(c) By economic purposes:

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
Purchase of securities	340,035	351,976
Purchase of transport vehicles	789,414	907,561
Purchase of landed property	11,322,900	11,092,067
of which: - Residential	8,546,028	8,408,597
- Non-residential	2,776,872	2,683,470
Purchase of fixed assets excluding land and buildings	90,718	66,540
Personal use	2,094,041	2,007,919
Credit card	652,680	685,003
Construction	224,060	293,211
Working capital	5,700,080	5,514,660
Others	622,970	490,999
Gross loans, advances and financing	21,836,898	21,409,936

(d) By geographical distribution:

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
Northern region	1,795,456	1,775,991
Central region	15,994,242	15,626,298
Southern region	1,965,942	1,942,685
East Malaysia region	2,081,258	2,064,962
Gross loans, advances and financing	21,836,898	21,409,936

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C10. Loans, Advances And Financing (cont'd)

(e) By residual contractual maturity:

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
Within one year	6,485,512	6,307,079
One year to less than three years	880,874	906,149
Three years to less than five years	1,368,455	1,408,276
Over five years	13,102,057	12,788,432
Gross loans, advances and financing	<u>21,836,898</u>	<u>21,409,936</u>

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

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
At 1 April 2010		
- As previously stated	806,279	875,070
- Effects of adopting FRS 139	37,587	-
At 1 April 2010, as restated	<u>843,866</u>	875,070
Impaired during the period/year	289,144	670,112
Reclassified as non-impaired during the period/year	(148,934)	(412,025)
Recoveries	(73,878)	(194,930)
Amount written off	<u>(74,778)</u>	<u>(131,948)</u>
At end of period/year	<u>835,420</u>	<u>806,279</u>
Gross impaired loans as a percentage of gross loans, advances and financing	3.8%	3.8%

(g) Impaired loans by economic purposes:

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
Purchase of securities	16,992	16,399
Purchase of transport vehicles	10,252	13,992
Purchase of landed property	314,961	336,433
of which: - Residential	<u>230,469</u>	<u>240,152</u>
- Non-residential	<u>84,492</u>	<u>96,281</u>
Purchase of fixed assets excluding land & buildings	202	198
Personal use	39,739	40,451
Credit card	14,082	14,188
Construction	13,977	14,905
Working capital	376,110	321,637
Others	<u>49,105</u>	<u>48,076</u>
Gross impaired loans	<u>835,420</u>	<u>806,279</u>

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C10. Loans, Advances And Financing (cont'd)

(h) Impaired loans by geographical distribution:

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
Northern region	85,914	76,455
Central region	586,743	543,900
Southern region	82,787	95,821
East Malaysia region	79,976	90,103
	<u>835,420</u>	<u>806,279</u>

(i) Movements in the allowance for impaired loans are as follows:

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
Individual assessment allowance		
At 1 April 2010		
- As previously stated	-	-
- Effects of adopting FRS 139	389,578	-
At 1 April 2010, as restated	389,578	-
Allowance made during the period/year	50,161	-
Amount written off	(74,778)	-
At end of period/year	<u>364,961</u>	-
 Collective assessment allowance		
At 1 April 2010		
- As previously stated	-	-
- Effects of adopting FRS 139	323,644	-
At 1 April 2010, as restated	323,644	-
Allowance made during the period/year	6,494	-
At end of period/year	<u>330,138</u>	-

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C10. Loans, Advances And Financing (cont'd)

- (j) Movements in the allowance for impaired loans are as follows (contd.):

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
Specific Allowance		
At 1 April 2010		
- As previously stated	438,582	531,824
- Effects of adopting FRS 139	(438,582)	-
At 1 April 2010, as restated	-	531,824
Allowance made during the period/year	-	331,471
Amount written back in respect of recoveries	-	(292,765)
Amount written off	-	(131,948)
At end of period/year	-	438,582

Included in specific allowance of the Group are allowances made for high risk accounts which are still performing amounting to RM NIL (31.3.2010: RM23,414,000).

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
General Allowance		
At 1 April 2010		
- As previously stated	322,909	340,218
- Effects of adopting FRS 139	(322,909)	-
At 1 April 2010, as restated	-	340,218
Allowance made during the period/year	-	59,732
Amount written back	-	(77,041)
At end of period/year	-	322,909
As % of gross loans, advances and financing less specific allowance	-	1.5%

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C11. Balances Due From Clients And Brokers

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
Due from clients	67,868	89,050
Due from brokers	29,864	-
	97,732	89,050
Less: Allowance for bad and doubtful debts	(16,439)	(16,482)
	81,293	72,568

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:

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
Classified as doubtful	1,353	691
Classified as bad	15,764	16,150
	17,117	16,841

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

At beginning of year	16,482	17,530
Allowance made during the period/year	989	848
Reversal of allowance	(1,032)	(959)
Bad debts written off against allowance	-	(937)
At end of period/year	16,439	16,482

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C12. Other Assets

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
Other receivables, deposits and prepayments	97,181	83,866
Interest/income receivable	71,364	61,191
Trade receivables	34	32
Manager's stocks	1,185	1,017
Foreclosed properties	4,200	4,349
	173,964	150,455
Less: Allowance for other assets	(24,222)	(21,853)
	149,742	128,602

C13. Deposits From Customers

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
<u>By type of deposits:</u>		
Demand deposits	7,762,392	8,122,263
Savings deposits	1,570,281	1,679,449
Fixed/investment deposits	14,197,407	12,215,318
Money market deposits	2,598,411	1,160,946
Negotiable instruments of deposits	200,000	409,092
Structured deposits [Note (a)]	41,429	41,263
	26,369,920	23,628,331

Note:

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

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
(b) <u>By type of customers:</u>		
Domestic financial institutions	204,873	415,986
Government and statutory bodies	1,286,401	837,472
Business enterprises	8,942,304	8,152,109
Individuals	13,597,702	13,531,116
Others	2,338,640	691,648
	26,369,920	23,628,331

(c) The maturity structure of fixed/ investment deposits, money market deposits and negotiable instruments of deposit are as follow:

Due within six months	13,325,993	9,608,666
Six months to one year	3,551,671	4,041,324
One year to three years	87,602	105,240
Three years to five years	30,552	30,126
	16,995,818	13,785,356

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C14. Deposits And Placements Of Banks And Other Financial Institutions

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
Licensed banks	1,740,391	1,385,564
Licensed investment banks	351,100	80,000
Licensed Islamic banks	150,000	75,000
Bank Negara Malaysia	865,304	749,102
	3,106,795	2,289,666

C15. Balances Due To Clients And Brokers

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
Due to clients	96,716	75,984
Due to brokers	-	4,265
	96,716	80,249

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.

C16. Other Liabilities

	Group	
	30.9.2010	31.3.2010
	RM'000	RM'000
Other payable and accruals	740,281	768,853
Interest/income payable	117,246	100,573
Remisier's accounts	22,124	23,454
	879,651	892,880

C17. Capital Adequacy

The capital adequacy ratios of ABMB group are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework (RWCAF-Basel II). ABMB group has adopted the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk. The minimum regulatory capital adequacy requirement is 8.0% (31.3.2010: 8.0%) for the risk-weighted capital ratio.

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

	30.9.2010	31.3.2010
<u>Before deducting proposed dividends</u>		
Core capital ratio	12.13%	11.39%
Risk-weighted capital ratio	16.36%	15.65%
<u>After deducting proposed dividends</u>		
Core capital ratio	11.85%	11.13%
Risk-weighted capital ratio	16.08%	15.40%

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

	30.9.2010	31.3.2010
	RM'000	RM'000
Tier I Capital (Core Capital)		
Paid-up share capital	596,517	596,517
Irredeemable convertible preference shares	4,000	4,000
Share premium	597,517	597,517
Retained profits	1,061,678	882,471
Statutory reserves	764,781	735,515
Other reserves	10,018	10,018
Minority interests	4,462	4,539
	3,038,973	2,830,577
Less: Purchased goodwill/goodwill on consolidation	(302,065)	(302,065)
Deferred tax assets	(79,324)	(99,347)
Total Tier I capital	2,657,584	2,429,165
Tier II Capital		
Subordinated bonds	600,000	600,000
Collective assessment allowance	330,160	-
General allowance	-	322,933
Total Tier II capital	930,160	922,933
Total Capital	3,587,744	3,352,098
Less: Investments in subsidiaries	(3,620)	(12,760)
Total Capital Base	3,584,124	3,339,338

The capital adequacy ratios of the ABMB group consist of capital base and risk-weighted assets derived from consolidated balances of ABMB and its subsidiaries.

C17. Capital Adequacy (cont'd)

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

	Alliance Bank Malaysia Berhad	Alliance Islamic Bank Berhad	Alliance Investment Bank Berhad
30 September 2010			
<u>Before deducting proposed dividends</u>			
Core capital ratio	14.36%	11.77%	52.35%
Risk-weighted capital ratio	14.70%	13.55%	52.61%
<u>After deducting proposed dividends</u>			
Core capital ratio	14.02%	11.77%	51.31%
Risk-weighted capital ratio	14.36%	13.55%	51.57%
31 March 2010			
<u>Before deducting proposed dividends</u>			
Core capital ratio	13.57%	11.41%	55.58%
Risk-weighted capital ratio	13.91%	13.21%	55.88%
<u>After deducting proposed dividends</u>			
Core capital ratio	13.28%	11.41%	55.58%
Risk-weighted capital ratio	13.61%	13.21%	55.88%

Note:

- (i) The capital adequacy ratios of Alliance Islamic Bank Berhad (AIS) are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB). AIS has adopted the Standardised Approach for credit risk and market risk, and Basic Indicator Approach for operational risk. The minimum regulatory capital adequacy requirement is 8.0% (31.3.2010: 8.0%) for the risk-weighted capital ratio.
- (ii) The capital adequacy ratios of Alliance Investment Bank Berhad (AIB) are computed in accordance with Bank Negara Malaysia's revised Risk-weighted Capital Adequacy Framework (RWCAF-Basel II). AIB has adopted the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk. The minimum regulatory capital adequacy requirement is 8.0% (31.3.2010: 8.0%) for the risk-weighted capital ratio.

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C17. Capital Adequacy (cont'd)

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

Group As at 30 September 2010 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	5,915,510	5,915,503	-	-
Public sector entities	50,895	50,895	10,179	814
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	3,493,479	3,525,922	701,720	56,138
Insurance companies, Securities Firms and Fund Managers	609	609	609	49
Corporates	7,825,013	7,508,076	6,254,859	500,389
Regulatory retail	7,881,425	7,356,893	5,511,277	440,902
Residential mortgages	6,918,261	6,905,953	3,024,187	241,935
Higher risk assets	14,468	14,469	21,703	1,736
Other assets	783,462	783,462	566,490	45,319
Equity exposures	124,183	124,183	181,560	14,525
Defaulted exposures	458,008	455,405	560,835	44,867
Total on-balance sheet exposures	33,465,313	32,641,370	16,833,419	1,346,674
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	3,122,602	3,084,537	2,761,964	220,957
Derivative financial instruments	90,847	90,847	38,655	3,092
Total off-balance sheet exposures	3,213,449	3,175,384	2,800,619	224,049
Total on and off-balance sheet exposures	36,678,762	35,816,754	19,634,038	1,570,723
(ii) Market Risk (Note C17 (f))				
	Long Position	Short Position		
Interest rate risk	1,647,442	(5,379)	75,802	6,064
Equity risk	3,419	-	9,399	752
Foreign Currency Risk	8,904	(12,876)	12,876	1,030
Total	1,659,765	(18,255)	98,077	7,846
(iii) Operational Risk	-	-	2,175,833	174,067
Total RWA and capital requirements	36,678,762	35,816,754	21,907,948	1,752,636

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C17. Capital Adequacy (cont'd)

(c) The breakdown of RWA by exposures in each major risk category are as follows (cont'd):

Group As at 31 March 2010 Exposure Class	Gross Exposures RM'000	Net Exposures RM'000	Risk- Weighted Assets RM'000	Capital Requirements RM'000
(i) Credit Risk				
On-balance sheet exposures:				
Sovereigns/Central banks	5,182,234	5,182,234	-	-
Public sector entities	50,809	50,809	10,162	813
Banks, DFIs, MDBs	2,821,041	2,821,042	582,524	46,602
Insurance companies, Securities Firms and Fund Managers	20,204	20,204	20,204	1,616
Corporates	7,432,449	7,149,098	6,197,422	495,794
Regulatory retail	7,946,216	7,446,260	5,580,751	446,460
Residential mortgages	6,669,658	6,657,174	2,949,854	235,988
Higher risk assets	7,522	7,530	11,296	904
Other assets	747,641	747,640	548,695	43,895
Equity exposures	34,317	34,317	46,761	3,741
Defaulted exposures	359,469	357,170	441,834	35,347
Total on-balance sheet exposures	31,271,560	30,473,478	16,389,503	1,311,160
Off-balance sheet exposures:				
Credit-related off-balance sheet exposures	3,154,545	3,147,948	2,766,939	221,355
Derivative financial instruments	86,119	86,119	33,275	2,662
Total off-balance sheet exposures	3,240,664	3,234,067	2,800,214	224,017
Total on and off-balance sheet exposures	34,512,224	33,707,545	19,189,717	1,535,177
(ii) Market Risk (Note C17(f))				
Foreign Currency Risk				
	Long Position	Short Position		
	9,074	(19,663)	19,663	1,573
(iii) Operational Risk				
	-	-	2,126,663	170,133
Total RWA and capital requirements	34,512,224	33,707,545	21,336,043	1,706,883

Note:

ABMB group does not has any issuance of Profit-sharing Investment Account ("PSIA") used as a risk absorbent or any large exposures risk.

ABMB group does not has exposure to any Large Exposure Risk for equity holdings specified in BNM's Guidelines on Investment in Shares, Interest-in-Shares and Collective Investment Schemes.

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C17. Capital Adequacy (cont'd)

(d) The breakdown of credit risk exposures by risk-weights are as follows:

Disclosures by risk-weights

GROUP As at 30 September 2010 Risk- Weights	Exposures after netting and Credit risk mitigation											Total exposures after netting and Credit risk mitigation	Total Risk- Weighted Assets
	Sovereigns/ Central banks	Public Sector entities	Banks, DFIs and MDBs	Insurance companies, Securities Firms and Fund Managers	Corporates	Regulatory retail	Residential mortgages	Higher risk assets	Other assets	Equity Exposures			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
0%	5,925,510	-	-	-	-	-	-	-	216,972	-	6,142,482	-	
20%	-	50,895	3,530,127	-	1,556,294	-	-	-	-	-	5,137,316	1,027,463	
35%	-	-	-	-	-	-	3,730,264	-	-	-	3,730,264	1,305,593	
50%	-	-	46,116	-	2,560	16,992	2,663,892	-	-	-	2,729,560	1,364,780	
75%	-	-	-	-	-	8,806,759	521,408	-	-	-	9,328,167	6,996,126	
100%	-	-	-	4,631	7,662,139	52,588	71,465	-	566,490	9,429	8,366,742	8,366,742	
150%	-	-	-	-	154,005	87,032	-	26,432	-	114,754	382,223	573,334	
Total exposures	5,925,510	50,895	3,576,243	4,631	9,374,998	8,963,371	6,987,029	26,432	783,462	124,183	35,816,754	19,634,038	
Risk-weighted assets by exposures	-	10,179	729,083	4,631	8,205,685	6,796,702	3,100,060	39,648	566,490	181,560	19,634,038		
Average risk-weight	-	20%	20%	100%	88%	76%	44%	150%	72%	146%	55%		
Deduction from Capital base	-	-	-	-	-	-	-	-	-	-	-	-	

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C17. Capital Adequacy (cont'd)

(d) The breakdown of credit risk exposures by risk-weights are as follows (Contd.):

Disclosures by risk-weights

GROUP As at 31 March 2010 Risk- Weights	Exposures after netting and Credit risk mitigation										Total exposures after netting and Credit risk mitigation RM'000	Total Risk- Weighted Assets RM'000
	Sovereigns/ Central banks RM'000	Public Sector entities RM'000	Banks, DFIs and MDBs RM'000	Insurance companies, Securities Firms and Fund Managers RM'000	Corporates RM'000	Regulatory retail RM'000	Residential mortgages RM'000	Higher risk assets RM'000	Other assets RM'000	Equity Exposures RM'000		
0%	5,192,234	-	-	-	-	-	-	-	198,945	-	5,391,179	-
20%	-	50,809	2,811,286	-	1,182,762	-	-	-	-	-	4,044,857	808,972
35%	-	-	-	-	-	3,505,236	-	-	-	-	3,505,236	1,226,833
50%	-	-	93,545	-	6,618	15,326	2,571,166	-	-	-	2,686,655	1,343,327
75%	-	-	-	-	-	8,964,756	586,082	-	-	-	9,550,838	7,163,128
100%	-	-	-	20,468	7,585,506	44,448	82,879	-	548,695	9,429	8,291,425	8,291,425
150%	-	-	-	-	103,685	93,973	-	14,809	-	24,888	237,355	356,032
Total exposures	5,192,234	50,809	2,904,831	20,468	8,878,571	9,118,503	6,745,363	14,809	747,640	34,317	33,707,545	19,189,717
Risk-weighted assets by exposures	-	10,162	609,030	20,468	7,980,895	6,916,637	3,034,856	22,213	548,695	46,761	19,189,717	
Average risk-weight	-	20%	21%	100%	90%	76%	45%	150%	73%	136%	57%	
Deduction from Capital base	-	-	-	-	-	-	-	-	-	-	-	-

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C17. Capital Adequacy (cont'd)

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

Group As at 30 September 2010	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Credit-related exposures</u>				
Direct credit substitutes	480,378		480,378	480,566
Transaction-related contingent items	477,890		238,945	238,945
Short-term self-liquidating trade-related contingencies	105,377		21,075	21,075
Irrevocable commitments to extent credit:				
- maturity exceeding one year	1,459,187		729,594	605,342
- maturity not exceeding one year	8,263,046		1,652,610	1,416,036
	<u>10,785,878</u>		<u>3,122,602</u>	<u>2,761,964</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	1,803,233	29,907	58,404	32,166
Interest rate related contracts:				
- one year or less	770,000	685	2,025	405
- over one year to three years	957,000	3,907	19,077	3,815
- over three years	185,000	1,541	11,341	2,269
	<u>3,715,233</u>	<u>36,040</u>	<u>90,847</u>	<u>38,655</u>
	<u>14,501,111</u>	<u>36,040</u>	<u>3,213,449</u>	<u>2,800,619</u>

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
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C17. Capital Adequacy (cont'd)

(e) The off-balance sheet exposures and their related counterparty credit risk of the Group are as follows (cont'd):

Group As at 31 March 2010	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
<u>Credit-related exposures</u>				
Direct credit substitutes	501,940		501,940	501,940
Transaction-related contingent items	456,421		228,211	228,211
Short-term self-liquidating trade-related contingencies	167,968		33,594	33,594
Irrevocable commitments to extent credit:				
- maturity exceeding one year	1,526,427		763,214	626,319
- maturity not exceeding one year	8,137,938		1,627,586	1,376,875
	<u>10,790,694</u>		<u>3,154,545</u>	<u>2,766,939</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	2,452,403	38,588	64,501	28,951
Interest rate related contracts:				
- one year or less	560,000	491	2,745	549
- over one year to three years	270,000	1,370	5,423	1,085
- over three years	220,000	4,249	13,450	2,690
	<u>3,502,403</u>	<u>44,698</u>	<u>86,119</u>	<u>33,275</u>
	<u>14,293,097</u>	<u>44,698</u>	<u>3,240,664</u>	<u>2,800,214</u>

C17. Capital Adequacy (cont'd)

(f) The RWA and capital requirements for the various categories of risk under market risk are as follows:

	Group	
	Risk-Weighted	Capital
	Assets	Requirements
	RM'000	RM'000
As at 30 September 2010		
Interest rate risk		
- General interest rate risk	75,515	6,041
- Specific interest rate risk	287	23
	<u>75,802</u>	<u>6,064</u>
Equity risk		
- General interest rate risk	3,424	274
- Specific interest rate risk	5,975	478
	<u>9,399</u>	<u>752</u>
Foreign exchange risk	12,876	1,030
	<u>98,077</u>	<u>7,846</u>
As at 31 March 2010		
Interest rate risk		
- General interest rate risk	-	-
- Specific interest rate risk	-	-
	<u>-</u>	<u>-</u>
Equity risk		
- General interest rate risk	-	-
- Specific interest rate risk	-	-
	<u>-</u>	<u>-</u>
Foreign exchange risk	19,663	1,573
	<u>19,663</u>	<u>1,573</u>

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
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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 2010	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS										
Cash and short-term funds	1,537,672	-	-	-	-	-	606,578	-	2,144,250	2.72
Deposits and placements with banks and other financial institutions	-	270,000	-	160	-	-	-	-	270,160	3.02
Financial assets held-for-trading	-	-	-	-	-	-	-	1,641,565	1,641,565	2.82
Financial investments available-for-sale	967,395	1,588,621	669,465	1,148,393	2,849,390	1,078,035	91,669	-	8,392,968	3.40
Financial investments held-to-maturity	-	32,317	25,000	647,220	287,300	5,185	3,037	-	1,000,059	2.80
Loans, advances and financing	16,212,543	1,233,516	328,226	294,416	1,532,798	1,440,444	140,320 *	-	21,182,263	6.12
Balances due from clients and brokers	1,786	-	-	-	-	-	79,507	-	81,293	12.00
Other non-interest/profit sensitive balances	-	-	-	-	-	-	1,005,279	36,040	1,041,319	-
TOTAL ASSETS	18,719,396	3,124,454	1,022,691	2,090,189	4,669,488	2,523,664	1,926,390	1,677,605	35,753,877	
LIABILITIES										
Deposits from customers	12,424,755	3,463,897	2,425,374	3,605,324	118,154	-	4,332,416	-	26,369,920	2.07
Deposits and placements of banks and other financial institutions	1,888,838	354,225	1,700	10,128	850,498	-	1,406	-	3,106,795	2.29
Amount due to Cagamas Berhad	-	-	-	-	26,611	-	-	-	26,611	4.54
Bills and acceptances payable	241,606	483,763	962	-	-	-	-	-	726,331	2.97
Balances due to clients and brokers	37,797	-	-	-	-	-	58,919	-	96,716	2.25
Subordinated bonds	-	-	-	600,000	-	-	-	-	600,000	6.09
Long term borrowings	-	-	-	-	600,000	-	-	-	600,000	3.60
Other non-interest/profit sensitive balances	-	-	-	-	-	-	950,284	36,171	986,455	-
TOTAL LIABILITIES	14,592,996	4,301,885	2,428,036	4,215,452	1,595,263	-	5,343,025	36,171	32,512,828	
Equity	-	-	-	-	-	-	3,236,586	-	3,236,586	-
Minority interests	-	-	-	-	-	-	4,463	-	4,463	-
TOTAL LIABILITIES AND EQUITY	14,592,996	4,301,885	2,428,036	4,215,452	1,595,263	-	8,584,074	36,171	35,753,877	

* Impaired loans, individual assessment allowance and collective assessment allowance of the Group are classified as non-interest/profit sensitive.

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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 2010	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS										
Cash and short-term funds	3,006,169	-	-	-	-	-	558,376	-	3,564,545	2.21
Deposits and placements with banks and other financial institutions	-	150,000	156	-	-	-	-	-	150,156	2.38
Financial investments available-for-sale	96,539	1,303,340	230,086	176,628	3,292,957	39,982	15,296	-	5,154,828	3.22
Financial investments held-to-maturity	-	2,700	-	57,319	847,349	5,199	18,853	-	931,420	2.81
Loans, advances and financing	15,475,122	1,264,499	551,325	359,256	1,645,039	1,366,521	44,788 *	-	20,706,550	5.40
Balances due from clients and brokers	441	-	-	-	-	-	72,127	-	72,568	12.00
Other non-interest/profit sensitive balances	-	-	-	-	-	-	1,038,850	44,698	1,083,548	-
TOTAL ASSETS	18,578,271	2,720,539	781,567	593,203	5,785,345	1,411,702	1,748,290	44,698	31,663,615	
LIABILITIES										
Deposits from customers	11,636,012	1,768,370	1,889,989	3,680,162	135,986	-	4,517,812	-	23,628,331	1.53
Deposits and placements of banks and other financial institutions	875,212	531,017	135,775	1,700	743,460	-	2,502	-	2,289,666	1.96
Amount due to Cagamas Berhad	-	-	-	-	28,077	-	-	-	28,077	4.54
Bills and acceptances payable	241,035	285,476	11,839	-	-	-	-	-	538,350	2.45
Balances due to clients and brokers	36,489	-	-	-	-	-	43,760	-	80,249	2.25
Subordinated bonds	-	-	-	-	600,000	-	-	-	600,000	6.09
Long term borrowings	-	-	-	-	600,000	-	-	-	600,000	3.33
Other non-interest/profit sensitive balances	-	-	-	-	-	-	897,086	50,175	947,261	-
TOTAL LIABILITIES	12,788,748	2,584,863	2,037,603	3,681,862	2,107,523	-	5,461,160	50,175	28,711,934	
Equity	-	-	-	-	-	-	2,947,141	-	2,947,141	-
Minority interests	-	-	-	-	-	-	4,540	-	4,540	-
TOTAL LIABILITIES AND EQUITY	12,788,748	2,584,863	2,037,603	3,681,862	2,107,523	-	8,412,841	50,175	31,663,615	

* Impaired loans, individual assessment allowance and collective assessment allowance of the Group are classified as non-interest/profit sensitive column.

C19. Change in Accounting Policies

During the current reporting period, the Group adopted the following significant standards and amendments to FRS:

- (i) FRS 139 Financial Instruments: Recognition and Measurement
- (ii) IC Interpretation 9 Reassessment of Embedded Derivatives
- (iii) FRS 7 Financial Instruments: Disclosures
- (iv) Amendments to FRS 139 "Financial Instruments: Recognition and Measurement", FRS 7 "Financial Instruments: Disclosures" and IC Interpretation 9 "Reassessment of Embedded Derivatives"

The objectives of FRS 139 is to establish principles for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. Since the adoption of BNM's revised BNM/GP8 - Guidelines on Financial Reporting for Licensed Institutions on 1 January 2005, certain principles in connection with the recognition, derecognition and measurement of financial instruments, including derivatives instruments which are similar to those prescribed by FRS 139 have been adopted by the Group. With the full adoption of FRS 139 with effect from 1 April 2010 for the Group, this has resulted in the following material changes in accounting policies as follows:

(a) Impairment of Loans and Advances

Impairment losses are calculated on individual loans and loans assessed collectively.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- (a) significant financial difficulty of the issuer or obligor;
- (b) a breach of contract, such as a default or delinquency in interest or principal payments;
- (c) it becomes probable that the borrower will enter bankruptcy or winding up petition is served on the borrower, significant shareholder or significant guarantor;
- (d) adverse Center Credit Reference Information System ("CCRIS") findings or unfavorable industry developments for that borrower; and
- (e) observable data indicating that there is a measurable decrease in the estimated future cash flows including adverse changes in the repayment behavior of the borrower or downgrade of the borrower's credit ratings.

The estimated period between a loss occurring and its identification is determined by the Group for each identified portfolio. In general, the periods used vary between 6 months and 12 months.

The Group assesses individually whether objective evidence of impairment exists for all assets deemed to be individually significant. If there is objective evidence that an impairment has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment is the current effective interest rate determined under the contract.

C19. Change in Accounting Policies (cont'd)

(a) Impairment of Loans and Advances (cont'd)

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purposes of measuring the impairment. The interest income is recognised as interest income.

In the amendment to FRS 139, MASB has included an additional transitional arrangement for entities in the financial sector, whereby BNM may prescribe an alternative basis for collective assessment of impairment by banking institutions. The transitional arrangement is prescribed in the guidelines on 'Classification and Impairment Provisions for Loans/Financing' issued on 8 January 2010. For the purposes of a collective evaluation of impairment, the Group is currently reporting under the BNM's transitional arrangement as prescribed in the guidelines issued by BNM.

In accordance with the transitional arrangement under paragraph 103AA of FRS 139, the changes arising from the implementation of FRS 139 have been adjusted to opening retained profits.

(b) Interest Income Recognition

FRS 139 prescribes that financial assets classified as held-to-maturity and loans and receivables are measured at amortised cost using the effective interest method. Whilst the Group's financial investments held-to-maturity are already measured on this basis under the requirements of BNM's revised BNM/GP8 effective from 1 April 2005, interest income on its loans and receivables continued to be recognised based on contractual interest rates. Upon the full adoption of FRS 139, interest income is recognised using effective interest rates ("EIR"), which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the loans or, where appropriate, a shorter period to the net carrying amount of the loan. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the loans but does not consider future credit losses. The calculation includes significant fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

In accordance with the transitional arrangement under paragraph 103AA of FRS 139, the changes arising from the implementation of FRS 139 have been adjusted to opening retained profits.

(c) Fair value on Unquoted Shares Previously Recorded at Amortised Cost

BNM's Guideline on Financial Reporting for Licensed Institutions (BNM/GP8) issued in 5 October 2004, allowed the unquoted shares held for purposes of specific socio-economic reasons, to be classified as held-to-maturity and measured at amortised cost.

Upon the adoption of FRS 139, all equity instruments (both quoted and unquoted equity) are required to be measured at fair value. Therefore, the Group had reclassified all the unquoted shares held for purposes of specific socio-economic reasons previously classified as held-to-maturity to available-for-sales portfolio and accordingly, they are to be measured at fair value.

In accordance with the transitional arrangement under paragraph 103AA of FRS 139, the changes arising from the implementation of FRS 139 have been adjusted to opening revaluation reserves.

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C19. Change in Accounting Policies (cont'd)

Adjustments due to Change in Accounting Policies

The changes in accounting policies as described above which resulted in adjustments to opening reserves of the Group are as follows:

	Audited as at 1 April 2010 RM'000	FRS 139 Fair value/ impairment RM'000	Reclassification RM'000	Adjusted As at 1 April 2010 RM'000
Statements of Financial Position				
ASSETS				
Cash and short-term funds	3,564,545	-	-	3,564,545
Deposits and placements with banks and other financial institutions	150,156	-	-	150,156
Financial investments available-for-sale	5,154,828	89,499	18,516	5,262,843
Financial investments held-to-maturity	931,420	-	(18,516)	912,904
Derivative financial assets	44,698	-	-	44,698
Loans, advances and financing	20,648,445	57,471	-	20,705,916
Balances due from clients and brokers	72,568	-	-	72,568
Land held for investment	27,748	-	-	27,748
Other assets	186,707	(9,042)	-	177,665
Tax recoverable	24,316	(11,251)	-	13,065
Statutory deposits	258,506	-	-	258,506
Leasehold land	11,119	-	-	11,119
Property, plant and equipment	123,974	-	-	123,974
Intangible assets	361,858	-	-	361,858
Deferred tax assets	102,727	(24,429)	-	78,298
TOTAL ASSETS	31,663,615	102,248	-	31,765,863
LIABILITIES AND EQUITY				
Deposits from customers	23,628,331	-	-	23,628,331
Deposits and placements of banks and other financial institutions	2,289,666	-	-	2,289,666
Derivative financial liabilities	50,175	-	-	50,175
Amount due to Cagamas Berhad	28,077	-	-	28,077
Bills and acceptances payable	538,350	-	-	538,350
Balances due to clients and brokers	80,249	-	-	80,249
Other liabilities	892,880	-	-	892,880
Subordinated bonds	600,000	-	-	600,000
Long term borrowings	600,000	-	-	600,000
Provision for taxation	4,201	(1,198)	-	3,003
Deferred tax liabilities	5	-	-	5
TOTAL LIABILITIES	28,711,934	(1,198)	-	28,710,736
Share capital	1,548,106	-	-	1,548,106
Reserves	1,445,732	103,446	-	1,549,178
Shares held for Employees' Share Scheme	(46,697)	-	-	(46,697)
CAPITAL AND RESERVES	2,947,141	103,446	-	3,050,587
ATTRIBUTABLE TO EQUITY HOLDERS	2,947,141	103,446	-	3,050,587
Minority interests	4,540	-	-	4,540
TOTAL EQUITY	2,951,681	103,446	-	3,055,127
TOTAL LIABILITIES AND EQUITY	31,663,615	102,248	-	31,765,863

C20. Comparative Figures

(i) FRS 101: Presentation of Financial Statements

As a result of the adoption of the revised FRS 101, income statements of the Group for the comparative financial period ended 30 September 2009 have been re-presented as two separate statements, i.e. a statement displaying components of profit or loss and a statement of comprehensive income. All non-owner changes in equity which we previously presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of other comprehensive income are not presented in the statement of changes in equity. Since these changes only affect presentation aspects, there is no impact to the results, performance and earnings per ordinary share of the Group.

(ii) FRS 7: Financial Instruments: Disclosures

The adoption of FRS 7 during the financial period will result in additional disclosures to be made in the annual accounts of the Group. The standard also require disclosure of the statement of financial position and statement of comprehensive income to be made by categories of financial assets and liabilities, which has minimal impact on the comparative disclosures of the Group, as the presentation is already made by categories of financial assets and liabilities.

In addition to the adoption of FRS 101 and FRS 7 that resulted representation of the comparative, the following comparatives have been reclassified to conform with the current period's presentation.

	Group	
	As restated	As previously reported
	RM'000	RM'000
(i) <u>Statements of Financial Position as at 31 March 2010</u>		
Loans, advances and financing	20,706,550	20,648,445
Other assets	128,602	186,707
	20,835,152	20,835,152

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C20. Comparative Figures (contd.)

	2nd Quarter Ended		Group Cumulative 6 Months Ended	
	As restated	As previously reported	As restated	As previously reported
	RM'000	RM'000	RM'000	RM'000
(ii) <u>Statements of Comprehensive Income for the financial period ended 30 September 2009</u>				
Interest income	268,543	276,433	538,358	554,054
Net income from				
Islamic banking business	49,606	49,556	109,009	108,857
Other operating income	55,637	46,707	117,384	99,800
Allowance for impairment on loans, advances and financing and other losses	79,782	80,872	53,815	55,855

By Order of the Board

LEE WEI YEN (MAICSA 7001798)

Group Company Secretary

Kuala Lumpur

22 November 2010