

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2010

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	3rd Quarter Ended		Cumulative 9 Months Ended	
		31.12.2010	31.12.2009	31.12.2010	31.12.2009
		RM'000	RM'000	RM'000	RM'000
Interest income	C1	313,218	265,230	901,473	803,588
Interest expense	C2	(145,193)	(117,489)	(390,172)	(373,548)
Net interest income		168,025	147,741	511,301	430,040
Net income from Islamic banking business	C3	59,020	65,738	173,359	174,747
		227,045	213,479	684,660	604,787
Other operating income	C4	57,933	64,790	173,521	182,174
Net income		284,978	278,269	858,181	786,961
Other operating expenses	C5	(137,368)	(146,785)	(398,585)	(415,930)
Operating profit		147,610	131,484	459,596	371,031
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	C6	(657)	(2,445)	(24,005)	51,370
Write-back of/(allowance for) impairment		3,883	1,974	3,160	(120,865)
Profit before taxation and zakat		150,836	131,013	438,751	301,536
Taxation and zakat	B5	(39,523)	(31,022)	(114,506)	(77,285)
Net profit after taxation and zakat		111,313	99,991	324,245	224,251
Attributable to:					
Equity holders of the Company		111,121	99,912	324,268	224,171
Minority interests		192	79	(23)	80
Net profit after taxation and zakat		111,313	99,991	324,245	224,251
Earnings per share (sen):					
- Basic	B15(a)	7.3	6.5	21.2	14.6
- Diluted	B15(b)	7.2	6.5	21.1	14.6

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

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2010

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (cont'd)

	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Net profit after taxation and zakat	111,313	99,991	324,245	224,251
Other comprehensive income:				
Revaluation reserve on financial investments available-for-sale				
- Net (loss)/gain from change in fair value	(26,180)	(7,725)	1,380	(6,616)
- Transfer from/(to) deferred tax assets	6,545	1,931	(345)	1,654
Other comprehensive (loss)/income, net of tax	(19,635)	(5,794)	1,035	(4,962)
Total comprehensive income for the period	91,678	94,197	325,280	219,289
Total comprehensive income for the period attributable to:				
Equity holders of the Company	91,624	94,118	325,303	219,209
Minority interests	54	79	(23)	80
	91,678	94,197	325,280	219,289

(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
	Note	<u>31.12.2010</u>	<u>31.3.2010</u>
		RM'000	RM'000
ASSETS			
Cash and short-term funds		1,716,113	3,564,545
Deposits and placements with banks and other financial institutions		365,160	150,156
Financial assets held-for-trading	C7	2,766,787	-
Financial investments available-for-sale	C8	8,820,501	5,154,828
Financial investments held-to-maturity	C9	965,842	931,420
Derivative financial assets	B11	39,057	44,698
Loans, advances and financing	C10	21,027,991	20,706,550
Balances due from clients and brokers	C11	83,002	72,568
Land held for investment		27,748	27,748
Other assets	C12	190,847	128,602
Tax recoverable		2,136	24,316
Statutory deposits		284,338	258,506
Investment in an associate		30,000	-
Leasehold land		11,016	11,119
Property, plant and equipment		98,898	123,974
Intangible assets		358,992	361,858
Deferred tax assets		82,514	102,727
TOTAL ASSETS		<u>36,870,942</u>	<u>31,663,615</u>
LIABILITIES AND EQUITY			
Deposits from customers	B9(a), C13	28,073,849	23,628,331
Deposits and placements of banks and other financial institutions	B9(b), C14	2,866,727	2,289,666
Derivative financial liabilities	B11	33,464	50,175
Amount due to Cagamas Berhad		25,879	28,077
Bills and acceptances payable		240,211	538,350
Balances due to clients and brokers	C15	99,679	80,249
Other liabilities	C16	912,958	892,880
Subordinated bonds	B9(c)	600,000	600,000
Long term borrowings	B9(d)	600,000	600,000
Provision for taxation		75,550	4,201
Deferred tax liabilities		8,600	5
TOTAL LIABILITIES		<u>33,536,917</u>	<u>28,711,934</u>
Share capital		1,548,106	1,548,106
Reserves		1,824,569	1,445,732
Shares held for Employees' Share Scheme		(43,167)	(46,697)
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS		<u>3,329,508</u>	<u>2,947,141</u>
Minority interests		4,517	4,540
TOTAL EQUITY		<u>3,334,025</u>	<u>2,951,681</u>
TOTAL LIABILITIES AND EQUITY		<u>36,870,942</u>	<u>31,663,615</u>
COMMITMENTS AND CONTINGENCIES	C18	<u>16,198,811</u>	<u>14,293,097</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)*		<u>2.15</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 THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 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
31 DECEMBER 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	-	-	-	-	-	-	-	-	324,268	324,268	(23)	324,245
Other comprehensive income	-	-	-	-	1,035	-	-	-	-	1,035	-	1,035
Total comprehensive income	-	-	-	-	1,035	-	-	-	324,268	325,303	(23)	325,280
for the period	-	-	-	-	1,035	-	-	-	324,268	325,303	(23)	325,280
Transfer to statutory reserve	-	-	29,266	-	-	-	-	-	(29,266)	-	-	-
Transfer from PER	-	-	-	-	-	-	(19,041)	-	19,041	-	-	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(50,458)	(50,458)	-	(50,458)
Share-based payment under ESS	-	-	-	-	-	4,076	-	-	-	4,076	-	4,076
ESS shares vested to:												
- employees of subsidiaries	-	-	-	-	-	(3,485)	-	3,485	-	-	-	-
- own employees	-	-	-	-	-	(45)	-	45	-	-	-	-
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	(390)	-	-	390	-	-	-
At 31 December 2010	1,548,106	304,289	522,743	7,013	75,599	12,497	7,347	(43,167)	895,081	3,329,508	4,517	3,334,025
31 DECEMBER 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	-	-	-	-	-	-	-	-	224,171	224,171	80	224,251
Other comprehensive income	-	-	-	-	(4,962)	-	-	-	-	(4,962)	-	(4,962)
Total comprehensive income	-	-	-	-	(4,962)	-	-	-	224,171	219,209	80	219,289
for the period	-	-	-	-	(4,962)	-	-	-	224,171	219,209	80	219,289
Transfer to statutory reserve	-	-	40,102	-	-	-	-	-	(40,102)	-	-	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(19,904)	(19,904)	-	(19,904)
Share-based payment under ESS	-	-	-	-	-	6,646	-	-	-	6,646	-	6,646
Purchase of shares pursuant to ESS	-	-	-	-	-	-	-	(12,570)	-	(12,570)	-	(12,570)
ESS shares vested to:												
- employees of subsidiaries	-	-	-	-	-	(1,978)	-	1,978	-	-	-	-
- own employees	-	-	-	-	-	(22)	-	22	-	-	-	-
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	(421)	-	-	421	-	-	-
At 31 December 2009	1,548,106	304,289	470,017	7,013	15,212	11,967	-	(46,697)	645,359	2,955,266	4,733	2,959,999

(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 THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2010

	Unaudited 9 Months Ended 31.12.2010	Unaudited 9 Months Ended 31.12.2009
	RM'000	RM'000
Profit before taxation and zakat	438,751	301,536
Adjustments for non-cash items	(75,182)	(10,890)
Operating profit before changes in working capital	363,569	290,646
Changes in working capital	1,371,827	(1,702,666)
Taxes and zakat paid	(26,947)	(27,230)
Net cash generated from/(used in) operating activities	1,708,449	(1,439,250)
Net cash used in investing activities	(3,443,735)	(1,022,577)
Net cash used in financing activities	(94,045)	(62,516)
Net change in cash and cash equivalents	(1,829,331)	(2,524,343)
Cash and cash equivalents at beginning of year	3,470,296	4,944,211
Cash and cash equivalents at end of period	1,640,965	2,419,868

Cash and cash equivalents comprise the following:

Cash and short-term funds	1,716,113	2,470,411
Less: Monies held in trust	(75,148)	(50,543)
	1,640,965	2,419,868

(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 3rd financial quarter and the nine months ended 31 December 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 3rd financial quarter and the nine months ended 31 December 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 3rd financial quarter and the nine months ended 31 December 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 3rd financial quarter and the nine months ended 31 December 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 3rd financial quarter and the nine months ended 31 December 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)
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2010

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

GROUP As at 31 December 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)	179,493	187,391	139,848	3,254	(2,125)	507,861	3,440	511,301
- inter-segment	26,360	35,005	(59,523)	(1,842)	-	-	-	-
	205,853	222,396	80,325	1,412	(2,125)	507,861	3,440	511,301
Net income from Islamic banking business	103,474	41,430	10,360	-	-	155,264	18,095	173,359
Other operating income	59,837	80,249	33,606	19,014	162,129	354,835	(181,314)	173,521
Net income	369,164	344,075	124,291	20,426	160,004	1,017,960	(159,779)	858,181
Other operating expenses	(172,779)	(122,374)	(32,680)	(14,733)	(17,095)	(359,661)	2,890	(356,771)
Depreciation and amortisation	(18,532)	(12,337)	(7,933)	(2,813)	(199)	(41,814)	-	(41,814)
Operating profit	177,853	209,364	83,678	2,880	142,710	616,485	(156,889)	459,596
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(25,189)	431	135	796	(178)	(24,005)	-	(24,005)
Write-back of impairment	-	725	2,435	-	-	3,160	-	3,160
Segment result	152,664	210,520	86,248	3,676	142,532	595,640	(156,889)	438,751
Taxation and zakat								(114,506)
Net profit after taxation and zakat								324,245
Segment assets	12,785,816	8,333,959	17,205,928	242,156	2,547,981	41,115,840	(4,828,454)	36,287,386
Reconciliation of segment assets to consolidated assets:								
Investment in an associate								30,000
Leasehold land								11,016
Property, plant and equipment								98,898
Unallocated assets								84,650
Intangible assets								358,992
Total assets								36,870,942
Segment liabilities	15,164,080	9,505,301	10,236,423	144,209	649,502	35,699,515	(2,246,748)	33,452,767
Unallocated liabilities								84,150
Total liabilities								33,536,917

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2010

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

GROUP As at 31 December 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)	131,926	158,927	133,652	4,340	(1,932)	426,913	3,127	430,040
- inter-segment	39,265	22,484	(60,172)	(1,577)	-	-	-	-
	171,191	181,411	73,480	2,763	(1,932)	426,913	3,127	430,040
Net income from Islamic banking business	102,290	46,324	12,227	-	-	160,841	13,906	174,747
Other operating income	61,822	75,652	42,871	25,294	69,369	275,008	(92,834)	182,174
Net income	335,303	303,387	128,578	28,057	67,437	862,762	(75,801)	786,961
Other operating expenses	(165,470)	(129,010)	(47,240)	(17,799)	(17,870)	(377,389)	1,602	(375,787)
Depreciation and amortisation	(16,122)	(10,345)	(10,379)	(3,083)	(214)	(40,143)	-	(40,143)
Operating profit	153,711	164,032	70,959	7,175	49,353	445,230	(74,199)	371,031
(Allowance for)/write-back of impairment on loans, advances and financing and other losses	(36,831)	89,081	(902)	204	(182)	51,370	-	51,370
Write-back of/(Allowance for) impairment	-	3,280	(124,160)	15	(1,814)	(122,679)	1,814	(120,865)
Segment result	116,880	256,393	(54,103)	7,394	47,357	373,921	(72,385)	301,536
Taxation and zakat								(77,285)
Net profit after taxation and zakat								224,251
Segment assets	12,403,914	8,010,697	12,473,182	240,796	2,505,417	35,634,006	(4,656,041)	30,977,965
Reconciliation of segment assets to consolidated assets:								
Leasehold land								11,260
Property, plant and equipment								119,788
Unallocated assets								147,459
Intangible assets								370,542
Total assets								31,627,014
Segment liabilities	13,851,845	8,843,118	7,199,554	172,597	650,012	30,717,126	(2,055,534)	28,661,592
Unallocated liabilities								5,427
Total liabilities								28,667,019

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

On 18 November 2010, Alliance Bank Malaysia Berhad ("ABMB"), a wholly-owned subsidiary of Alliance Financial Group Berhad ("AFG") had entered into a Shareholders Agreement with American International Assurance Berhad ("AIA") for the setting up of a joint-venture company known as "AIA AFG Takaful Berhad", with 30% equity participation by ABMB and 70% by AIA, to carry out family takaful business.

AIA AFG Takaful Berhad was incorporated on 6 December 2010 with an authorized share capital of RM200,000,000 divided into 200,000,000 ordinary shares of RM1.00 each and an issued and paid-up share capital of RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each fully paid. AIA AFG Takaful Berhad officially commenced its business on 28 January 2011.

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

Please refer to Note C18.

[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 RM150.8 million, an increase of 15.1% compared to the corresponding quarter last year. The improvement was primarily due to higher net interest income and lower overheads.

For the 9 months ended 31 December 2010, the Group recorded profit before taxation of RM438.8 million, an increase of 45.5% compared to the corresponding period last year. The higher profit was due to higher net income, lower overheads and lower impairment charge.

For the period under review, the Group registered an increase in net interest income of 18.9% due to growth in loans and financing. Gross loans and financing grew by 3.3% year-on-year to RM21.7 billion compared to RM21.0 billion as at 31 December 2009. Similarly, net interest margin improved from 2.42% as of 31 December 2009 to 2.69% as of 31 December 2010.

In line with the Group's effort to reduce cost, overheads were contained at RM398.6 million, a saving of 4.2% over the corresponding period last year. Consequently cost-to-income ratio improved from 52.9% to 46.4%.

The impairment on loans and financing for the current period recorded a net charge of RM24.0 million compared to net write-back of RM51.4 million in the corresponding period last year. The net effect of RM75.4 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 9 months ended 31 December 2010, the Group recorded an impairment write-back of RM3.2 million on the Collateralised Loan Obligation ("CLO") upon partial repayment. During the corresponding period last year, total impairment loss of RM120.9 million was incurred for another CLO of which full provision was made in the last financial year.

Gross impaired loans ratio reduced from 3.9% as of 31 December 2009 to 3.7% as of 31 December 2010.

The Group's risk-weighted capital ratio as at 31 December 2010 remained strong at 15.9%, with core capital ratio at 11.8% compared to 15.2% and 11.0% as at 31 December 2009.

B2. Comparison With Immediate Preceding Quarter

For the third quarter ended 31 December 2010, the Group recorded profit before taxation of RM150.8 million, an increase of 9.6% compared to the second quarter ended 30 September 2010. The Group's net income decreased by RM12.0 million due to lower net interest income and fee base income. However, this reduction was off-set by lower impairment on loans and financing in the third quarter.

B3. Current Year Prospect

The pace of growth will be supported by healthy domestic economic activity. However, global financial uncertainty may result in a moderate pace in the overall growth of the Malaysian economy.

The Group will continue to focus on strengthening the underlying business momentum, improving productivity while maintaining strong risk management practices, active liquidity management and a healthy capital position as an integral part of a long-term strategy for the Group to remain competitive. The Group expects to record improved results for 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

GROUP	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Taxation				
- Income tax	36,263	29,680	110,236	62,504
- Deferred tax	3,228	1,782	4,036	15,221
	39,491	31,462	114,272	77,725
- Under/(over) provision of income tax expense in prior years	32	(6,874)	32	(6,874)
- Under provision of deferred tax in prior years	-	6,341	-	6,341
	39,523	30,929	114,304	77,192
Zakat	-	93	202	93
	39,523	31,022	114,506	77,285

The Group's effective tax rate for the financial period ended 31 December 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 3rd financial quarter and the nine months ended 31 December 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 3rd financial quarter and the nine months ended 31 December 2010 other than investments held by the Group whose activities are regulated by law relating to banking companies and are subject to supervision by BNM.

B8. Status Of Corporate Proposals

There were no corporate proposals announced as at the financial reporting date except for the following:

Tier-2 Subordinated Medium Term Notes Programme of Up to RM1.5 Billion in Nominal Value ("Subordinated MTN Programme")

On 30 December 2010, the Company announced that its wholly-owned subsidiary, ABMB had obtained approval from BNM for the proposed RM1.5 billion Subordinated MTN Programme to redeem the existing RM600 million Tier-2 subordinated bonds which were issued in May 2006 as well as to provide working capital. The proposed Subordinated MTN Programme is subject to the approval of the Securities Commission.

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

	GROUP	
	31.12.2010	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)	18,120,868	13,649,990
- More than one year (medium/long term)	106,612	135,366
	18,227,480	13,785,356
Others	9,846,369	9,842,975
	28,073,849	23,628,331
(b) Deposits and placements of banks and other financial institutions		
- One year or less (short term)	1,979,219	1,546,206
- More than one year (medium/long term)	887,508	743,460
	2,866,727	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

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B11. Derivative Financial Instruments

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

	As at 31 December 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	574,637	2,638	(7,877)	432,551	5,037	(10,194)
Currency swaps						
- one year or less	1,676,220	25,072	(17,644)	1,810,451	33,075	(32,981)
Currency spots						
- one year or less	298,726	309	(324)	142,983	224	(179)
Currency options						
- one year or less	233,100	3,439	(3,404)	66,418	252	(158)
	2,782,683	31,458	(29,249)	2,452,403	38,588	(43,512)
<u>Interest rate derivatives</u>						
Interest rate swap	2,202,000	7,599	(4,215)	1,050,000	6,110	(6,663)
- one year or less	510,000	614	(781)	560,000	491	(1,655)
- over one year to three years	1,407,000	4,990	(3,160)	270,000	1,370	(3,114)
- over three years	285,000	1,995	(274)	220,000	4,249	(1,894)
Total derivatives assets/(liabilities)	4,984,683	39,057	(33,464)	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 the ABMB's participation was RM18.5 million. In 2002, the credit facilities were restructured to a loan of RM30.0 million, of which the ABMBs 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 against ABMB by dismissing its claim and granted judgement 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 filed an appeal to the Court of Appeal against the High Court judgement and applied to the High Court for a 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 dismissed ABMB's appeal for stay of execution with no order as to costs and directed that an early hearing date would be scheduled for ABMB's appeal proper.

The Court of Appeal has on 18 January 2011 allowed ABMB's appeal by dismissing the counter-claim against ABMB and allowing ABMB's claim against the Defendants. The Defendants have since filed an application for leave to appeal at the Federal Court against the said decision. Hearing for the assessment of damages which was initially fixed for decision on 14 March 2011 has been rescheduled for mention on 15 June 2011 pending outcome of the Defendants application for leave to appeal at the Federal Court.

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.

The Court had fixed the matter for trial from 23 February 2011 to 25 February 2011.

The individual borrower had also filed an application to consolidate the present suit with the suit stated under B12(c)(ii) below. On 27 January 2011, the judge allowed the said application. In view of this decision, the trial dates above will be vacated to another date and suit will be consolidated for hearing together with the suit under section B12(c)(ii) below.

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

- (ii) Arising from the above-mentioned suit (Note B12(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.

The Court fixed the matter for further case management on 29 March 2011 and set the matter down for trial from 13 June 2011 to 15 June 2011.

Meanwhile, the third party had filed an application for further interrogatories. On 9 December 2010, the Court allowed the third party's application for further interrogatories in part with costs in the cause. On 15 December 2010, ABMB filed its Notice of Appeal against the said decision. The Court has fixed hearing of the appeal on 9 February 2011. On 9 February 2011, the judge allowed ABMB appeal with costs in the cause. The third party has since filed an appeal against the said decision at the Court of Appeal.

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

B13. Dividend Declared

The Board of Directors has declared a second interim dividend of 3.7 sen per share, tax exempt under the single tier tax system, in respect of the financial year ending 31 March 2011 (2010: 5.1 sen), to be paid on 28 February 2011. The entitlement date for the second interim dividend payment is on 16 February 2011.

The total dividend paid/declared for the financial year ending 31 March 2011 is 7.0 sen per share, tax exempt under the single tier tax system (2010: 6.4 sen per share, tax exempt under the single tier tax system).

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.

	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Net profit attributable to equity holders of the Company (RM'000)	111,121	99,912	324,268	224,171
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)	(17,630)	(17,702)	(17,630)	(17,702)
	1,530,476	1,530,404	1,530,476	1,530,404
Basic earnings per share (sen)	7.3	6.5	21.2	14.6

(b) Diluted

The calculation of the diluted earnings per share is based on the net profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares of RM1.00 each in issue during the period, excluding the weighted average shares held for ESS and taken into account the assumed Share Grants to employees under ESS were vested to the employees as at 31 December 2010.

	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
Net profit attributable to equity holders of the Company (RM'000)	111,121	99,912	324,268	224,171
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)	(17,630)	(17,702)	(17,630)	(17,702)
Effect of Share Grants under ESS ('000)	4,563	5,464	4,563	5,464
	1,535,039	1,535,868	1,535,039	1,535,868
Diluted earnings per share (sen)	7.2	6.5	21.1	14.6

B16. Realised And Unrealised Unappropriated Profits Disclosure

	Period Ended	
	31.12.2010	30.09.2010
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	1,082,415	957,181
- Unrealised	95,425	92,720
	1,177,840	1,049,901
Less: consolidation adjustments	(282,759)	(276,031)
Total group retained profits as per consolidated accounts	895,081	773,870

Based on Bursa circular dated 20 December 2010, a listed issuer is required to disclose a breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period and the immediate preceding period, on a group basis, into realised and unrealised profits or losses, in the notes to its quarterly reports.

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

C1. Interest Income

<u>Group</u>	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest/income other than recoveries	197,384	187,679	591,782	563,421
- Recoveries from impaired loans	11,444	11,294	37,255	36,116
- Unwinding income *	2,228	-	6,878	-
	211,056	198,973	635,915	599,537
Money at call and deposit placements				
with financial institutions	6,772	9,657	39,069	44,439
Financial assets held-for-trading	320	246	592	684
Financial investments available-for-sale	52,951	47,220	147,451	132,486
Financial investments held-to-maturity	7,692	7,423	22,695	9,726
Others	1,032	1,554	3,208	4,584
	279,823	265,073	848,930	791,456
Accretion of discount less				
amortisation of premium	33,395	4,867	52,543	27,456
Net interest suspended	-	(4,710)	-	(15,324)
	313,218	265,230	901,473	803,588

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

C2. Interest Expense

<u>Group</u>	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks				
and other financial institutions	16,885	15,578	50,080	29,951
Deposits from customers	111,475	84,866	290,515	292,455
Loans sold to Cagamas Berhad	-	-	-	255
Subordinated bonds	9,210	9,210	27,530	27,530
Long term borrowings	5,457	5,053	16,057	15,082
Others	2,166	2,782	5,990	8,275
	145,193	117,489	390,172	373,548

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C3. Net Income From Islamic Banking Business

<u>Group</u>	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2010 RM'000	31.12.2009 RM'000	31.12.2010 RM'000	31.12.2009 RM'000
Income derived from investment of depositors' funds and others	78,367	54,307	215,205	148,192
Income derived from investment of Islamic Banking funds	7,224	6,174	21,016	18,583
Transfer from profit equalisation reserve ("PER") (Note a)	-	14,972	-	35,568
Income attributable to depositors and financial institutions	(32,915)	(15,061)	(80,957)	(41,502)
	52,676	60,392	155,264	160,841
Add: Income due to head office eliminated at Group level	6,344	5,346	18,095	13,906
	59,020	65,738	173,359	174,747

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 ABMB, which in turn is a wholly-owned subsidiary of the Company.

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C4. Other Operating Income

<u>Group</u>	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2010 RM'000	31.12.2009 RM'000	31.12.2010 RM'000	31.12.2009 RM'000
(a) <u>Fee income:</u>				
Commissions	8,102	7,238	26,388	22,991
Service charges and fees	8,687	9,391	25,702	28,134
Portfolio management fees	1,692	1,611	4,917	4,681
Corporate advisory fees	490	499	1,451	1,124
Underwriting commissions	777	-	949	-
Brokerage fees	4,943	5,005	12,393	20,853
Guarantee fees	2,610	2,181	6,825	5,553
Processing fees	1,065	1,621	10,289	4,956
Commitment fees	3,483	3,596	10,640	10,198
Other fee income	5,640	5,679	14,219	17,045
	37,489	36,821	113,773	115,535
(b) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	233	58	218	232
- Financial investments available-for-sale	1,683	6,247	3,509	10,528
- Financial investments held-to-maturity	3	-	3	-
Unrealised gain/(loss) from revaluation of:				
- Financial assets held-for-trading	214	(4)	533	(5,152)
- Derivative instruments	5,709	2,940	11,038	7,177
Realised gain on revaluation of derivative instruments	12,260	12,103	25,463	23,514
Gross dividend income from:				
- Financial investments held-to-maturity	-	2,694	-	6,189
- Financial investments available-for-sale	224	-	3,417	-
	20,326	24,038	44,181	42,488
(c) <u>Other income:</u>				
Foreign exchange (loss)/gain	(2,748)	(1,138)	5,496	7,010
Rental income	-	49	-	228
(Loss)/gain on disposal of property, plant and equipment	(81)	339	(203)	199
Gain/(loss) on disposal of foreclosed properties	-	901	(38)	5,657
Others	2,947	3,780	10,312	11,057
	118	3,931	15,567	24,151
Total other operating income	57,933	64,790	173,521	182,174

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C5. Other Operating Expenses

<u>Group</u>	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2010 RM'000	31.12.2009 RM'000	31.12.2010 RM'000	31.12.2009 RM'000
<u>Personnel costs:</u>				
Salaries, allowances and bonuses	60,848	64,937	189,458	187,549
Contribution to EPF	10,404	9,839	31,150	29,718
Share options/grants under ESS	1,298	2,513	4,076	6,646
Others	8,695	9,051	23,017	21,381
	81,245	86,340	247,701	245,294
<u>Establishment costs:</u>				
Depreciation of property, plant and equipment	14,257	9,260	30,950	28,004
Amortisation of computer software	3,551	6,641	10,761	12,034
Amortisation of leasehold land	34	35	103	104
Rental of premises	6,228	8,009	19,643	23,724
Water and electricity	1,603	1,886	4,522	5,854
Repairs and maintenance	2,389	2,297	7,104	6,157
Information technology expenses	8,401	9,009	22,286	26,179
Others	4,234	3,115	13,589	11,295
	40,697	40,252	108,958	113,351
<u>Marketing expenses:</u>				
Promotion and advertisement	2,137	2,827	4,677	6,319
Branding and publicity	1,329	812	3,086	1,713
Others	1,178	1,255	3,484	3,315
	4,644	4,894	11,247	11,347
<u>Administration and general expenses:</u>				
Communication expenses	3,253	3,057	8,141	8,950
Printing and stationery	1,044	1,395	3,157	3,374
Insurance	2,400	4,444	7,169	13,258
Professional fees	2,670	2,910	6,733	7,640
Others	1,415	3,493	5,479	12,716
	10,782	15,299	30,679	45,938
Total other operating expenses	137,368	146,785	398,585	415,930

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C6. Allowance For/(Write-back Of) Impairment On Loans, Advances And Financing And Other Losses

<u>Group</u>	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	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)	23,384	-	73,545	-
(b) Collective assessment allowance				
- made during the period (net)	(2,262)	-	4,232	-
(c) Specific allowance				
- made during the period	-	84,878	-	250,983
- written back during the period	-	(67,845)	-	(236,408)
(d) General allowance				
- made during the period	-	14,794	-	46,008
- written back during the period	-	(8,103)	-	(69,697)
(e) Bad debts on loans and financing				
- recovered	(24,572)	(22,530)	(62,241)	(47,018)
- written off	2,629	96	3,097	322
	(821)	1,290	18,633	(55,810)
Allowance for commitments and contingencies	-	-	980	1,433
Allowance for other assets	1,478	1,155	4,392	3,007
	657	2,445	24,005	(51,370)

C7. Financial Assets Held-for-trading

	Group	
	31.12.2010	31.3.2010
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Bank Negara Malaysia bills	2,601,263	-
Malaysian Government securities	45,108	-
Malaysian Government treasury bills	120,416	-
Total financial assets held-for-trading	2,766,787	-

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C8. Financial Investments Available-for-sale

	Group	
	31.12.2010	31.3.2010
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Malaysian Government securities	2,392,579	1,748,115
Malaysian Government investment certificates	736,090	566,495
Cagamas bonds	35,285	205,629
Negotiable instruments of deposits	1,484,005	459,444
Bankers' acceptances	2,196,996	799,951
<u>Quoted securities in Malaysia:</u>		
Shares [Note (a)]	4,134	3,919
Debt securities	8,005	7,591
<u>Unquoted securities:</u>		
Shares	117,513	11,377
Debt securities	1,845,894	1,352,307
Total financial investments available-for-sale	8,820,501	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	
	31.12.2010	31.3.2010
	RM'000	RM'000
Financial assets HFT reclassified to financial investments AFS portfolio		
Carrying amount	4,125	3,902
Fair value	<u>4,125</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	
	31.12.2010	31.3.2010
	RM'000	RM'000
Unrealised gain recognised in equity	706	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	
	31.12.2010	31.3.2010
	RM'000	RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government securities	805,500	811,208
Malaysian Government investment certificates	105,326	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	141,860	152,248
	1,057,588	1,029,747
Accumulated impairment	(91,746)	(98,327)
Total financial investments held-to-maturity	965,842	931,420

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C10. Loans, Advances And Financing

	Group	
	31.12.2010	31.3.2010
	RM'000	RM'000
Overdrafts	1,651,493	1,632,204
Term loans/financing		
- Housing loans/financing	9,916,640	9,081,024
- Syndicated term loans/financing	289,078	278,248
- Hire purchase receivables	925,303	1,070,593
- Lease receivables	-	104
- Other term loans/financing	7,596,570	7,243,133
Bills receivables	145,109	56,173
Trust receipts	173,230	161,254
Claims on customers under acceptance credits	2,052,627	2,025,751
Staff loans [including RM129,000 loans to Directors of banking subsidiary (31.3.2010: RM182,000)]	95,457	102,583
Credit/charge card receivables	679,782	685,003
Revolving credits	891,793	1,115,275
Other loans	333,529	339,071
	24,750,611	23,790,416
Less: Unearned interest and income	(3,088,295)	(2,380,480)
Gross loans, advances and financing	21,662,316	21,409,936
Add: Sales commission and handling fees	31,912	58,105
Less: Allowance for impairment on loan, advances and financing		
- Individual assessment allowance	(338,361)	-
- Collective assessment allowance	(327,876)	-
- Specific allowance	-	(438,582)
- General allowance	-	(322,909)
Total net loans, advances and financing	21,027,991	20,706,550

(a) By types of customer:

	Group	
	31.12.2010	31.3.2010
	RM'000	RM'000
Domestic non-bank financial institutions		
- Stockbroking companies	-	20,001
- Others	123,493	168,766
Domestic business enterprises		
- Small and medium enterprises	4,548,818	4,430,883
- Others	4,045,665	4,133,379
Government and statutory bodies	20,558	16,590
Individuals	12,383,358	12,157,289
Other domestic entities	15,081	5,088
Foreign entities	525,343	477,940
Gross loans, advances and financing	21,662,316	21,409,936

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

(b) By interest/profit rate sensitivity:

	Group	
	31.12.2010	31.3.2010
	RM'000	RM'000
Fixed rate		
- Housing loans/financing	210,073	316,948
- Hire purchase receivables	822,811	950,134
- Other fixed rate loans/financing	2,298,833	2,188,491
Variable rate		
- Base lending rate plus	14,678,832	14,097,157
- Cost plus	3,455,578	3,753,267
- Other variable rates	196,189	103,939
Gross loans, advances and financing	21,662,316	21,409,936

(c) By economic purposes:

	Group	
	31.12.2010	31.3.2010
	RM'000	RM'000
Purchase of securities	342,085	351,976
Purchase of transport vehicles	746,703	907,561
Purchase of landed property	11,411,715	11,092,067
of which: - Residential	8,622,590	8,408,597
- Non-residential	2,789,125	2,683,470
Purchase of fixed assets excluding land and buildings	97,418	66,540
Personal use	2,141,902	2,007,919
Credit card	679,781	685,003
Construction	222,200	293,211
Working capital	5,413,822	5,514,660
Others	606,690	490,999
Gross loans, advances and financing	21,662,316	21,409,936

(d) By geographical distribution:

	Group	
	31.12.2010	31.3.2010
	RM'000	RM'000
Northern region	1,797,291	1,775,991
Central region	15,824,099	15,626,298
Southern region	1,984,166	1,942,685
East Malaysia region	2,056,760	2,064,962
Gross loans, advances and financing	21,662,316	21,409,936

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

(e) By residual contractual maturity:

	Group	
	31.12.2010	31.3.2010
	RM'000	RM'000
Within one year	6,082,747	6,307,079
One year to less than three years	844,119	906,149
Three years to less than five years	1,323,992	1,408,276
Over five years	13,411,458	12,788,432
Gross loans, advances and financing	<u>21,662,316</u>	<u>21,409,936</u>

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

	Group	
	31.12.2010	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	431,517	670,112
Reclassified as non-impaired during the period/year	(237,125)	(412,025)
Recoveries	(111,616)	(194,930)
Amount written off	<u>(124,762)</u>	<u>(131,948)</u>
At end of period/year	<u>801,880</u>	806,279
Gross impaired loans as a percentage of gross loans, advances and financing	3.7%	3.8%

(g) Impaired loans by economic purposes:

	Group	
	31.12.2010	31.3.2010
	RM'000	RM'000
Purchase of securities	12,944	16,399
Purchase of transport vehicles	10,231	13,992
Purchase of landed property	312,966	336,433
of which: - Residential	<u>233,056</u>	<u>240,152</u>
- Non-residential	<u>79,910</u>	<u>96,281</u>
Purchase of fixed assets excluding land & buildings	192	198
Personal use	36,987	40,451
Credit card	14,490	14,188
Construction	13,498	14,905
Working capital	350,994	321,637
Others	<u>49,578</u>	<u>48,076</u>
Gross impaired loans	<u>801,880</u>	<u>806,279</u>

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

(h) Impaired loans by geographical distribution:

	Group	
	31.12.2010	31.3.2010
	RM'000	RM'000
Northern region	86,425	76,455
Central region	574,842	543,900
Southern region	77,684	95,821
East Malaysia region	62,929	90,103
	<u>801,880</u>	<u>806,279</u>
Gross impaired loans	<u>801,880</u>	<u>806,279</u>

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

	Group	
	31.12.2010	31.3.2010
	RM'000	RM'000
Individual assessment allowance		
At 1 April 2010		
- As previously stated	-	-
- Effects of adopting FRS 139	389,578	-
	<u>389,578</u>	<u>-</u>
At 1 April 2010, as restated	389,578	-
Allowance made during the period/year	73,545	-
Amount written off	(124,762)	-
	<u>338,361</u>	<u>-</u>
At end of period/year	<u>338,361</u>	<u>-</u>
Collective assessment allowance		
At 1 April 2010		
- As previously stated	-	-
- Effects of adopting FRS 139	323,644	-
	<u>323,644</u>	<u>-</u>
At 1 April 2010, as restated	323,644	-
Allowance made during the period/year	4,232	-
	<u>327,876</u>	<u>-</u>
At end of period/year	<u>327,876</u>	<u>-</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	
	31.12.2010 RM'000	31.3.2010 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	
	31.12.2010 RM'000	31.3.2010 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	
	31.12.2010	31.3.2010
	RM'000	RM'000
Due from clients	98,838	89,050
Due from brokers	-	-
	98,838	89,050
Less: Allowance for bad and doubtful debts	(15,836)	(16,482)
	83,002	72,568

These represent amounts receivable by AIBB from non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Central Depository System has yet to be made.

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

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

	Group	
	31.12.2010	31.3.2010
	RM'000	RM'000
Classified as doubtful	2,846	691
Classified as bad	15,858	16,150
	18,704	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	1,578	848
Reversal of allowance	(2,224)	(959)
Bad debts written off against allowance	-	(937)
At end of period/year	15,836	16,482

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C12. Other Assets

	Group	
	31.12.2010	31.3.2010
	RM'000	RM'000
Other receivables, deposits and prepayments	114,862	83,866
Interest/income receivable	93,925	61,191
Trade receivables	42	32
Manager's stocks	1,866	1,017
Foreclosed properties	4,200	4,349
	214,895	150,455
Less: Allowance for other assets	(24,048)	(21,853)
	190,847	128,602

C13. Deposits From Customers

	Group	
	31.12.2010	31.3.2010
	RM'000	RM'000
<u>By type of deposits:</u>		
Demand deposits	8,192,437	8,122,263
Savings deposits	1,607,665	1,679,449
Fixed/investment deposits	14,308,942	12,215,318
Money market deposits	2,739,023	1,160,946
Negotiable instruments of deposits	1,179,515	409,092
Structured deposits [Note (a)]	46,267	41,263
	28,073,849	23,628,331

Note:

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

	Group	
	31.12.2010	31.3.2010
	RM'000	RM'000
(b) <u>By type of customers:</u>		
Domestic financial institutions	1,186,648	415,986
Government and statutory bodies	807,860	837,472
Business enterprises	9,503,423	8,152,109
Individuals	14,756,539	13,531,116
Others	1,819,379	691,648
	28,073,849	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	14,395,316	9,977,806
Six months to one year	3,725,552	3,672,184
One year to three years	88,879	105,240
Three years to five years	17,733	30,126
	18,227,480	13,785,356

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C14. Deposits And Placements Of Banks And Other Financial Institutions

	Group	
	31.12.2010	31.3.2010
	RM'000	RM'000
Licensed banks	1,511,333	1,385,564
Licensed investment banks	249,100	80,000
Licensed Islamic banks	200,000	75,000
Bank Negara Malaysia	906,294	749,102
	2,866,727	2,289,666

C15. Balances Due To Clients And Brokers

	Group	
	31.12.2010	31.3.2010
	RM'000	RM'000
Due to clients	86,335	75,984
Due to brokers	13,344	4,265
	99,679	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	
	31.12.2010	31.3.2010
	RM'000	RM'000
Other payable and accruals	768,733	768,853
Interest/income payable	121,941	100,573
Remisier's accounts	22,284	23,454
	912,958	892,880

C17. Capital Adequacy

The capital adequacy ratios of ABMB group are computed in accordance with BNM'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:

	31.12.2010	31.3.2010
<u>Before deducting proposed dividends</u>		
Core capital ratio	-	11.39%
Risk-weighted capital ratio	-	15.65%
<u>After deducting proposed dividends</u>		
Core capital ratio	11.78%	11.13%
Risk-weighted capital ratio	15.94%	15.40%

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

	31.12.2010	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	1,010,465	882,471
Statutory reserves	764,781	735,515
Other reserves	10,018	10,018
Minority interests	4,462	4,539
	2,987,760	2,830,577
Less: Purchased goodwill/goodwill on consolidation	(302,065)	(302,065)
Deferred tax assets	(82,504)	(99,347)
Total Tier I capital	2,603,191	2,429,165
Tier II Capital		
Subordinated bonds	600,000	600,000
Collective assessment allowance	321,005	-
General allowance	-	322,933
Total Tier II capital	921,005	922,933
Total Capital	3,524,196	3,352,098
Less: Investments in subsidiaries	(3,620)	(12,760)
Total Capital Base	3,520,576	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.

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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
31 December 2010			
<u>Before deducting proposed dividends</u>			
Core capital ratio	-	-	-
Risk-weighted capital ratio	-	-	-
<u>After deducting proposed dividends</u>			
Core capital ratio	14.10%	11.57%	47.76%
Risk-weighted capital ratio	14.40%	13.29%	47.89%
31 March 2010			
<u>Before deducting proposed dividends</u>			
Core capital ratio	13.57%	-	-
Risk-weighted capital ratio	13.91%	-	-
<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 BNM'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 ("AIBB") are computed in accordance with BNM's revised Risk-weighted Capital Adequacy Framework (RWCAF-Basel II). AIBB 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	31.12.2010		31.3.2010	
	Net	Risk-	Net	Risk-
	Exposure	Weighted	Exposure	Weighted
	RM'000	RM'000	RM'000	RM'000
0%	5,448,065	-	5,391,179	-
20%	6,287,705	1,257,541	4,044,857	808,972
35%	3,871,252	1,354,938	3,505,236	1,226,833
50%	2,687,146	1,343,573	2,686,655	1,343,327
75%	9,369,845	7,027,383	9,550,838	7,163,128
100%	8,119,853	8,119,853	8,291,425	8,291,425
150%	467,300	700,949	237,355	356,032
Total RWA equivalent for Credit risk	36,251,166	19,804,237	33,707,545	19,189,717
Total RWA equivalent for Market risk	-	79,340	-	19,663
Total RWA equivalent for Operational risk	-	2,209,340	-	2,126,663
Total Risk-Weighted Assets	36,251,166	22,092,917	33,707,545	21,336,043

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C18. Commitments And Contingencies

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

Group As at 31 December 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	450,458		450,458	450,458
Transaction-related contingent items	475,259		237,629	237,629
Short-term self-liquidating trade-related contingencies	133,555		26,711	26,711
Irrevocable commitments to extent credit:				
- maturity exceeding one year	1,560,493		780,247	652,871
- maturity not exceeding one year	8,594,363		1,718,872	1,485,156
	<u>11,214,128</u>		<u>3,213,917</u>	<u>2,852,825</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	2,782,683	31,458	63,349	32,665
Interest rate related contracts:				
- one year or less	510,000	614	1,544	309
- over one year to three years	1,407,000	4,990	27,260	5,452
- over three years	285,000	1,995	15,496	3,099
	<u>4,984,683</u>	<u>39,057</u>	<u>107,649</u>	<u>41,525</u>
	<u>16,198,811</u>	<u>39,057</u>	<u>3,321,566</u>	<u>2,894,350</u>

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C17. Commitments And Contingencies (contd.)

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>

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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 31 December 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	1,145,897	-	-	-	-	-	570,216	-	1,716,113	2.76
Deposits and placements with banks and other financial institutions	-	365,000	-	160	-	-	-	-	365,160	2.97
Financial assets held-for-trading	-	-	-	-	-	-	-	2,766,787	2,766,787	2.82
Financial investments available-for-sale	1,516,844	2,012,966	432,994	661,127	2,656,944	1,417,978	121,648	-	8,820,501	3.40
Financial investments held-to-maturity	-	25,000	10,041	635,280	287,305	5,179	3,037	-	965,842	2.79
Loans, advances and financing	16,259,629	1,043,643	406,242	230,722	1,466,235	1,485,877	135,643 *	-	21,027,991	5.92
Balances due from clients and brokers	4,091	-	-	-	-	-	78,911	-	83,002	12.00
Other non-interest/profit sensitive balances	-	-	-	-	-	-	1,086,489	39,057	1,125,546	-
TOTAL ASSETS	18,926,461	3,446,609	849,277	1,527,289	4,410,484	2,909,034	1,995,944	2,805,844	36,870,942	
LIABILITIES										
Deposits from customers	13,353,804	3,423,980	2,908,200	3,734,790	106,612	-	4,546,463	-	28,073,849	2.13
Deposits and placements of banks and other financial institutions	1,395,495	566,700	1,224	14,467	887,508	-	1,333	-	2,866,727	2.39
Amount due to Cagamas Berhad	-	-	-	-	25,879	-	-	-	25,879	4.54
Bills and acceptances payable	192,092	48,069	50	-	-	-	-	-	240,211	3.01
Balances due to clients and brokers	41,231	-	-	-	-	-	58,448	-	99,679	2.55
Subordinated bonds	-	-	600,000	-	-	-	-	-	600,000	6.09
Long term borrowings	-	-	-	-	600,000	-	-	-	600,000	3.61
Other non-interest/profit sensitive balances	-	-	-	-	-	-	997,108	33,464	1,030,572	-
TOTAL LIABILITIES	14,982,622	4,038,749	3,509,474	3,749,257	1,619,999	-	5,603,352	33,464	33,536,917	
Equity	-	-	-	-	-	-	3,329,508	-	3,329,508	-
Minority interests	-	-	-	-	-	-	4,517	-	4,517	-
TOTAL LIABILITIES AND EQUITY	14,982,622	4,038,749	3,509,474	3,749,257	1,619,999	-	8,937,377	33,464	36,870,942	

* 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

	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 31 December 2009 have been re-presented as a combined statements of total comprehensive income comprising components of profit or loss and other comprehensive income. All non-owner changes in equity which were 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.)

	Group			
	3rd Quarter Ended		Cumulative 9 Months Ended	
	As restated RM'000	As previously reported RM'000	As restated RM'000	As previously reported RM'000
(ii) <u>Statements of Comprehensive Income</u> <u>for the financial period ended</u> <u>30 September 2009</u>				
Interest income	265,230	271,268	803,588	825,322
Net income from				
Islamic banking business	65,738	65,668	174,747	174,525
Other operating income	64,790	57,673	182,174	157,473
Allowance for impairment on loans, advances and financing and other losses	(2,445)	(1,296)	51,370	54,559

By Order of the Board

LEE WEI YEN (MAICSA 7001798)

Group Company Secretary

Kuala Lumpur

21 February 2011