

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2011

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	1st Quarter Ended		Cumulative 3 Months Ended	
		30.6.2011	30.6.2010	30.6.2011	30.6.2010
		RM'000	RM'000	RM'000	RM'000
Interest income	C1	328,951	276,704	328,951	276,704
Interest expense	C2	(160,214)	(107,597)	(160,214)	(107,597)
Net interest income		168,737	169,107	168,737	169,107
Net income from Islamic banking business	C3	61,827	55,606	61,827	55,606
		230,564	224,713	230,564	224,713
Other operating income	C4	79,211	51,510	79,211	51,510
Net income		309,775	276,223	309,775	276,223
Other operating expenses	C5	(144,076)	(124,802)	(144,076)	(124,802)
Share of result of associate		(698)	-	(698)	-
Operating profit		165,001	151,421	165,001	151,421
Write-back of/(allowance for) losses on loans, advances and financing and other losses	C6	7,917	(520)	7,917	(520)
Write-back of/(allowance for) impairment		871	(624)	871	(624)
Profit before taxation and zakat		173,789	150,277	173,789	150,277
Taxation and zakat	B5	(44,023)	(39,756)	(44,023)	(39,756)
Net profit after taxation and zakat		129,766	110,521	129,766	110,521
Other comprehensive income:					
Revaluation reserve on financial investments available-for-sale					
- Net gain from change in fair value		45,235	949	45,235	949
- Transfer to deferred tax assets		(11,309)	(237)	(11,309)	(237)
Other comprehensive income, net of tax		33,926	712	33,926	712
Total comprehensive income for the year		163,692	111,233	163,692	111,233
Profit attributable to:					
Owners of the parent		129,557	110,736	129,557	110,736
Non-controlling interests		209	(215)	209	(215)
Net profit after taxation and zakat		129,766	110,521	129,766	110,521
Total comprehensive income attributable to:					
Owners of the parent		163,483	111,448	163,483	111,448
Non-controlling interests		209	(215)	209	(215)
Total comprehensive income for the year		163,692	111,233	163,692	111,233
Earnings per share attributable to owners of the parent:					
- Basic (sen)	B14(a)	8.5	7.2	8.5	7.2
- Diluted (sen)	B14(b)	8.4	7.2	8.4	7.2

(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 2011)

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		UNAUDITED AS AT 30.6.2011	AUDITED AS AT 31.3.2011
	<i>Note</i>	RM'000	RM'000
ASSETS			
Cash and short-term funds		956,968	914,038
Deposits and placements with banks and other financial institutions		164	100,228
Financial assets held-for-trading	C7	176,485	1,938,250
Financial investments available-for-sale	C8	11,637,678	9,259,940
Financial investments held-to-maturity	C9	1,431,846	940,726
Derivative financial assets	B10	25,631	32,047
Loans, advances and financing	C10	22,026,669	21,796,319
Balances due from clients and brokers	C11	68,835	80,519
Investment properties		27,748	27,748
Other assets	C12	86,150	87,621
Tax recoverable		3,664	3,244
Statutory deposits		868,697	291,108
Investment in associate		27,832	28,530
Property, plant and equipment		100,660	104,837
Intangible assets		357,790	357,682
Deferred tax assets		91,089	109,099
TOTAL ASSETS		37,887,906	36,071,936
LIABILITIES AND EQUITY			
Deposits from customers	B9(a), C13	28,292,303	28,345,647
Deposits and placements of banks and other financial institutions	B9(b), C14	3,635,865	1,952,200
Derivative financial liabilities	B10	28,102	33,347
Amount due to Cagamas Berhad		125,905	125,776
Bills and acceptances payable		33	111,159
Balances due to clients and brokers	C15	76,436	86,743
Other liabilities	C16	979,634	811,890
Subordinated obligations	B9(c)	597,429	600,000
Long term borrowings	B9(d)	601,240	601,272
Provision for taxation		19,811	40,507
Deferred tax liabilities		9,560	6,792
TOTAL LIABILITIES		34,366,318	32,715,333
Share capital		1,548,106	1,548,106
Reserves		2,011,951	1,847,175
Shares held for Employees' Share Scheme		(43,167)	(43,167)
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT		3,516,890	3,352,114
Non-controlling interests		4,698	4,489
TOTAL EQUITY		3,521,588	3,356,603
TOTAL LIABILITIES AND EQUITY		37,887,906	36,071,936
COMMITMENTS AND CONTINGENCIES	C18	17,904,369	15,909,028
Net assets per share attributable to owners of the parent (RM)*		2.27	2.17

* The net assets per share attributable to owners of the parent is computed as total equity (excluding non-controlling 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 2011)

ALLIANCE FINANCIAL GROUP BERHAD

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2011

	← Attributable to Owners of the Parent →											
	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	Non- controlling 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 June 2011												
At 1 April 2011	1,548,106	304,289	544,368	7,013	68,620	13,768	1,033	(43,167)	908,084	3,352,114	4,489	3,356,603
Net profit after taxation and zakat	-	-	-	-	-	-	-	-	129,557	129,557	209	129,766
Other comprehensive income	-	-	-	-	33,926	-	-	-	-	33,926	-	33,926
Total comprehensive income for the period	-	-	-	-	33,926	-	-	-	129,557	163,483	209	163,692
Share-based payment under ESS	-	-	-	-	-	1,293	-	-	-	1,293	-	1,293
At 30 June 2011	1,548,106	304,289	544,368	7,013	102,546	15,061	1,033	(43,167)	1,037,641	3,516,890	4,698	3,521,588
30 June 2010												
At 1 April 2010	1,548,106	304,289	493,477	7,013	74,564	12,341	26,388	(46,697)	631,114	3,050,595	4,540	3,055,135
Net profit/(loss) after taxation and zakat	-	-	-	-	-	-	-	-	110,736	110,736	(215)	110,521
Other comprehensive income	-	-	-	-	712	-	-	-	-	712	-	712
Total comprehensive income/(loss) for the period	-	-	-	-	712	-	-	-	110,736	111,448	(215)	111,233
Share-based payment under ESS	-	-	-	-	-	1,426	-	-	-	1,426	-	1,426
Transfer from PER	-	-	-	-	-	-	(7,342)	-	7,342	-	-	-
At 30 June 2010	1,548,106	304,289	493,477	7,013	75,276	13,767	19,046	(46,697)	749,192	3,163,469	4,325	3,167,794

(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 2011)

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2011

	Unaudited 3 Months Ended 30.6.2011 RM'000	Audited 3 Months Ended 30.6.2010 RM'000
Profit before taxation and zakat	173,789	150,277
Adjustments for non-cash items	(78,046)	(2,361)
Operating profit before changes in working capital	95,743	147,916
Changes in working capital	2,769,039	417,959
Taxes and zakat paid	(55,663)	10,535
Net cash generated from operating activities	2,809,119	576,410
Net cash used in investing activities	(2,716,561)	(1,562,319)
Net cash used in financing activities	(20,388)	(14,299)
Net change in cash and cash equivalents	72,170	(1,000,208)
Cash and cash equivalents at beginning of year	826,534	3,470,296
Cash and cash equivalents at end of period	898,704	2,470,088

Cash and cash equivalents comprise the following:

Cash and short-term funds	956,968	2,527,861
Less: Monies held in trust	(58,264)	(57,773)
	898,704	2,470,088

(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 2011)

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

A1. Basis Of Preparation

The unaudited condensed interim financial statements for the 1st financial quarter ended 30 June 2011 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 2011. 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 2011.

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 2011, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2011:

- FRS 3 "Business Combinations"
- FRS 127 "Consolidated and Separate Financial Statements"
- Amendments to FRS 2 "Share-based Payment: Group Cash-settled Share-based Payment Transactions"
- Amendments to FRS 7 "Financial Instruments: Disclosures" and FRS 1 "First-time Adoption of Financial Reporting Standards"
- IC Interpretation 4 "Determining whether an Arrangement contains a Leases"
- IC Interpretation 17 "Distributions of Non-cash Assets to Owners"
- Improvements to FRSs (2010)

The revised FRS 3 continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The application of this standard is not expected to have a material impact on the financial statements of the Group.

The revised FRS 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. When this standard is effective, all earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests prior years is not restated. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the statement of comprehensive income. The application of this standard is not expected to have a material impact on the financial statements of the Group.

A1. Basis Of Preparation (cont'd.)

The adoption of the Amendment to FRS 7 and FRS 1 requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.

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 April 2012, and have yet to be adopted by the Group:

- FRS 124 "Related Party Transactions" (effective 1 January 2012)
- IC Interpretation 19 "Extinguishing Financial Liabilities with Equity Instruments" (effective from 1 July 2011)

The preparation of unaudited condensed interim financial statements in conformity with the Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of current events and actions, actual results may differ.

A2. Declaration Of Audit Confirmation

The annual audited report on the financial statements for the financial year ended 31 March 2011 did not contain any qualification.

A3. Seasonal And Cyclical Factors

The operations of the Group were not materially affected by any seasonal or cyclical fluctuations in the 1st financial quarter ended 30 June 2011.

A4. Nature And Amount Of Items Affecting Assets, Liabilities, Equity, Net Income Or Cash Flows That Are Unusual Because Of Their Nature, Size Or Incidence

The assets, liabilities, equity, net income and cash flows of the Group in the 1st financial quarter ended 30 June 2011 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 1st financial quarter ended 30 June 2011.

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 1st financial quarter ended 30 June 2011, other than as disclosed in Note A9.

A7. Dividends Paid

There was no dividend paid during the 1st financial quarter ended 30 June 2011.

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") and Wholesale Banking. SME Banking customers comprise self-employed, small and medium scale enterprises. Wholesale Banking serves public-listed and large corporate business customers including family-owned businesses. Business Banking provides a wide range of products and services including loans, trade finance, cash management, treasury and structured solutions.

(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)
FIRST FINANCIAL QUARTER ENDED 30 JUNE 2011

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

GROUP As at 30 June 2011	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)	32,606	72,167	58,315	1,168	(985)	163,271	5,466	168,737
- inter-segment	25,250	(1,437)	(22,959)	(854)	-	-	-	-
	57,856	70,730	35,356	314	(985)	163,271	5,466	168,737
Net income from Islamic banking business	31,011	16,812	7,385	-	-	55,208	6,619	61,827
Other operating income	19,677	38,820	12,505	6,397	6,363	83,762	(4,551)	79,211
Net income	108,544	126,362	55,246	6,711	5,378	302,241	7,534	309,775
Other operating expenses	(61,422)	(47,062)	(9,418)	(9,617)	(5,805)	(133,324)	756	(132,568)
Depreciation and amortisation	(5,505)	(3,793)	(1,482)	(695)	(33)	(11,508)	-	(11,508)
Operating profit	41,617	75,507	44,346	(3,601)	(460)	157,409	8,290	165,699
Write-back of/(allowance for) losses on loans, advances and financing and other losses	11,277	(2,699)	(701)	95	(55)	7,917	-	7,917
Write-back of/(allowance for) impairment	-	2,331	-	-	(1,460)	871	-	871
Segment result	52,894	75,139	43,645	(3,506)	(1,975)	166,197	8,290	174,487
Share of results in an associate								(698)
Taxation and zakat								(44,023)
Net profit after taxation and zakat								129,766
Segment assets	12,099,307	9,989,807	17,128,828	203,707	746,836	40,168,485	(2,861,614)	37,306,871
Reconciliation of segment assets to consolidated assets:								
Investment in an associate								27,832
Property, plant and equipment								100,660
Unallocated assets								94,753
Intangible assets								357,790
Total assets								37,887,906
Segment liabilities	15,713,334	9,286,616	10,556,894	161,257	682,015	36,400,116	(2,063,169)	34,336,947
Unallocated liabilities								29,371
Total liabilities								34,366,318

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FIRST FINANCIAL QUARTER ENDED 30 JUNE 2011

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

GROUP As at 30 June 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)	62,527	66,275	39,591	1,177	(703)	168,867	240	169,107
- inter-segment	7,139	6,947	(13,518)	(568)	-	-	-	-
	69,666	73,222	26,073	609	(703)	168,867	240	169,107
Net income from Islamic banking business	31,445	13,645	3,975	-	-	49,065	6,541	55,606
Other operating income	17,717	24,495	5,244	4,562	3,265	55,283	(3,773)	51,510
Net income	118,828	111,362	35,292	5,171	2,562	273,215	3,008	276,223
Other operating expenses	(56,285)	(38,664)	(9,437)	(3,022)	(5,663)	(113,071)	570	(112,501)
Depreciation and amortisation	(5,941)	(3,486)	(1,813)	(982)	(79)	(12,301)	-	(12,301)
Operating profit/(loss)	56,602	69,212	24,042	1,167	(3,180)	147,843	3,578	151,421
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(5,711)	4,811	110	327	(57)	(520)	-	(520)
Write-back of/(allowance for) impairment	-	579	(1,203)	-	(164)	(788)	164	(624)
Segment result	50,891	74,602	22,949	1,494	(3,401)	146,535	3,742	150,277
Taxation and zakat								(39,756)
Net profit after taxation and zakat								<u>110,521</u>
Segment assets	<u>12,567,368</u>	<u>8,421,299</u>	<u>12,448,834</u>	<u>215,422</u>	<u>2,492,697</u>	<u>36,145,620</u>	<u>(4,214,256)</u>	<u>31,931,364</u>
Reconciliation of segment assets to consolidated assets:								
Property, plant and equipment								127,629
Unallocated assets								87,327
Intangible assets								362,546
Total assets								<u>32,508,866</u>
Segment liabilities	<u>13,703,429</u>	<u>8,321,410</u>	<u>8,101,694</u>	<u>136,231</u>	<u>655,567</u>	<u>30,918,331</u>	<u>(1,626,706)</u>	<u>29,291,625</u>
Unallocated liabilities								49,455
Total liabilities								<u>29,341,080</u>

A9. Material Event During The Financial Reporting Period

Tier-2 Subordinated Medium Term Notes Programme of Up to RM1.5 billion in nominal value ("Subordinated MTN Programme")

On 8 April 2011, Alliance Bank Malaysia Berhad ("ABMB"), a wholly-owned subsidiary of the Company had completed the issuance of RM600 million Subordinated Medium Term Notes ("Subordinated Notes") under the RM1.5 billion Subordinated MTN Programme.

The Subordinated MTN Programme was earlier approved by Bank Negara Malaysia ("BNM") and the Securities Commission ("SC") on 30 December 2010 and 25 February 2011 respectively. The Subordinated Notes are eligible for inclusion as Tier-2 capital of ABMB under BNM's capital adequacy regulations.

The Subordinated Notes have been assigned a long term rating of A2 by RAM Rating Services Berhad with tenure of 10 years, callable five (5) years after the issue date and on every coupon payment date thereafter, subject to BNM's approval.

The coupon rate for the Subordinated Notes is fixed at 4.82% per annum, payable semi-annually throughout the entire tenure and was issued at a discount. The proceeds have been used to redeem the existing RM600 million Subordinated Bonds of ABMB on 26 May 2011.

A10. Material Events 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

KLCS Asset Management Sdn. Bhd., a wholly-owned subsidiary of Alliance Investment Bank Berhad was dissolved on 28 April 2011 pursuant to Section 272(5) of the Companies Act, 1965.

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 RM173.8 million, an increase of 15.6% compared to the corresponding quarter last year. The improvement was primarily due to higher net income and better loans recoveries.

The Group registered 18.9% growth in interest income due to increase in both lending rate and loan growth. Gross loan/financing registered year-on-year growth of 5%. In our efforts to improve liquidity, the Group's deposits registered strong growth of 21.5% compared to June 2010. Loan Deposit ratio was at 80.0% compared to 92.6% a year ago. Current Account Savings Account ratio recorded at 35.5% as at 30 June 2011.

Other operating income registered a 53.8% growth mainly due to higher fees income and gain from realisation of investments. Non-Funded Income ratio improved from 19.4% a year ago to 26.4%. In line with the business expansion, overheads recorded an increase of 15.4%, Group's Cost-to-Income ratio recorded at 46.5%.

Gross impaired loan ratio improved to 3.0% compared to 3.8% as of 30 June 2010. Risk-weighted capital ratio continues to remain strong at 15.3%, with core capital ratio at 11.3% compared to 15.5% and 11.2% a year ago.

B2. Comparison With Immediate Preceding Quarter

For the current financial quarter ended 30 June 2011, the Group recorded profit before taxation of RM173.8 million, an increase of 52.0% compared to the preceding quarter ended 31 March 2011, primarily due to higher net income and better loans recoveries.

B3. Current Year Prospect

Economic growth continues to be strong supported by robust domestic economic activity. In its May 2011 Monetary Policy Statement, Bank Negara Malaysia expects the economy to remain steady with growth improving gradually during the course of the year, in line with the implementation of the Economic Transformation Programme. Monetary policy remains supportive of growth.

At the Group level, we continue to focus on rebuilding broad revenue whilst concurrently investing in underlying capabilities and systems to ensure a more diverse range of earnings across our franchises. We will invest and manage our priorities to address operational, infrastructure, service and human capital aspects of our business in realising our long term ambitions. Barring any unforeseen circumstances, the Group expects to continue to record satisfactory performance in the financial year ending 31 March 2012.

B4. Profit Forecast

There was no profit forecast issued by the Group.

B5. Taxation And Zakat

GROUP	1st Quarter Ended		Cumulative 3 Months Ended	
	30.6.2011	30.6.2010	30.6.2011	30.6.2010
	RM'000	RM'000	RM'000	RM'000
Taxation				
- Income tax	34,574	39,545	34,574	39,545
- Deferred tax	9,470	211	9,470	211
	44,044	39,756	44,044	39,756
- Over provision of income tax expense in prior years	(21)	-	(21)	-
	44,023	39,756	44,023	39,756

The Group's effective tax rate for the financial period ended 30 June 2011 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 1st financial quarter ended 30 June 2011 other than in the ordinary course of business.

B7. Purchase And Disposal Of Quoted Securities

There was no purchase or disposal of quoted securities for the 1st financial quarter ended 30 June 2011 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 but not completed other than as disclosed in Note A9.

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

	GROUP	
	30.6.2011	31.3.2011
	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)	18,101,793	18,547,810
- More than one year (medium/long term)	74,887	67,786
	18,176,680	18,615,596
Others	10,115,623	9,730,051
	28,292,303	28,345,647
(b) Deposits and placements of banks and other financial institutions		
- One year or less (short term)	2,935,754	1,069,289
- More than one year (medium/long term)	700,111	882,911
	3,635,865	1,952,200
(c) Subordinated obligations		
Unsecured and more than one year (medium/long term)		
- Tier II Subordinated bonds	-	600,000
- Tier II Subordinated Medium Term Notes	597,429	-
(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.)	401,150	401,189
Floating rate term loan (Tenor of 4 years with all in interest rate of Cost of Fund plus 0.5% p.a.)	200,090	200,083
	601,240	601,272

B10. Derivative Financial Instruments

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

	As at 30 June 2011			As at 31 March 2011		
	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 and commodity contracts:</u>						
Currency forwards						
- one year or less	670,060	3,107	(5,797)	442,706	1,217	(7,713)
- over one year to three years	12,082	12	-	-	-	-
Currency swaps						
- one year or less	2,976,820	13,808	(17,913)	1,819,102	18,692	(18,042)
Currency spots						
- one year or less	223,419	439	(649)	76,047	70	(37)
Currency options						
- one year or less	54,846	189	(142)	24,473	90	(57)
Gold options						
- one year or less	278,110	107	(107)	482,299	2,499	(2,499)
	4,215,337	17,662	(24,608)	2,844,627	22,568	(28,348)
<u>Interest rate contracts:</u>						
Interest rate swap	2,012,000	7,969	(3,494)	2,112,000	9,479	(4,999)
- one year or less	310,000	1,633	(525)	380,000	257	(252)
- over one year to three years	1,417,000	4,251	(2,461)	1,447,000	6,465	(3,766)
- over three years	285,000	2,085	(508)	285,000	2,757	(981)
Total derivatives assets/(liabilities)	6,227,337	25,631	(28,102)	4,956,627	32,047	(33,347)

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 2011.

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.

B10. 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.

B11. Material Litigation

- (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 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 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. The Defendant's Notice of Motion for leave to appeal to the Federal Court came up for hearing on 21 March 2011 and the judges adjourned the leave application to another date yet to be fixed pending receipt of Grounds of Judgment from the Court of Appeal.

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.

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

B11. 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.

However, the individual borrower had also filed an application to consolidate the present suit with the suit stated under B11(c)(ii) below. On 27 January 2011, the judge allowed the said application. In view of this decision, the trial dates above have been vacated to another date and suit will be consolidated for hearing together with the suit under section B11(c)(ii) below.

Trial scheduled on 17 October 2011, 18 October 2011 and 24 November 2011 respectively.

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 B11(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 has set the matter down for trial from 13 June 2011 to 15 June 2011.

Court has fixed next case management on 15 April 2011 for clarification on the validity of the order to consolidate the present suit with B11(c)(i) above.

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's appeal with costs in the cause. The third party has since filed an appeal against the said decision at the Court of Appeal.

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.

On 16 June 2011, the Court of Appeal directed third party and ABMB to enter into a Consent Order which ABMB shall endeavour to produce supportive documents and deliver it to the Plaintiff.

B12. Dividend Declared

The Board of Directors has declared a first interim dividend of 5.6 sen per share, tax exempt under the single tier tax system, in respect of the financial year ending 31 March 2012 (2011: 3.3 sen), to be paid on 26 August 2011. The entitlement date for the first interim dividend payment is on 12 August 2011.

B13. 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.

B14. Earnings Per Share (EPS)

(a) **Basic**

The calculation of the basic earnings per share is based on the net profit attributable to owners of the parent 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.

	1st Quarter Ended		Cumulative 3 Months Ended	
	30.6.2011	30.6.2010	30.6.2011	30.6.2010
Net profit attributable to owners of the parent (RM'000)	129,557	110,736	129,557	110,736
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)	(17,629)	(19,070)	(17,629)	(19,070)
	1,530,477	1,529,036	1,530,477	1,529,036
Basic earnings per share (sen)	8.5	7.2	8.5	7.2

(b) **Diluted**

The calculation of the diluted earnings per share is based on the net profit attributable to owners of the parent 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 June 2011.

	1st Quarter Ended		Cumulative 3 Months Ended	
	30.6.2011	30.6.2010	30.6.2011	30.6.2010
Net profit attributable to owners of the parent (RM'000)	129,557	110,736	129,557	110,736
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)	(17,629)	(19,070)	(17,629)	(19,070)
Effect of Share Grants under ESS ('000)	3,982	4,579	3,982	4,579
	1,534,459	1,533,615	1,534,459	1,533,615
Diluted earnings per share (sen)	8.4	7.2	8.4	7.2

B15. Realised And Unrealised Unappropriated Profits Disclosure

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

	Period Ended	
	30.06.2011	31.03.2011
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	1,186,759	1,045,846
- Unrealised	131,076	144,761
	1,317,835	1,190,607
Less: Consolidation adjustments	(280,194)	(282,523)
Total group retained profits as per consolidated accounts	1,037,641	908,084

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

Accordingly, the unrealised retained profits of the Group as disclosed above excludes translation gains and losses on monetary items denominated in a currency other than the functional currency and foreign exchange contracts, as these gains and losses are incurred in the ordinary course of business of the Group, and are hence deemed as realised.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

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

C1. Interest Income

Group	1st Quarter Ended		Cumulative 3 Months Ended	
	30.6.2011	30.6.2010	30.6.2011	30.6.2010
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	220,934	207,683	220,934	207,683
Money at call and deposit placements with financial institutions	3,483	11,858	3,483	11,858
Financial assets held-for-trading	830	78	830	78
Financial investments available-for-sale	70,451	40,980	70,451	40,980
Financial investments held-to-maturity	8,171	7,711	8,171	7,711
Others	1,082	1,219	1,082	1,219
	304,951	269,529	304,951	269,529
Accretion of discount less amortisation of premium	24,000	7,175	24,000	7,175
	328,951	276,704	328,951	276,704

Included in interest income on loan, advances and financing for the current year is interest accrued on impaired loans of the Group of RM2,804,000 (30.06.2010: RM3,428,000) respectively.

C2. Interest Expense

Group	1st Quarter Ended		Cumulative 3 Months Ended	
	30.6.2011	30.6.2010	30.6.2011	30.6.2010
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	12,167	12,902	12,167	12,902
Deposits from customers	127,993	78,158	127,993	78,158
Loans sold to Cagamas Berhad	885	-	885	-
Subordinated bonds	12,326	9,110	12,326	9,110
Long term borrowings	5,460	5,188	5,460	5,188
Others	1,383	2,239	1,383	2,239
	160,214	107,597	160,214	107,597

C3. Net Income From Islamic Banking Business

Group	1st Quarter Ended		Cumulative 3 Months Ended	
	30.6.2011	30.6.2010	30.6.2011	30.6.2010
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	82,453	62,299	82,453	62,299
Income derived from investment of Islamic Banking funds	7,475	6,926	7,475	6,926
Income attributable to depositors and financial institutions	(34,720)	(20,161)	(34,720)	(20,161)
	55,208	49,064	55,208	49,064
Add: Income due to head office eliminated at Group level	6,619	6,542	6,619	6,542
	61,827	55,606	61,827	55,606

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C4. Other Operating Income

Group	1st Quarter Ended		Cumulative 3 Months Ended	
	30.6.2011	30.6.2010	30.6.2011	30.6.2010
	RM'000	RM'000	RM'000	RM'000
(a) <u>Fee income:</u>				
Commissions	12,984	7,800	12,984	7,800
Service charges and fees	8,008	9,056	8,008	9,056
Portfolio management fees	1,801	1,608	1,801	1,608
Corporate advisory fees	2,107	334	2,107	334
Brokerage fees	3,482	3,651	3,482	3,651
Guarantee fees	2,254	2,199	2,254	2,199
Processing fees	3,293	1,037	3,293	1,037
Commitment fees	3,418	3,544	3,418	3,544
Other fee income	4,376	4,058	4,376	4,058
	41,723	33,287	41,723	33,287
(b) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	866	(110)	866	(110)
- Financial investments available-for-sale	2,391	1,608	2,391	1,608
- Financial investments held-to-maturity	11,994	-	11,994	-
Unrealised (loss)/gain from revaluation of:				
- Financial assets held-for-trading	(365)	5	(365)	5
- Derivative instruments	(1,165)	(11,969)	(1,165)	(11,969)
Realised gain on revaluation of derivative instruments	11,392	21,176	11,392	21,176
Gross dividend income from:				
- Financial investments available-for-sale	3,619	1,039	3,619	1,039
	28,732	11,749	28,732	11,749
(c) <u>Other income:</u>				
Foreign exchange gain	2,838	2,784	2,838	2,784
Gain/(loss) on disposal of property, plant and equipment	82	(124)	82	(124)
Others	5,836	3,814	5,836	3,814
	8,756	6,474	8,756	6,474
Total other operating income	79,211	51,510	79,211	51,510

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C5. Other Operating Expenses

Group	1st Quarter Ended		Cumulative 3 Months Ended	
	30.6.2011	30.6.2010	30.6.2011	30.6.2010
	RM'000	RM'000	RM'000	RM'000
Personnel costs:				
Salaries, allowances and bonuses	73,758	62,678	73,758	62,678
Contribution to EPF	11,861	10,492	11,861	10,492
Share options/grants under ESS	1,293	1,426	1,293	1,426
Others	6,002	5,546	6,002	5,546
	92,914	80,142	92,914	80,142
Establishment costs:				
Depreciation of property, plant and equipment	7,443	8,700	7,443	8,700
Amortisation of computer software	4,065	3,601	4,065	3,601
Rental of premises	6,257	6,831	6,257	6,831
Water and electricity	1,780	1,859	1,780	1,859
Repairs and maintenance	2,070	2,274	2,070	2,274
Information technology expenses	7,177	8,576	7,177	8,576
Others	6,745	3,899	6,745	3,899
	35,537	35,740	35,537	35,740
Marketing expenses:				
Promotion and advertisement	2,560	824	2,560	824
Branding and publicity	886	580	886	580
Others	1,100	996	1,100	996
	4,546	2,400	4,546	2,400
Administration and general expenses:				
Communication expenses	3,515	1,749	3,515	1,749
Printing and stationery	459	928	459	928
Insurance	260	2,343	260	2,343
Professional fees	2,904	988	2,904	988
Others	3,941	512	3,941	512
	11,079	6,520	11,079	6,520
Total other operating expenses	144,076	124,802	144,076	124,802

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

Group	1st Quarter Ended		Cumulative 3 Months Ended	
	30.6.2011	30.6.2010	30.6.2011	30.6.2010
	RM'000	RM'000	RM'000	RM'000
(Write-back of)/allowance for losses on loans and financing:				
(a) Individual assessment allowance - (write-back)/made during the period (net)	(4,191)	11,943	(4,191)	11,943
(b) Collective assessment allowance - made during the period (net)	10,816	1,927	10,816	1,927
(c) Bad debts on loans and financing				
- recovered	(16,345)	(16,119)	(16,345)	(16,119)
- written off	173	122	173	122
	(9,547)	(2,127)	(9,547)	(2,127)
(Write-back of)/allowance for commitments and contingencies	(50)	980	(50)	980
Allowance for other assets	1,680	1,667	1,680	1,667
	(7,917)	520	(7,917)	520

C7. Financial Assets Held-for-trading

	Group	
	30.6.2011	31.3.2011
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Bank Negara Malaysia bills	-	1,848,299
Malaysian Government securities	176,485	-
Malaysian Government investment certificates	-	59,951
Malaysian Government treasury bills	-	30,000
Total financial assets held-for-trading	176,485	1,938,250

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C8. Financial Investments Available-for-sale

	Group	
	30.6.2011	31.3.2011
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Malaysian Government securities	3,120,238	3,244,713
Malaysian Government investment certificates	2,514,063	764,371
Negotiable instruments of deposits	1,121,959	1,741,201
Bankers' acceptances	2,517,015	1,388,637
Cagamas bonds	35,358	35,396
<u>Quoted securities in Malaysia:</u>		
Shares	4,022	3,875
Debt securities	6,598	7,818
<u>Unquoted securities:</u>		
Shares	136,096	117,587
Debt securities	2,182,329	1,956,342
Total financial investments available-for-sale	11,637,678	9,259,940

C9. Financial Investments Held-to-maturity

	Group	
	30.6.2011	31.3.2011
	RM'000	RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government securities	953,623	804,820
Malaysian Government investment certificates	450,950	105,624
At cost		
<u>Quoted securities in Malaysia:</u>		
Debt securities	4,902	4,902
<u>Unquoted securities:</u>		
Debt securities	77,819	116,711
Accumulated impairment	(55,448)	(91,331)
Total financial investments held-to-maturity	1,431,846	940,726

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C10. Loans, Advances And Financing

	Group	
	30.6.2011	31.3.2011
	RM'000	RM'000
Overdrafts	1,722,046	1,753,908
Term loans/financing		
- Housing loans/financing	8,385,581	8,325,550
- Syndicated term loans/financing	430,934	287,171
- Hire purchase receivables	748,031	784,046
- Lease receivables	-	-
- Other term loans/financing	6,619,995	6,310,426
Bills receivables	204,711	179,607
Trust receipts	180,141	176,527
Claims on customers under acceptance credits	2,228,351	2,202,863
Staff loans [include RM129,000 loans to Directors of banking subsidiary (31.3.2011: RM121,000)]	58,589	60,938
Credit/charge card receivables	637,008	663,059
Revolving credits	1,059,383	1,347,748
Other loans	360,054	347,518
Gross loans, advances and financing	22,634,824	22,439,361
Add: Sales commissions and handling fees	25,811	24,969
Less: Allowance for impairment on loans, advances and financing		
- Individual assessment allowance	(283,514)	(328,375)
- Collective assessment allowance	(350,452)	(339,636)
Total net loans, advances and financing	22,026,669	21,796,319

(a) By types of customer:

	Group	
	30.6.2011	31.3.2011
	RM'000	RM'000
Domestic non-bank financial institutions		
- Stockbroking companies	13,001	20,002
- Others	127,062	187,410
Domestic business enterprises		
- Small and medium enterprises	4,890,578	4,784,192
- Others	4,628,882	4,531,660
Government and statutory bodies	16,645	18,224
Individuals	12,400,395	12,349,218
Other domestic entities	14,445	14,671
Foreign entities	543,816	533,984
Gross loans, advances and financing	22,634,824	22,439,361

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

(b) By interest/profit rate sensitivity:

	Group	
	30.6.2011	31.3.2011
	RM'000	RM'000
Fixed rate		
- Housing loans/financing	99,993	107,669
- Hire purchase receivables	748,031	784,046
- Other fixed rate loans/financing	2,102,569	2,207,047
Variable rate		
- Base lending rate plus	15,139,042	14,989,061
- Cost plus	4,288,568	4,120,772
- Other variable rates	256,621	230,766
Gross loans, advances and financing	22,634,824	22,439,361

(c) By economic purposes:

	Group	
	30.6.2011	31.3.2011
	RM'000	RM'000
Purchase of securities	366,682	354,975
Purchase of transport vehicles	668,070	703,969
Purchase of landed property	11,611,504	11,514,820
of which: - Residential	8,772,876	8,671,706
- Non-residential	2,838,628	2,843,114
Purchase of fixed assets excluding land and buildings	102,133	99,836
Personal use	2,067,371	2,093,967
Credit card	637,008	663,059
Construction	260,597	253,621
Working capital	6,127,100	6,116,583
Others	794,359	638,531
Gross loans, advances and financing	22,634,824	22,439,361

(d) By geographical distribution:

	Group	
	30.6.2011	31.3.2011
	RM'000	RM'000
Northern region	1,871,130	1,882,761
Central region	16,679,539	16,442,221
Southern region	2,007,641	2,014,167
East Malaysia region	2,076,514	2,100,212
Gross loans, advances and financing	22,634,824	22,439,361

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FIRST FINANCIAL QUARTER ENDED 30 JUNE 2011

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

(e) By residual contractual maturity:

	Group	
	30.6.2011	31.3.2011
	RM'000	RM'000
Within one year	6,698,438	6,868,094
One year to three years	735,007	771,372
Three years to five years	1,423,482	1,389,244
Over five years	13,777,897	13,410,651
Gross loans, advances and financing	22,634,824	22,439,361

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

	Group	
	30.6.2011	31.3.2011
	RM'000	RM'000
At beginning of year	741,324	843,866
Impaired during the period/year	103,207	564,613
Reclassified as non-impaired during the year	(93,576)	(328,118)
Recoveries	(31,621)	(190,022)
Amount written off	(40,670)	(149,015)
At end of period/year	678,664	741,324
Gross impaired loans as a percentage of gross loans, advances and financing	3.0%	3.3%

(g) Impaired loans analysed by economic purposes:

	Group	
	30.6.2011	31.3.2011
	RM'000	RM'000
Purchase of securities	10,287	10,268
Purchase of transport vehicles	8,850	8,959
Purchase of landed property	265,806	283,410
of which: - Residential	196,463	209,057
- Non-residential	69,343	74,353
Purchase of fixed assets excluding land & buildings	177	182
Personal use	30,400	37,151
Credit card	10,467	12,694
Construction	12,435	12,777
Working capital	292,881	315,987
Others	47,361	59,896
Gross impaired loans	678,664	741,324

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FIRST FINANCIAL QUARTER ENDED 30 JUNE 2011

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

(h) Impaired loans by geographical distribution:

	Group	
	30.6.2011	31.3.2011
	RM'000	RM'000
Northern region	96,681	104,487
Central region	465,739	500,546
Southern region	58,948	68,965
East Malaysia region	57,296	67,326
	<hr/>	<hr/>
Gross impaired loans	678,664	741,324
	<hr/>	<hr/>

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

	Group	
	30.6.2011	31.3.2011
	RM'000	RM'000
Individual assessment allowance		
At beginning of year	328,375	389,578
(Write-back)/allowance made during the period/year (net)	(4,191)	87,812
Amount written off	(40,670)	(149,015)
	<hr/>	<hr/>
At end of period/year	283,514	328,375
	<hr/>	<hr/>
Collective assessment allowance		
At beginning of year	339,636	323,644
Allowance made during the period/year (net)	10,816	15,992
	<hr/>	<hr/>
At end of period/year	350,452	339,636
	<hr/>	<hr/>

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FIRST FINANCIAL QUARTER ENDED 30 JUNE 2011

C11. Balances Due From Clients And Brokers

	Group	
	30.6.2011	31.3.2011
	RM'000	RM'000
Due from clients	71,826	96,318
Due from brokers	12,773	-
	<u>84,599</u>	<u>96,318</u>
Less: Allowance for other losses	<u>(15,764)</u>	<u>(15,799)</u>
	<u>68,835</u>	<u>80,519</u>

These represent amounts receivable by Alliance Investment Bank Berhad ("AIBB") from non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Bursa Malaysia Securities Clearing Sdn. Bhd. has yet to be made.

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

Included in the balances due from clients and brokers are impaired accounts, as follows:

	Group	
	30.6.2011	31.3.2011
	RM'000	RM'000
Classified as doubtful	66	976
Classified as bad	15,844	15,856
	<u>15,910</u>	<u>16,832</u>

The movements in allowance for other losses are as follows:

At beginning of year	15,799	16,482
Allowance made during the year	1,222	2,214
Reversal of allowance	(1,257)	(2,897)
	<u>15,764</u>	<u>15,799</u>

C12. Other Assets

	Group	
	30.6.2011	31.3.2011
	RM'000	RM'000
Other receivables, deposits and prepayments	108,740	103,113
Trade receivables	41	2,190
Foreclosed properties	-	4,200
	<u>108,781</u>	<u>109,503</u>
Less: Allowance for other losses	<u>(22,631)</u>	<u>(21,882)</u>
	<u>86,150</u>	<u>87,621</u>

C13. Deposits From Customers

	Group	
	30.6.2011	31.3.2011
	RM'000	RM'000
<u>By type of deposits:</u>		
Demand deposits	8,377,615	8,010,395
Savings deposits	1,672,874	1,633,845
Fixed/investment deposits	14,312,097	14,580,270
Money market deposits	3,258,375	3,042,274
Negotiable instruments of deposits	606,208	993,052
Structured deposits [Note (a)]	65,134	85,811
	28,292,303	28,345,647

Note:

(a) Structured deposits represent foreign currency time deposits with embedded foreign exchange and gold commodity linked options.

	Group	
	30.6.2011	31.3.2011
	RM'000	RM'000
<u>(b) By type of customers:</u>		
Domestic financial institutions	611,139	998,676
Government and statutory bodies	1,057,620	1,069,088
Business enterprises	10,465,834	10,111,082
Individuals	15,232,634	15,227,162
Others	925,076	939,639
	28,292,303	28,345,647

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

Due within six months	14,141,890	14,449,496
Six months to one year	3,959,903	4,098,314
One year to three years	61,480	54,539
Three years to five years	13,407	13,247
	18,176,680	18,615,596

C14. Deposits And Placements Of Banks And Other Financial Institutions

	Group	
	30.6.2011	31.3.2011
	RM'000	RM'000
Licensed banks	1,811,397	744,993
Licensed investment banks	594,501	280,380
Licensed Islamic banks	345,138	6,000
Bank Negara Malaysia	884,829	920,827
	3,635,865	1,952,200

C15. Balances Due To Clients And Brokers

	Group	
	30.6.2011	31.3.2011
	RM'000	RM'000
Due to clients	76,436	80,460
Due to brokers	-	6,283
	76,436	86,743

These mainly relates to amounts payable to non-margin clients and outstanding contracts entered into on behalf of clients where settlement via the Bursa Malaysia Securities Clearing Sdn. Bhd. 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	
	30.6.2011	31.3.2011
	RM'000	RM'000
Other payables and accruals	955,864	787,517
Remisiers' accounts	23,770	24,373
	979,634	811,890

C17. Capital Adequacy

The capital adequacy ratios of the banking group are computed in accordance with BNM's revised Risk-weighted Capital Adequacy Framework (RWCAF-Basel II). The banking 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% (31.3.2011: 8.0%) for the risk-weighted capital ratio.

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

	30.6.2011	31.3.2011
<u>Before deducting proposed dividends</u>		
Core capital ratio	11.74%	12.40%
Risk-weighted capital ratio	15.68%	16.54%
<u>After deducting proposed dividends</u>		
Core capital ratio	11.32%	11.95%
Risk-weighted capital ratio	15.26%	16.09%

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

	30.6.2011	31.3.2011
	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	1,194,222	1,194,222
Statutory reserves	786,406	786,406
Other reserves	10,018	10,018
Non-controlling interests	4,488	4,488
	3,193,168	3,193,168
Less: Purchased goodwill/goodwill on consolidation	(302,065)	(302,065)
Deferred tax assets	(90,824)	(108,808)
Total Tier I capital	2,800,279	2,782,295
Tier II Capital		
Subordinated obligations	597,429	600,000
Collective assessment allowance	344,540	333,466
Total Tier II capital	941,969	933,466
Total Capital	3,742,248	3,715,761
Less: Investments in subsidiaries	(3,620)	(3,620)
Total Capital Base	3,738,628	3,712,141

The capital adequacy ratios of the banking 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 June 2011			
<u>Before deducting proposed dividends</u>			
Core capital ratio	13.86%	11.16%	54.28%
Risk-weighted capital ratio	14.19%	13.01%	54.51%
<u>After deducting proposed dividends</u>			
Core capital ratio	13.35%	11.16%	52.71%
Risk-weighted capital ratio	13.67%	13.01%	52.93%
31 March 2011			
<u>Before deducting proposed dividends</u>			
Core capital ratio	14.63%	11.65%	57.17%
Risk-weighted capital ratio	14.98%	13.37%	57.33%
<u>After deducting proposed dividends</u>			
Core capital ratio	14.09%	11.65%	55.51%
Risk-weighted capital ratio	14.44%	13.37%	55.67%

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% (31.3.2011: 8.0%) for the risk-weighted capital ratio.
- (ii) The capital adequacy ratios of 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% (31.3.2011: 8.0%) for the risk-weighted capital ratio.

C17. Capital Adequacy (cont'd)

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

<u>Group</u>	30.6.2011		31.3.2011	
	Net Exposure RM'000	Risk- Weighted RM'000	Net Exposure RM'000	Risk- Weighted RM'000
0%	8,529,071	-	5,893,876	-
20%	4,938,047	987,609	5,115,709	1,023,142
35%	4,136,154	1,447,655	3,991,155	1,396,904
50%	3,185,730	1,592,866	2,640,539	1,320,269
75%	9,289,124	6,966,843	9,319,469	6,989,602
100%	9,749,597	9,749,597	8,883,490	8,883,490
150%	418,536	627,803	357,265	535,898
Total RWA equivalent for Credit risk	40,246,259	21,372,373	36,201,503	20,149,305
Total RWA equivalent for Market risk	-	137,052	-	71,884
Total RWA equivalent for Operational risk	-	2,337,892	-	2,222,953
Total Risk-Weighted Assets	40,246,259	23,847,317	36,201,503	22,444,142

C18. Commitments and Contingencies

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

Group	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
As at 30 June 2011				
<u>Credit-related exposures</u>				
<u>Contingent Liabilities</u>				
Direct credit substitutes	396,357		396,357	396,357
Transaction-related contingent items	515,076		257,538	257,538
Short-term self-liquidating trade-related contingencies	162,017		32,403	32,403
Obligations under an on-going underwriting agreement	4,500		2,250	2,250
<u>Commitments</u>				
Irrevocable commitments to extent credit:				
- maturity exceeding one year	2,847,616		1,423,808	1,243,173
- maturity not exceeding one year	7,751,466		1,550,294	1,325,307
	<u>11,677,032</u>		<u>3,662,650</u>	<u>3,257,028</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	4,203,255	17,650	84,739	42,632
- over one year to three years	12,082	12	616	616
Interest rate related contracts:				
- one year or less	310,000	89	443	89
- over one year to three years	1,417,000	5,796	27,766	5,553
- over three years	285,000	2,084	15,285	3,057
	<u>6,227,337</u>	<u>25,631</u>	<u>128,849</u>	<u>51,947</u>
	<u>17,904,369</u>	<u>25,631</u>	<u>3,791,499</u>	<u>3,308,975</u>
As at 31 March 2011				
<u>Credit-related exposures</u>				
<u>Contingent Liabilities</u>				
Direct credit substitutes	423,539		423,539	423,539
Transaction-related contingent items	515,311		257,655	257,655
Short-term self-liquidating trade-related contingencies	143,281		28,656	28,656
Irrevocable commitments to extent credit:				
- maturity exceeding one year	1,715,131		857,565	727,272
- maturity not exceeding one year	8,155,139		1,631,028	1,380,827
	<u>10,952,401</u>		<u>3,198,443</u>	<u>2,817,949</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	2,844,627	22,568	77,079	40,842
Interest rate related contracts:				
- one year or less	380,000	257	637	127
- over one year to three years	1,447,000	6,465	29,535	5,907
- over three years	285,000	2,757	15,957	3,192
	<u>4,956,627</u>	<u>32,047</u>	<u>123,208</u>	<u>50,068</u>
	<u>15,909,028</u>	<u>32,047</u>	<u>3,321,651</u>	<u>2,868,017</u>

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FIRST FINANCIAL QUARTER ENDED 30 JUNE 2011

C19. 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 June 2011	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS										
Cash and short-term funds	422,704	-	-	-	-	-	534,264	-	956,968	3.24
Deposits and placements with banks and other financial institutions	-	160	-	-	-	-	4	-	164	3.18
Financial assets held-for-trading	-	-	-	-	-	-	-	176,485	176,485	3.69
Financial investments available-for-sale	2,275,978	1,747,850	269,318	155,650	2,141,165	4,822,938	224,779	-	11,637,678	3.69
Financial investments held-to-maturity	5,000	626,707	-	50,379	352,546	384,523	12,691	-	1,431,846	3.13
Loans, advances and financing	17,010,694	1,285,220	382,982	345,436	1,418,175	1,539,464	44,698 *	-	22,026,669	5.87
Balances due from clients and brokers	623	-	-	-	-	-	68,212	-	68,835	12.00
Other non-interest/profit sensitive balances	-	-	-	-	-	-	1,563,630	25,631	1,589,261	-
TOTAL ASSETS	19,714,999	3,659,937	652,300	551,465	3,911,886	6,746,925	2,448,278	202,116	37,887,906	
LIABILITIES										
Deposits from customers	12,884,240	3,463,999	3,264,528	3,983,470	80,703	-	4,615,363	-	28,292,303	2.31
Deposits and placements of banks and other financial institutions	2,471,136	284,868	4,338	172,309	700,111	-	3,103	-	3,635,865	2.63
Amount due to Cagamas Berhad	-	-	-	100,000	24,378	-	1,527	-	125,905	3.77
Bills and acceptances payable	8	9	16	-	-	-	-	-	33	3.42
Balances due to clients and brokers	30,642	-	-	-	-	-	45,794	-	76,436	2.80
Subordinated obligations	-	-	-	-	597,429	-	-	-	597,429	5.07
Long term borrowings	200,000	-	-	-	400,000	-	1,240	-	601,240	3.70
Other non-interest/profit sensitive balances	-	-	-	-	-	-	1,009,005	28,102	1,037,107	-
TOTAL LIABILITIES	15,586,026	3,748,876	3,268,882	4,255,779	1,802,621	-	5,676,032	28,102	34,366,318	
Equity	-	-	-	-	-	-	3,516,890	-	3,516,890	-
Non-controlling interests	-	-	-	-	-	-	4,698	-	4,698	-
TOTAL LIABILITIES AND EQUITY	15,586,026	3,748,876	3,268,882	4,255,779	1,802,621	-	9,197,620	28,102	37,887,906	

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

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FIRST FINANCIAL QUARTER ENDED 30 JUNE 2011

C19. 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 2011	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS										
Cash and short-term funds	411,998	-	-	-	-	-	502,040	-	914,038	2.90
Deposits and placements with banks and other financial institutions	-	100,000	160	-	-	-	68	-	100,228	3.05
Financial assets held-for-trading	-	-	-	-	-	-	-	1,938,250	1,938,250	2.82
Financial investments available-for-sale	1,246,175	2,147,162	593,503	140,837	2,761,012	2,187,048	184,203	-	9,259,940	3.50
Financial investments held-to-maturity	10,009	-	633,480	-	292,381	-	4,856	-	940,726	2.75
Loans, advances and financing	16,882,804	1,413,040	336,274	222,518	1,458,636	1,409,734	73,313 *	-	21,796,319	5.63
Balances due from clients and brokers	1,070	-	-	-	-	-	79,449	-	80,519	12.00
Other non-interest/profit sensitive balances	-	-	-	-	-	-	1,009,869	32,047	1,041,916	-
TOTAL ASSETS	18,552,056	3,660,202	1,563,417	363,355	4,512,029	3,596,782	1,853,798	1,970,297	36,071,936	
LIABILITIES										
Deposits from customers	13,893,485	3,176,893	2,484,735	4,129,928	91,335	-	4,569,271	-	28,345,647	2.19
Deposits and placements of banks and other financial institutions	968,458	61,196	8,952	23,447	882,911	-	7,236	-	1,952,200	2.13
Amount due to Cagamas Berhad	-	-	-	100,000	25,134	-	642	-	125,776	3.77
Bills and acceptances payable	86,161	24,948	50	-	-	-	-	-	111,159	3.04
Balances due to clients and brokers	34,516	-	-	-	-	-	52,227	-	86,743	2.55
Subordinated obligations	-	600,000	-	-	-	-	-	-	600,000	6.09
Long term borrowings	-	-	-	-	600,000	-	1,272	-	601,272	3.60
Other non-interest/profit sensitive balances	-	-	-	-	-	-	859,189	33,347	892,536	-
TOTAL LIABILITIES	14,982,620	3,863,037	2,493,737	4,253,375	1,599,380	-	5,489,837	33,347	32,715,333	
Equity	-	-	-	-	-	-	3,352,114	-	3,352,114	-
Non-controlling interests	-	-	-	-	-	-	4,489	-	4,489	-
TOTAL LIABILITIES AND EQUITY	14,982,620	3,863,037	2,493,737	4,253,375	1,599,380	-	8,846,440	33,347	36,071,936	

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

By Order of the Board

LEE WEI YEN (MAICSA 7001798)

Group Company Secretary

Kuala Lumpur

16 August 2011