

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2012

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	4th Quarter Ended		Cumulative 12 Months Ended	
		31.3.2012	31.3.2011	31.3.2012	31.3.2011
		RM'000	RM'000	RM'000	RM'000
Interest income	C1	328,383	309,451	1,328,122	1,203,438
Interest expense	C2	(164,795)	(149,621)	(654,259)	(533,176)
Net interest income		163,588	159,830	673,863	670,262
Net income from Islamic banking business	C3	62,537	58,504	256,329	232,732
		226,125	218,334	930,192	902,994
Other operating income	C4	88,445	52,201	320,182	225,722
Net income		314,570	270,535	1,250,374	1,128,716
Other operating expenses	C5	(156,583)	(146,315)	(591,796)	(544,900)
Operating profit before allowance		157,987	124,220	658,578	583,816
Allowance for losses on loans, advances and financing and other losses	C6	(23,582)	(9,304)	(34,640)	(33,309)
Write-back of impairment		10,390	916	21,643	4,076
Operating profit after allowance		144,795	115,832	645,581	554,583
Share of results of associate		(647)	(1,470)	(1,978)	(1,470)
Profit before taxation and zakat		144,148	114,362	643,603	553,113
Taxation and zakat	B5	(36,566)	(29,456)	(163,764)	(143,962)
Net profit after taxation and zakat		107,582	84,906	479,839	409,151
Other comprehensive income:					
Revaluation reserve on financial investments available-for-sale					
- Net (loss)/gain from change in fair value		(18,785)	(9,305)	85,531	(7,925)
- Transfer from/(to) deferred tax		4,697	2,326	(21,382)	1,981
Other comprehensive (expense)/income, net of tax		(14,088)	(6,979)	64,149	(5,944)
Total comprehensive income for the period		93,494	77,927	543,988	403,207
Profit attributable to:					
Owners of the parent		107,552	84,934	479,355	409,202
Non-controlling interests		30	(28)	484	(51)
Net profit after taxation and zakat		107,582	84,906	479,839	409,151
Total comprehensive income attributable to:					
Owners of the parent		93,464	77,955	543,504	403,258
Non-controlling interests		30	(28)	484	(51)
Total comprehensive income for the year		93,494	77,927	543,988	403,207
Earnings per share attributable to owners of the parent:					
- Basic (sen)	B14(a)	7.1	5.5	31.5	26.7
- Diluted (sen)	B14(b)	7.0	5.5	31.4	26.7

(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 31.3.2012	AUDITED AS AT 31.3.2011
	Note	RM'000	RM'000
ASSETS			
Cash and short-term funds		1,874,333	914,038
Deposits and placements with banks and other financial institutions		97,713	100,228
Balances due from clients and brokers	C11	61,698	80,519
Financial assets held-for-trading	C7	1,491,995	1,938,250
Financial investments available-for-sale	C8	9,123,201	9,259,940
Financial investments held-to-maturity	C9	795,256	940,726
Derivative financial assets	B10	23,712	32,047
Loans, advances and financing	C10	24,360,203	21,796,319
Other assets	C12	78,157	87,621
Tax recoverable		15,484	3,244
Statutory deposits		1,163,083	291,108
Investment in associate		26,552	28,530
Investment property		27,748	27,748
Property, plant and equipment		90,293	104,837
Intangible assets		354,902	357,682
Deferred tax assets		15,341	109,099
		39,599,671	36,071,936
Non-current assets held for sale		3,814	-
TOTAL ASSETS		39,603,485	36,071,936
LIABILITIES AND EQUITY			
Deposits from customers	B9(a), C13	32,130,962	28,345,647
Deposits and placements of banks and other financial institutions	B9(b), C14	2,161,005	1,952,200
Balances due to clients and brokers	C15	74,915	86,743
Bills and acceptances payable		178	111,159
Derivative financial liabilities	B10	26,241	33,347
Amount due to Cagamas Berhad		22,044	125,776
Other liabilities	C16	870,807	811,890
Subordinated obligations	B9(c)	611,615	600,000
Long term borrowings	B9(d)	-	601,272
Provision for taxation		7,372	40,507
Deferred tax liabilities		23,012	6,792
TOTAL LIABILITIES		35,928,151	32,715,333
Share capital		1,548,106	1,548,106
Reserves		2,190,517	1,847,175
Shares held for Employees' Share Scheme		(68,194)	(43,167)
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT		3,670,429	3,352,114
Non-controlling interests		4,905	4,489
TOTAL EQUITY		3,675,334	3,356,603
TOTAL LIABILITIES AND EQUITY		39,603,485	36,071,936
COMMITMENTS AND CONTINGENCIES	C18	18,741,373	15,909,028
Net assets per share attributable to owners of the parent (RM)*		2.37	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

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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2012

	← 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
31 March 2011												
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	-	-	-	-	-	-	-	-	409,202	409,202	(51)	409,151
Other comprehensive expense	-	-	-	-	(5,944)	-	-	-	-	(5,944)	-	(5,944)
Total comprehensive (expense)/income for the year	-	-	-	-	(5,944)	-	-	-	409,202	403,258	(51)	403,207
Transfer to statutory reserve	-	-	50,891	-	-	-	-	-	(50,891)	-	-	-
Transfer to PER	-	-	-	-	-	-	(25,355)	-	25,355	-	-	-
Share-based payment under ESS	-	-	-	-	-	5,347	-	-	-	5,347	-	5,347
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(107,086)	(107,086)	-	(107,086)
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 March 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
31 March 2012												
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	-	-	-	-	-	-	-	-	479,355	479,355	484	479,839
Other comprehensive income	-	-	-	-	64,149	-	-	-	-	64,149	-	64,149
Total comprehensive income for the year	-	-	-	-	64,149	-	-	-	479,355	543,504	484	543,988
Transfer to statutory reserve	-	-	55,761	-	-	-	-	-	(55,761)	-	-	-
Purchase of shares pursuant to ESS	-	-	-	-	-	-	-	(28,638)	-	(28,638)	-	(28,638)
Share-based payment under ESS	-	-	-	-	-	6,649	-	-	-	6,649	-	6,649
Transfer to retained profits on share lapsed:												
- employees of subsidiaries	-	-	-	-	-	(2,919)	-	-	2,919	-	-	-
- own employees	-	-	-	-	-	(61)	-	-	61	-	-	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(203,200)	(203,200)	(68)	(203,268)
ESS shares vested to:												
- employees of subsidiaries	-	-	-	-	-	(3,558)	-	3,558	-	-	-	-
- own employees	-	-	-	-	-	(53)	-	53	-	-	-	-
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	175	-	-	(175)	-	-	-
At 31 March 2012	1,548,106	304,289	600,129	7,013	132,769	14,001	1,033	(68,194)	1,131,283	3,670,429	4,905	3,675,334

(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)

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2012

	Unaudited 12 Months Ended 31.3.2012 RM'000	Audited 12 Months Ended 31.3.2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	643,603	553,113
Adjustments for:		
Accretion of discount less amortisation of premium of financial investments	(94,369)	(82,179)
Depreciation of property, plant and equipment	29,374	39,592
Dividends from financial investments available-for-sale	(10,229)	(3,705)
Gain/(loss) on disposal of property, plant and equipment	(200)	329
Loss on disposal of foreclosed properties	20	38
Net gain from redemption of financial investments held-to-maturity	(16,831)	(3)
Net gain from sale of financial assets held-for-trading	(3,699)	(417)
Net gain from sale of financial investments available-for-sale	(47,408)	(3,509)
Unrealised loss/(gain) on revaluation of financial assets held-for-trading	185	(256)
Unrealised gain on revaluation of derivative instruments	(1,572)	(4,149)
Interest expense on subordinated obligations	34,513	36,540
Interest expense on long term borrowings	14,178	21,382
Interest income from financial investments held-to-maturity	(22,751)	(30,682)
Interest income from financial investments available-for-sale	(253,237)	(206,340)
Interest income from financial investments held-for-trading	(3,862)	(1,044)
Allowance for loans, advances and financing (net of recoveries)	89,744	103,804
Allowance for other assets	6,280	4,801
(Write-back of)/allowances for commitments and contingencies	(4,210)	59
Net write-back of financial investments available-for-sale	(22,759)	(585)
Net write-back of financial investments held-to-maturity	(344)	(3,491)
Impairment for property, plant and equipment	1,460	-
Amortisation of computer software	18,239	14,420
Share options/grants under ESS	6,649	5,347
Property, plant and equipment written off	2,046	3,399
Computer software written off	841	1
Share of results of associate	1,978	1,470
Loss on liquidation of subsidiaries	-	7
Operating profit before working capital changes carried forward	367,639	447,942
Changes in working capital:		
Deposits from customers	3,785,315	4,636,994
Deposits and placements of banks and other financial institutions	2,515	(346,208)
Bills and acceptances payable	(110,981)	(427,191)
Balance due from clients and brokers	22,085	6,150
Other liabilities	75,641	9,719
Deposits and placements with banks and other financial institutions	208,805	71,346
Financial assets held-for-trading	460,685	(1,909,800)
Loans, advances and financing	(2,653,628)	(1,146,201)
Other assets	1,662	(22,322)
Statutory deposits with Bank Negara Malaysia	(871,975)	(32,602)
Amount due to Cagamas Berhad	(103,732)	97,699
Cash generated from operations	1,184,031	1,385,526
Taxes and zakat paid	(120,533)	(118,616)
Net cash generated from operating activities	1,063,498	1,266,910

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2012 (CONTD.)

	Unaudited 12 Months Ended 31.3.2012 RM'000	Audited 12 Months Ended 31.3.2011 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from financial investments available-for-sale	10,229	3,657
Interest received from financial investments held-to-maturity	22,751	30,682
Interest received from financial investments available-for-sale	253,237	206,340
Interest received from financial investments held-for-trading	3,862	1,044
Purchase of property, plant and equipment	(22,720)	(14,882)
Purchase of computer software	(16,300)	(10,400)
Purchase of shares held for ESS	(28,638)	-
Proceeds from disposal of property, plant and equipment	769	1,818
Proceeds from disposal of computer software	-	155
Proceeds from disposal of foreclosed properties	4,285	62
Proceeds from redemption and maturity of financial investments held-to-maturity (net of purchase)	218,950	6,640
Proceeds from disposal of financial investments available-for-sale (net of purchase)	319,508	(3,940,354)
Acquisition of investment in an associate	-	(30,000)
Net cash generated from/(used in) from investing activities	765,933	(3,745,238)
CASH FLOWS FROM FINANCING ACTIVITIES		
Redemptions of subordinated bonds	(600,000)	-
Proceeds from issuance of subordinated notes	597,366	-
Interest paid on subordinated obligations	(32,778)	(36,540)
Repayment of long term borrowings	(600,000)	-
Interest paid on long term borrowings	(15,450)	(21,808)
Dividends paid to non-controlling interests	(68)	-
Dividends paid to shareholders of the Company	(203,200)	(107,086)
Net cash used in financing activities	(854,130)	(165,434)
NET CHANGE IN CASH AND CASH EQUIVALENTS	975,301	(2,643,762)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	826,534	3,470,296
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,801,835	826,534
Cash and cash equivalents comprise the following:		
Cash and short-term funds	1,874,333	914,038
Less: Monies held in trust	(72,498)	(87,504)
	1,801,835	826,534

(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 4th financial quarter and the financial year ended 31 March 2012 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:

- Revised FRS 1 "First-time Adoption of Financial Reporting Standards"
- Revised FRS 3 "Business Combinations"
- Revised 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 - Improving Disclosures about Financial Instruments"
- FRS 1 "First-time Adoption of Financial Reporting Standards"
- Amendment to FRS 132 "Financial Instruments: Presentation - Classification of Rights Issue"
- Amendment to IC Interpretation 9 "Reassessment of Embedded Derivatives"
- IC Interpretation 4 "Determining whether an Arrangement contains a Leases"
- IC Interpretation 12 "Service Concession Arrangements"
- IC Interpretation 16 "Hedges of A Net Investment In A Foreign Operation"
- IC Interpretation 17 "Distributions of Non-cash Assets to Owners"
- IC Interpretation 18 "Transfer of Assets From Customers"
- 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 (contd.)

The adoption of the Amendments to FRS 7 and FRS 1 require enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendments require 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 4th financial quarter and the financial year ended 31 March 2012.

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 4th financial quarter and the financial year ended 31 March 2012 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 4th financial quarter and the financial year ended 31 March 2012.

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 4th financial quarter and the financial year ended 31 March 2012, other than as disclosed in Note A9(c).

A7. Dividends Paid

- (a) A First Interim Dividend of 5.6 sen per share, tax exempt under the single tier tax system in respect of the financial year ended 31 March 2012, on 1,548,105,929 ordinary shares amounting to RM85,705,000 was paid on 26 August 2011.
- (b) A Second Interim Dividend of 7.7 sen per share, tax exempt under the single tier tax system in respect of the financial year ended 31 March 2012, on 1,548,105,929 ordinary shares amounting to RM117,495,000 was paid on 28 February 2012.

* *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 RM988,000 and RM1,709,000 being dividends paid for those shares were added back to the appropriation of retained profits in respect of the first and second interim dividends respectively.*

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 includes initial public offering, equity fund raising, debt fund raising, mergers and acquisitions and corporate restructuring.

(v) Others

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

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2012

A8. **Segment Information** (contd.)

GROUP 4th Financial Quarter Ended 31 March 2012	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)	34,472	77,406	53,720	1,481	(13,822)	153,257	10,331	163,588
- inter-segment	22,090	(5,420)	(15,678)	(992)	-	-	-	-
	56,562	71,986	38,042	489	(13,822)	153,257	10,331	163,588
Net income from Islamic banking business	29,883	16,343	8,725	-	-	54,951	7,586	62,537
Other operating income	31,910	40,475	6,875	6,866	24,411	110,537	(22,092)	88,445
Net income	118,355	128,804	53,642	7,355	10,589	318,745	(4,175)	314,570
Other operating expenses	(68,344)	(53,072)	(10,321)	(8,504)	(7,172)	(147,413)	2,888	(144,525)
Depreciation and amortisation	(5,816)	(4,438)	(1,531)	(177)	(96)	(12,058)	-	(12,058)
Operating profit	44,195	71,294	41,790	(1,326)	3,321	159,274	(1,287)	157,987
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(14,222)	(9,472)	227	184	(299)	(23,582)	-	(23,582)
(Allowance)/write-back of impairment	-	(2,741)	13,131	-	-	10,390	-	10,390
Segment result	29,973	59,081	55,148	(1,142)	3,022	146,082	(1,287)	144,795
Share of results in an associate								(647)
Taxation and zakat								(36,566)
Net profit after taxation and zakat								107,582
Segment assets	13,155,522	11,284,537	16,260,377	236,579	1,885,675	42,822,690	(3,721,777)	39,100,913
Reconciliation of segment assets to consolidated assets:								
Investment in an associate								26,552
Property, plant and equipment								90,293
Unallocated assets								30,825
Intangible assets								354,902
Total assets								39,603,485
Segment liabilities	15,980,443	11,087,887	9,802,809	105,221	64,508	37,040,868	(1,143,101)	35,897,767
Unallocated liabilities								30,384
Total liabilities								35,928,151

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2012

A8. **Segment Information** (contd.)

GROUP As at 31 March 2012	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)	141,180	307,025	223,192	5,193	(15,488)	661,102	12,761	673,863
- inter-segment	95,661	(10,390)	(81,474)	(3,797)	-	-	-	-
	236,841	296,635	141,718	1,396	(15,488)	661,102	12,761	673,863
Net income from Islamic banking business	121,624	66,846	40,454	-	-	228,924	27,405	256,329
Other operating income	94,087	137,829	90,422	24,606	314,687	661,631	(341,449)	320,182
Net income	452,552	501,310	272,594	26,002	299,199	1,551,657	(301,283)	1,250,374
Other operating expenses	(251,931)	(200,699)	(39,164)	(31,373)	(26,670)	(549,837)	5,654	(544,183)
Depreciation and amortisation	(23,025)	(16,256)	(6,086)	(2,078)	(168)	(47,613)	-	(47,613)
Operating profit	177,596	284,355	227,344	(7,449)	272,361	954,207	(295,629)	658,578
Allowance for losses								
on loans, advances and financing and other losses	(24,267)	(8,528)	(1,053)	(195)	(597)	(34,640)	-	(34,640)
Write-back of impairment	-	-	21,643	-	-	21,643	-	21,643
Segment result	153,329	275,827	247,934	(7,644)	271,764	941,210	(295,629)	645,581
Share of results in an associate								(1,978)
Taxation and zakat								(163,764)
Net profit after taxation and zakat								479,839
Segment assets	13,155,522	11,284,537	16,260,377	236,579	1,885,675	42,822,690	(3,721,777)	39,100,913
Reconciliation of segment assets to consolidated assets:								
Investment in an associate								26,552
Property, plant and equipment								90,293
Unallocated assets								30,825
Intangible assets								354,902
Total assets								39,603,485
Segment liabilities	15,980,443	11,087,887	9,802,809	105,221	64,508	37,040,868	(1,143,101)	35,897,767
Unallocated liabilities								30,384
Total liabilities								35,928,151

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2012

A8. **Segment Information** (contd.)

GROUP 4th Financial Quarter Ended 31 March 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)	42,982	57,769	58,533	1,320	(535)	160,069	(1,108)	158,961
- inter-segment	15,562	12,962	(27,650)	(874)	-	-	-	-
	58,544	70,731	30,883	446	(535)	160,069	(1,108)	158,961
Net income from Islamic banking business	13,415	14,402	24,667	-	-	52,484	6,889	59,373
Other operating income	13,662	21,881	6,032	10,601	8,677	60,853	(8,652)	52,201
Net income	85,621	107,014	61,582	11,047	8,142	273,406	(2,871)	270,535
Other operating expenses	(63,743)	(45,754)	(2,560)	(15,369)	(7,400)	(134,826)	708	(134,118)
Depreciation and amortisation	(8,648)	(2,827)	488	(1,147)	(63)	(12,197)	-	(12,197)
Operating profit	13,230	58,433	59,510	(5,469)	679	126,383	(2,163)	124,220
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(11,846)	2,541	277	(152)	(124)	(9,304)	-	(9,304)
Write-back of impairment	-	414	502	-	-	916	-	916
Segment result	1,384	61,388	60,289	(5,621)	555	117,995	(2,163)	115,832
Share of results in an associate								(1,470)
Taxation and zakat								(29,456)
Net profit after taxation and zakat								84,906
Segment assets	12,730,209	9,134,341	15,449,464	248,641	2,502,007	40,064,662	(4,596,118)	35,468,544
Reconciliation of segment assets to consolidated assets:								
Investment in an associate								28,530
Property, plant and equipment								104,837
Unallocated assets								112,343
Intangible assets								357,682
Total assets								36,071,936
Segment liabilities	15,677,949	9,272,735	8,953,812	116,286	658,497	34,679,279	(2,011,245)	32,668,034
Unallocated liabilities								47,299
Total liabilities								32,715,333

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2012

A8. **Segment Information** (contd.)

GROUP As at 31 March 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)	222,475	245,160	198,381	4,574	(2,660)	667,930	2,332	670,262
- inter-segment	41,922	47,967	(87,173)	(2,716)	-	-	-	-
	264,397	293,127	111,208	1,858	(2,660)	667,930	2,332	670,262
Net income from Islamic banking business	116,889	55,832	35,027	-	-	207,748	24,984	232,732
Other operating income	73,499	102,130	39,638	29,615	170,806	415,688	(189,966)	225,722
Net income	454,785	451,089	185,873	31,473	168,146	1,291,366	(162,650)	1,128,716
Other operating expenses	(236,522)	(168,128)	(35,240)	(30,102)	(24,495)	(494,487)	3,598	(490,889)
Depreciation and amortisation	(27,180)	(15,164)	(7,445)	(3,960)	(262)	(54,011)	-	(54,011)
Operating profit	191,083	267,797	143,188	(2,589)	143,389	742,868	(159,052)	583,816
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(37,035)	2,972	412	644	(302)	(33,309)	-	(33,309)
Write-back of impairment	-	1,139	2,937	-	-	4,076	-	4,076
Segment result	154,048	271,908	146,537	(1,945)	143,087	713,635	(159,052)	554,583
Share of results in an associate								(1,470)
Taxation and zakat								(143,962)
Net profit after taxation and zakat								409,151
Segment assets	12,730,209	9,134,341	15,449,464	248,641	2,502,007	40,064,662	(4,596,118)	35,468,544
Reconciliation of segment assets to consolidated assets:								
Investment in an associate								28,530
Property, plant and equipment								104,837
Unallocated assets								112,343
Intangible assets								357,682
Total assets								36,071,936
Segment liabilities	15,677,949	9,272,735	8,953,812	116,286	658,497	34,679,279	(2,011,245)	32,668,034
Unallocated liabilities								47,299
Total liabilities								32,715,333

A9. Material Event During The Financial Reporting Period

(a) Employees' Share Scheme ("ESS")

On 22 July 2011, 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) 9,764,000 share options under the Share Option Plan at an option price of RM3.58 per share which will be vested subject to the achievement of performance conditions.
- (ii) 2,127,600 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.

Save for the Group Chief Executive Officer of Alliance Bank Malaysia Berhad, none of the other Directors of the Company were offered/awarded any share options/share grants .

The Company operates an equity-settled, share-based compensation plan pursuant to the ESS. Under the FRS 2 Share-based payment, the compensation expense relating to the share scheme is recognised in profit or loss over the vesting periods of the grants with a corresponding increase in equity.

(b) Shares Purchased pursuant to ESS

During the twelve months ended 31 March 2012, the Trustee of the ESS had purchased 8,266,200 ordinary shares of RM1.00 each from the open market at an average price of RM3.46 per share. The total consideration for the purchase including transaction costs was RM28,637,996. The shares purchased are being held in trust by the Trustee of the ESS in accordance with the Trust Deed dated 3 December 2007.

During the financial year ended 31 March 2012, 1,428,150 shares have been vested and transferred from the Trustee to the eligible employees of the Company and its subsidiaries in accordance with the terms under the Share Grant Plan of the ESS. As at 31 March 2012, the Trustee of the ESS held 24,466,800 ordinary shares representing 1.58% of the issued and paid-up capital of the Company.

(c) 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

The following subsidiaries have been liquidated pursuant to Section 272(5) of the Companies Act, 1965:

- (a) Subsidiary of Alliance Bank Malaysia Berhad
 - (i) AllianceGroup Properties Sdn. Bhd. - liquidated with effect from 11 November 2011

- (b) Subsidiaries of Alliance Investments Bank Berhad
 - (ii) KLCS Asset Management Sdn. Bhd. - liquidated with effect from 28 April 2011
 - (iii) KLCity Ventures Sdn. Bhd. - liquidated with effect from 11 November 2011
 - (iv) KLCity Unit Trust Berhad - liquidated with effect from 28 December 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 twelve months ended 31 March 2012, the Group's profit before tax grew 16.4%, from RM553.1 million in the previous financial year to RM643.6 million. After setting aside taxation, the Group's net profit rose by 17.3% to RM479.8 million.

Arising from this improvement in profits, the Group's return on equity rose to 13.6% (FY2011: 13.0%) and earnings per share to 31.5 sen (FY2011: 26.7 sen). The Group paid a higher total net dividend of 13.3 sen in FY2012, compared with 7.0 sen in the previous year.

For the current quarter under review, the Group recorded profit before taxation of RM144.1 million, an increase of 26.1% compared to the corresponding quarter last year.

Net interest income, including income from Islamic banking operations, however, grew by 3.0% to RM930.2 million in FY2012, despite the 11.3% growth in loans and financing. This was due to the further contraction in the net interest margin to 2.51% (FY2011: 2.69%) arising from the full year impact of the rise in the Overnight Policy Rate ("OPR") in 2010 and May 2011, as well as several increases in Statutory Reserve Requirement ("SRR") during the year.

Non-interest income registered a growth of 41.8% during the year, resulting in the non-interest income ratio improving further to 26.8% (FY2011: 20.8%) driven by trading in investment securities, treasury sales, transaction banking and wealth management.

The cost to income ratio dropped to 47.3% (FY2011: 48.3%) due to more effective cost management, as the Group continued to focus on streamlining of business operations to improve productivity and efficiency.

Allowances for loan impairment had increased to RM34.6 million in FY2012, due mainly to collective provisions as the loans growth was significantly stronger at 11.3% (FY2011: 4.8%). The net write back of impairment provisions had also increased to RM21.6 million in FY2012, as compared with RM4.1 million in FY2011.

Reflecting the disciplined approach in credit risk management and collection processes, the Group's gross impaired loans ratio improved further to 2.4% (FY2011: 3.3%), and the overall asset quality remains better than the industry average. The net impaired loans ratio stood at 1.4% as at end-March 2012, compared with 1.9% a year ago.

The gross impaired loan loss coverage ratio has risen to 108.5% (FY2011: 90.1%), as the Group has set aside collective provisions under BNM's transitional provision for FRS139 adoption.

As deposits had expanded at a relatively faster rate of 13.4% to RM32.1 billion, compared to the loans growth at 11.3%, the Group's loans to deposits ratio remained healthy at 77.8% (FY2011: 78.8%).

The Group also remains well capitalized with a risk-weighted capital ratio ("RWCR") standing at 15.2%, well above the minimum requirement of 8%.

B1. Review Of Performance (contd.)

Performance by business segment

The Group's businesses are presented in the following business segments: Consumer Banking, Business Banking, Financial Markets and Investment Banking.

Consumer Banking provides a wide range of personal banking solutions which include mortgages, term loans, personal loans, hire purchase facilities, credit cards and wealth management. It reported a marginal decline in profit before taxation of 0.5% or RM0.7 million to RM153.3 million in FY2012, due mainly to margin compression. Group Consumer Banking total assets expanded by 3.3% to RM13.2 billion, from RM12.7 billion in FY2011.

The Business Banking segment covers Small and Medium Enterprise ("SME") and Wholesale Banking. Its profit before taxation rose by 1.4% to RM275.8 million. Its total assets expanded by 23.5% to RM11.3 billion in FY2012 (FY2011: RM9.1 billion).

Financial Markets provides foreign exchange, money market, hedging for wealth management and other investments. It reported a 69.2% rise in profit before taxation to RM247.9 million, due to higher net interest income and trading income.

Investment Banking encompasses stockbroking activities and corporate advisory. It reported a loss before taxation of RM7.6 million due to lower brokerage income as well as the rise in operating expenses, due to the rebuilding of the research, corporate advisory and institutional dealing team.

B2. Comparison With Immediate Preceding Quarter

For the current fourth quarter ended 31 March 2012, the Group reported profit before taxation of RM144.1 million, 11.6% lower than the third quarter ended 31 December 2011, due to higher operating expenses and increase in collective provisions due to the acceleration in the loans growth.

B3. Prospects For Next Financial Year

Against the background of GDP growth of 4% to 5%, the Group expects demand for financing and non-interest income business activities to be sustained. The Group will continue to focus on existing business opportunities in Consumer Banking and Business Banking, while enhancing Treasury and Transaction Banking and developing the Wealth Management and Investment Banking business. The Group's priority will be on growing revenue, managing asset quality, enhancing its human capital, improving productivity, and building the balance sheet for sustainable growth.

In FY2013, growth in the Consumer Banking should sustain at the current moderate level, supported by the growth in retail lending and customer deposits. Growth in retail lending is expected to be driven by steady economic growth, growing household income, stable employment conditions, a low interest rate environment, and continuing demand for residential and commercial properties.

Consumer Banking will also focus on growing non-interest income through further expansion of its wealth management business activities, by providing a broader range of wealth management products, and also enhancing customer service.

The Business Banking segment covers Small and Medium Enterprise ("SME") and Wholesale Banking. In FY2012, the lending activities of both SME and Wholesale Banking are expected to grow moderately, supported by the continuing demand for credit by businesses, arising from the implementation of projects under the Economic Transformation Programme as well as the Government's efforts to support the growth of private sector businesses.

The segment will continue to focus on cross-selling efforts to grow non-interest income in transaction banking, foreign exchange and investment banking.

B3. Prospects For Next Financial Year (contd.)

Financial markets will continue to focus on the trading of fixed income securities, primarily Government securities and private debt securities, foreign exchange as well as treasury sales.

The capital markets are expected to remain competitive and volatile. The Group's investment banking will expand its business operations by leveraging on the Group's Wholesale Banking customers. The segment will also continue to improve its brokerage business, both retail and institutional broking by further strengthening its service delivery channels and research capabilities.

Conclusion

The Group expects to deliver a satisfactory performance for the next financial year ending 31 March 2013.

B4. Profit Forecast

There was no profit forecast issued by the Group.

B5. Taxation And Zakat

<u>GROUP</u>	4th Quarter Ended		Cumulative 12 Months Ended	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
	RM'000	RM'000	RM'000	RM'000
Taxation				
- Income tax	42,072	43,522	173,433	153,758
- Deferred tax	(4,732)	(14,172)	(9,524)	(10,136)
	37,340	29,350	163,909	143,622
- Over provision in prior year	(933)	(54)	(258)	(22)
Zakat	159	160	113	362
	36,566	29,456	163,764	143,962

The Group's effective tax rate for the financial year ended 31 March 2012 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 4th financial quarter and the financial year ended 31 March 2012 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 4th financial quarter and the financial year ended 31 March 2012 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 as at the financial reporting date.

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

	GROUP	
	31.3.2012	31.3.2011
	RM'000	RM'000
(a) Deposits from customers		
Fixed deposits, negotiable instruments of deposits and money market deposits:		
- One year or less (short term)	20,999,784	18,547,810
- More than one year (medium/long term)	94,312	67,786
	21,094,096	18,615,596
Others	11,036,866	9,730,051
	32,130,962	28,345,647
(b) Deposits and placements of banks and other financial institutions		
- One year or less (short term)	1,532,543	1,069,289
- More than one year (medium/long term)	628,462	882,911
	2,161,005	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	611,615	-
(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.)	-	401,189
Floating rate term loan (Tenor of 4 years with all in interest rate of Cost of Fund plus 0.5% p.a.)	-	200,083
	-	601,272

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B10. Derivative Financial Instruments

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

	As at 31 March 2012			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	859,253	4,792	(6,243)	442,706	1,217	(7,713)
Currency swaps						
- one year or less	1,690,284	9,774	(8,784)	1,819,102	18,692	(18,042)
Currency spots						
- one year or less	258,209	185	(150)	76,047	70	(37)
Currency options						
- one year or less	122,204	467	(324)	24,473	90	(57)
Gold options						
- one year or less	217,538	2,512	(1,102)	482,299	2,499	(2,499)
	3,147,488	17,730	(16,603)	2,844,627	22,568	(28,348)
<u>Interest rate contracts:</u>						
Interest rate swap	2,106,781	5,982	(9,215)	2,112,000	9,479	(4,999)
- one year or less	587,000	130	(105)	380,000	257	(252)
- over one year to three years	1,110,000	2,592	(2,030)	1,447,000	6,465	(3,766)
- over three years	409,781	3,260	(7,080)	285,000	2,757	(981)
Hedging Derivatives						
Interest rate swap						
- over three years	14,115	-	(423)	-	-	-
Total derivatives assets/(liabilities)	5,268,384	23,712	(26,241)	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.

B10. Derivative Financial Instruments (contd.)

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.

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.

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 RM115.5 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 High Court had on 24 June 2009 granted the agent bank a stay of execution of the judgment pending disposal of its appeal at the Court of Appeal. The Court of Appeal has fixed the hearing of the appeal on 19 June 2012.

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 and the guarantor (collectively referred to as "the Defendants") for the outstanding amount due to a default in banking facility amounting to RM2.36 million. The Defendants filed a counter-claim 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 dismissed the ABMB's claim and allowed Defendants claim for general damages to be assessed by the Deputy Registrar.

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. 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.

On 18 January 2011, the Court of Appeal allowed ABMB's appeal by dismissing the counter-claim against ABMB and allowing ABMB's claim against the Defendants. The Defendants filed an application for leave to appeal at the Federal Court against the said decision. On 23 November 2011, the Federal Court dismissed the Defendants application for leave to appeal at the Federal Court with costs of RM10,000.

Persuant to the decision by the Federal Court, the High Court had on 10 February 2012 struck out the matter with costs to follow as per Court of Appeal order. This essentially concludes the matter thus bringing the counter-claim against ABMB to an end.

B11. Material Litigation (contd.)

- (c) ABMB 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 the repayment for 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.

Arising from the above-mentioned suit, 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's claim is for damages for loss of the benefit of the shares pledged to ABMB, damages for conversion, damages for misrepresentation and for breach of contract.

The two cases were consolidated into one suit. The consolidated suits were heard from 20 till 24 February 2012. On 20 March 2012, the High Court allowed ABMB's claim against the individual borrower and dismissed the individual borrower's counter claim against ABMB with costs of RM150,000. The individual borrower has since filed an appeal to the Court of Appeal against the said decision. ABMB is contesting the appeal.

On 20 March 2012, the High Court dismissed the third party suit against ABMB with costs of RM150,000. The third party has since appealed against the said decision to the Court of Appeal. ABMB is contesting the appeal.

B12. Dividend Declared

With the two (2) interim dividends paid on 26 August 2011 and 28 February 2012 respectively as disclosed under Note A7, the Directors do not recommend the payment of any final dividend in respect of the current financial year.

The total dividend paid/declared for the financial year ended 31 March 2012 is 13.3 sen per share, tax exempt under the single tier tax system (2011: 7.0 sen per share, tax exempt under the single tier tax system).

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.

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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.

	4th Quarter Ended		Cumulative 12 Months Ended	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
Net profit attributable to owners of the parent (RM'000)	107,552	84,934	479,355	409,202
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)	(24,467)	(17,629)	(24,467)	(17,629)
	1,523,639	1,530,477	1,523,639	1,530,477
Basic earnings per share (sen)	7.1	5.5	31.5	26.7

(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 31 March 2012.

	4th Quarter Ended		Cumulative 12 Months Ended	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
Net profit attributable to owners of the parent (RM'000)	107,552	84,934	479,355	409,202
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)	(24,467)	(17,629)	(24,467)	(17,629)
Effect of Share Grants under ESS ('000)	4,003	4,238	4,003	4,238
	1,527,642	1,534,715	1,527,642	1,534,715
Diluted earnings per share (sen)	7.0	5.5	31.4	26.7

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:

	Year Ended	
	31.3.2012	31.03.2011
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	1,380,228	1,045,846
- Unrealised	51,858	144,761
	1,432,086	1,190,607
Less: Consolidation adjustments	(281,358)	(282,523)
Total group retained profits as per consolidated accounts	1,150,728	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.

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

C1. Interest Income

Group	4th Quarter Ended		Cumulative 12 Months Ended	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	223,080	206,030	908,692	841,945
Money at call and deposit placements with financial institutions	23,487	5,272	41,836	36,855
Financial assets held-for-trading	876	452	3,862	1,044
Financial investments available-for-sale	53,745	58,889	253,237	206,340
Financial investments held-to-maturity	2,991	7,987	22,751	30,682
Others	690	1,185	3,375	4,393
	304,869	279,815	1,233,753	1,121,259
Accretion of discount less amortisation of premium	23,514	29,636	94,369	82,179
	328,383	309,451	1,328,122	1,203,438

C2. Interest Expense

Group	4th Quarter Ended		Cumulative 12 Months Ended	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	5,957	11,882	33,640	55,345
Deposits from customers	149,311	120,814	565,206	411,329
Loans sold to Cagamas	234	642	2,908	642
Subordinated obligations	7,366	9,010	34,513	36,540
Long term borrowings	1,074	5,325	14,178	21,382
Others	853	1,948	3,814	7,938
	164,795	149,621	654,259	533,176

C3. Net Income From Islamic Banking Business

Group	4th Quarter Ended		Cumulative 12 Months Ended	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	82,490	77,359	335,853	292,564
Income derived from investment of Islamic Banking funds	8,040	6,972	32,097	27,988
Income attributable to depositors and financial institutions	(35,578)	(31,848)	(139,025)	(112,805)
	54,952	52,483	228,925	207,747
Add: Income due to head office eliminated at Group level	7,585	6,021	27,404	24,985
	62,537	58,504	256,329	232,732

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C4. Other Operating Income

Group	4th Quarter Ended		Cumulative 12 Months Ended	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
	RM'000	RM'000	RM'000	RM'000
(a) <u>Fee income:</u>				
Commissions	14,891	8,643	55,160	35,031
Service charges and fees	7,534	8,827	30,546	34,529
Portfolio management fees	1,715	1,711	6,994	6,628
Corporate advisory fees	690	1,613	6,073	3,064
Underwriting commissions	700	-	990	949
Brokerage fees	4,076	5,444	14,499	17,837
Guarantee fees	1,943	1,778	8,764	8,603
Processing fees	3,171	1,490	10,817	11,779
Commitment fees	3,724	3,402	14,376	14,042
Other fee income	18,060	426	28,533	14,645
	56,504	33,334	176,752	147,107
(b) <u>Investment income:</u>				
Gain arising from sale/redemption of:				
- Financial assets held-for-trading	353	199	3,699	417
- Financial investments available-for-sale	9,275	-	47,408	3,509
- Financial investments held-to-maturity	3,654	-	16,831	3
Unrealised (loss)/gain from revaluation of:				
- Financial assets held-for-trading	(57)	(277)	(185)	256
- Derivative financial instruments	(17,461)	(6,889)	1,572	4,149
Realised gain on revaluation financial instruments	22,110	18,462	37,444	43,925
Gross dividend income from:				
- Financial investments available-for-sale	299	288	10,229	3,705
	18,173	11,783	116,998	55,964
(c) <u>Other income:</u>				
Unrealised foreign exchange translation gain	10,087	1,919	7,977	7,415
Rental income	-	25	-	-
Gain/(loss) on disposal of property, plant and equipment	174	(126)	200	(329)
Loss on liquidation of subsidiaries	-	-	-	(7)
Loss on disposal of foreclosed properties	(20)	-	(20)	(38)
Others	3,527	5,266	18,275	15,610
	13,768	7,084	26,432	22,651
Total other operating income	88,445	52,201	320,182	225,722

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C5. Other Operating Expenses

Group	4th Quarter Ended		Cumulative 12 Months Ended	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs:</u>				
Salaries, allowances and bonuses	78,106	65,048	290,164	254,506
Contribution to EPF	12,655	11,373	47,849	42,523
Share options/grants under ESS	1,684	1,271	6,649	5,347
Others	6,173	7,945	31,495	30,962
	98,618	85,637	376,157	333,338
<u>Establishment costs:</u>				
Depreciation of property, plant and equipment	7,028	8,539	29,374	39,592
Amortisation of computer software	5,030	3,659	18,239	14,420
Rental of premises	6,796	6,647	27,414	26,290
Water and electricity	1,390	948	6,137	5,470
Repairs and maintenance	2,717	3,366	9,965	10,470
Information technology expenses	9,322	7,053	33,255	29,339
Others	4,815	(183)	20,007	13,406
	37,098	30,029	144,391	138,987
<u>Marketing expenses:</u>				
Promotion and advertisement	3,822	4,235	11,178	8,912
Branding and publicity	2,122	1,775	4,756	4,861
Others	1,175	1,321	4,688	4,805
	7,119	7,331	20,622	18,578
<u>Administration and general expenses:</u>				
Communication expenses	3,574	3,540	13,126	11,681
Printing and stationery	1,182	1,462	3,756	4,619
Insurance	1,887	3,332	5,926	10,501
Professional fees	4,079	6,935	13,750	13,668
Others	3,026	8,049	14,068	13,528
	13,748	23,318	50,626	53,997
Total other operating expenses	156,583	146,315	591,796	544,900

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C6. Allowance For Losses On Loans, Advances And Financing And Other Losses

Group	4th Quarter Ended		Cumulative 12 Months Ended	
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
	RM'000	RM'000	RM'000	RM'000
Allowance for/(write-back of) losses on loans and financing:				
(a) Individual assessment allowance				
- made during the year (net)	22,292	14,267	43,363	87,812
(b) Collective assessment allowance				
- made during the year (net)	12,226	11,760	46,381	15,992
(c) Bad debts on loans and financing				
- Recovered	(13,521)	(18,603)	(65,590)	(80,844)
- Written off	4,088	891	8,416	3,988
	25,085	8,315	32,570	26,948
(Write-back of)/allowance for commitments and contingencies	(2,767)	(921)	(4,210)	59
Allowance for other assets	1,264	1,910	6,280	6,302
	23,582	9,304	34,640	33,309

C7. Financial Assets Held-for-trading

	Group	
	31.3.2012	31.3.2011
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Bank Negara Malaysia bills	1,371,696	1,848,299
Malaysian Government securities	20,053	-
Malaysian Government investment certificates	100,246	59,951
Malaysian Government treasury bills	-	30,000
	1,491,995	1,938,250

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C8. Financial Investments Available-for-sale

	Group	
	31.3.2012	31.3.2011
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Malaysian Government securities	2,316,772	3,244,713
Malaysian Government investment certificates	1,833,967	764,371
Cagamas bonds	35,254	35,396
Negotiable instruments of deposits	884,535	1,741,201
Bankers' acceptances	1,944,074	1,388,637
<u>Quoted securities in Malaysia:</u>		
Shares	4,212	3,875
Debt securities	4,768	7,818
<u>Unquoted securities:</u>		
Shares	135,888	117,587
Debt securities and medium term notes	1,963,731	1,956,342
	9,123,201	9,259,940

C9. Financial Investments Held-to-maturity

	Group	
	31.3.2012	31.3.2011
	RM'000	RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government securities	328,639	804,820
Malaysian Government investment certificates	439,463	105,624
At cost		
<u>Quoted securities in Malaysia:</u>		
Debt securities	-	4,902
<u>Unquoted securities:</u>		
Debt securities	74,283	116,711
	842,385	1,032,057
Accumulated impairment	(47,129)	(91,331)
	795,256	940,726

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C10. Loans, Advances And Financing

	Group	
	31.3.2012	31.3.2011
	RM'000	RM'000
Overdrafts	1,853,950	1,753,908
Term loans/financing		
- Housing loans/financing	9,259,885	8,325,550
- Syndicated term loans/financing	472,949	287,171
- Hire purchase receivables	654,336	784,046
- Other term loans/financing	7,715,570	6,310,426
Bills receivables	308,763	179,607
Trust receipts	207,515	176,527
Claims on customers under acceptance credits	2,337,986	2,202,863
Staff loans [include RM92,000 loans to Directors of banking subsidiary (2011: RM121,000)]	54,567	60,938
Credit/charge card receivables	623,563	663,059
Revolving credits	1,043,680	1,347,748
Other loans	451,282	347,518
Gross loans, advances and financing	24,984,046	22,439,361
Add: Sales commissions and handling fees	28,523	24,969
Less: Allowance for impairment on loans, advances and financing		
- Individual assessment allowance	(266,349)	(328,375)
- Collective assessment allowance	(386,017)	(339,636)
Total net loans, advances and financing	24,360,203	21,796,319

(a) By type of customer:

	Group	
	31.3.2012	31.3.2011
	RM'000	RM'000
Domestic non-bank financial institutions		
- Stockbroking companies	-	20,002
- Others	207,162	187,410
Domestic business enterprises		
- Small and medium enterprises	5,472,374	4,784,192
- Others	4,961,344	4,531,660
Government and statutory bodies	12,618	18,224
Individuals	13,457,860	12,349,218
Other domestic entities	247,679	14,671
Foreign entities	625,009	533,984
Gross loans, advances and financing	24,984,046	22,439,361

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C10. Loans, Advances And Financing (contd.)

(b) By interest/profit rate sensitivity:

	Group	
	31.3.2012	31.3.2011
	RM'000	RM'000
Fixed rate		
- Housing loans/financing	90,812	107,669
- Hire purchase receivables	654,337	784,046
- Other fixed rate loans/financing	1,997,225	2,207,047
Variable rate		
- Base lending rate plus	16,737,766	14,989,061
- Cost plus	5,200,601	4,120,772
- Other variable rates	303,305	230,766
Gross loans, advances and financing	24,984,046	22,439,361

(c) By economic purposes:

	Group	
	31.3.2012	31.3.2011
	RM'000	RM'000
Purchase of securities	456,010	354,975
Purchase of transport vehicles	561,763	703,969
Purchase of landed property	13,100,915	11,514,820
of which: - Residential	9,750,258	8,671,706
- Non-residential	3,350,657	2,843,114
Purchase of fixed assets excluding land and buildings	117,110	99,836
Personal use	2,146,045	2,093,967
Credit card	623,563	663,059
Construction	249,709	253,621
Merger and acquisition	207,265	-
Working capital	6,327,613	6,116,583
Others	1,194,053	638,531
Gross loans, advances and financing	24,984,046	22,439,361

(d) By geographical distribution:

	Group	
	31.3.2012	31.3.2011
	RM'000	RM'000
Northern region	1,911,286	1,882,761
Central region	18,825,748	16,442,221
Southern region	2,100,061	2,014,167
East Malaysia region	2,146,951	2,100,212
Gross loans, advances and financing	24,984,046	22,439,361

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C10. Loans, Advances And Financing (contd.)

(e) By residual contractual maturity:

	Group	
	31.3.2012	31.3.2011
	RM'000	RM'000
Within one year	7,023,573	6,868,094
One year to three years	822,931	771,372
Three years to five years	1,253,470	1,389,244
Over five years	15,884,072	13,410,651
Gross loans, advances and financing	24,984,046	22,439,361

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

	Group	
	31.3.2012	31.3.2011
	RM'000	RM'000
At beginning of year	741,324	843,866
Impaired during the year	441,439	564,613
Reclassified as non-impaired during the year	(361,159)	(328,118)
Recoveries	(106,986)	(190,022)
Amount written off	(113,483)	(149,015)
At end of year	601,135	741,324
Gross impaired loans as a % of gross loans, advances and financing	2.4%	3.3%

(g) Impaired loans analysed by economic purposes:
are as follows:

	Group	
	31.3.2012	31.3.2011
	RM'000	RM'000
Purchase of securities	5,432	10,268
Purchase of transport vehicles	5,652	8,959
Purchase of landed property	251,134	283,410
of which: - Residential	180,614	209,057
- Non-residential	70,520	74,353
Purchase of fixed assets excluding land & buildings	190	182
Personal use	29,955	37,151
Credit card	9,908	12,694
Construction	11,869	12,777
Working capital	245,777	315,987
Others	41,218	59,896
	601,135	741,324

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C10. Loans, Advances And Financing (contd.)

(h) Impaired loans by geographical distribution:

	Group	
	31.3.2012	31.3.2011
	RM'000	RM'000
Northern region	135,319	104,487
Central region	358,099	500,546
Southern region	50,698	68,965
East Malaysia region	57,019	67,326
	601,135	741,324

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

	Group	
	31.3.2012	31.3.2011
	RM'000	RM'000
Individual assessment allowance		
At beginning of year	328,375	389,578
Allowance made during the year (net)	43,363	87,812
Amount written off	(105,389)	(149,015)
At end of year	266,349	328,375
 Collective assessment allowance		
At beginning of year	339,636	323,644
Allowance made during the year (net)	46,381	15,992
At end of year	386,017	339,636

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C11. Balances Due From Clients And Brokers

	Group	
	31.3.2012	31.3.2011
	RM'000	RM'000
Due from clients	58,060	96,318
Due from brokers	4,900	-
	62,960	96,318
Less: Allowance for other losses	(1,262)	(15,799)
	61,698	80,519

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	
	31.3.2012	31.3.2011
	RM'000	RM'000
Classified as doubtful	165	976
Classified as bad	1,420	15,856
	1,585	16,832

The movements in allowance for other losses are as follows:

At beginning of year	15,799	16,482
Allowance made during the year	1,536	2,214
Reversal of allowance	(1,623)	(2,897)
Amounts written off	(14,450)	-
At end of year	1,262	15,799

C12. Other Assets

	Group	
	31.3.2012	31.3.2011
	RM'000	RM'000
Other receivables, deposits and prepayments	100,059	103,113
Trade receivables	2,514	2,190
Foreclosed properties	-	4,200
	102,573	109,503
Less: Allowance for other losses	(24,416)	(21,882)
	78,157	87,621

C13. Deposits From Customers

	Group	
	31.3.2012	31.3.2011
	RM'000	RM'000
<u>By type of deposits:</u>		
Demand deposits	9,141,209	8,010,395
Savings deposits	1,700,686	1,633,845
Fixed/investment deposits	15,595,344	14,580,270
Money market deposits	4,091,427	3,042,274
Negotiable instruments of deposits	1,407,325	993,052
Structured deposits [Note]	194,971	85,811
	32,130,962	28,345,647

	Group	
	31.3.2012	31.3.2011
	RM'000	RM'000
<u>(i) By type of customers:</u>		
Domestic financial institutions	2,151,287	998,676
Government and statutory bodies	1,396,323	1,069,088
Business enterprises	11,845,743	10,111,082
Individuals	15,707,697	15,227,162
Others	1,029,912	939,639
	32,130,962	28,345,647

(ii) The maturity structure of fixed deposits, money market deposits and negotiable instruments of deposit are as follows:

Due within six months	16,483,378	14,449,496
Six months to one year	4,516,406	4,098,314
One year to three years	72,776	54,539
Three years to five years	21,536	13,247
	21,094,096	18,615,596

Note:

- (a) Structured deposits represent foreign currency time deposits with embedded foreign exchange, gold commodity linked options and interest rate index linked placements.
- (b) The Group has undertaken a fair value hedge on the interest rate risk of the structured deposits amounting to RM14,115,000 (2011: RM Nil) using interest rate swaps.

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C14. Deposits And Placements Of Banks And Other Financial Institutions

	Group	
	31.3.2012	31.3.2011
	RM'000	RM'000
Licensed banks	976,450	744,993
Licensed investment banks	180,036	280,380
Licensed Islamic banks	245,468	6,000
Bank Negara Malaysia	759,051	920,827
	2,161,005	1,952,200

C15. Balances Due To Clients And Brokers

	Group	
	31.3.2012	31.3.2011
	RM'000	RM'000
Due to clients	74,915	80,460
Due to brokers	-	6,283
	74,915	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	
	31.3.2012	31.3.2011
	RM'000	RM'000
Other payable and accruals	849,577	787,517
Remisiers' accounts	21,230	24,373
	870,807	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:

	31.3.2012	31.3.2011
<u>Before deducting proposed dividends</u>		
Core capital ratio	12.00%	12.40%
Risk-weighted capital ratio	15.71%	16.54%
<u>After deducting proposed dividends</u>		
Core capital ratio	11.52%	11.95%
Risk-weighted capital ratio	15.22%	16.09%

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

	31.3.2012	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	1,420,731	1,194,222
Statutory reserves	842,167	786,406
Other reserves	10,018	10,018
Non-controlling interests	4,905	4,488
	3,475,855	3,193,168
Less: Purchased goodwill/goodwill on consolidation	(302,065)	(302,065)
Deferred tax assets	(15,038)	(108,808)
Total Tier I capital	3,158,752	2,782,295
Tier II Capital		
Subordinated obligations	597,829	600,000
Collective assessment allowance	381,019	333,466
Total Tier II capital	978,848	933,466
Total Capital	4,137,600	3,715,761
Less: Investments in subsidiaries	(3,620)	(3,620)
Total Capital Base	4,133,980	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 (contd.)

(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 March 2012			
<u>Before deducting proposed dividends</u>			
Core capital ratio	13.93%	12.35%	57.91%
Risk-weighted capital ratio	14.37%	14.19%	58.39%
<u>After deducting proposed dividends</u>			
Core capital ratio	13.32%	11.52%	56.65%
Risk-weighted capital ratio	13.76%	13.36%	57.13%
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 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% (31.3.2011: 8.0%) for the risk-weighted capital ratio.

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C17. Capital Adequacy (contd.)

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

Group	31.3.2012		31.3.2011	
	Net Exposure RM'000	Risk-Weighted RM'000	Net Exposure RM'000	Risk-Weighted RM'000
0%	7,401,222	-	5,893,876	-
20%	4,730,644	946,129	5,115,709	1,023,142
35%	4,439,248	1,553,737	3,991,155	1,396,904
50%	3,275,122	1,637,561	2,640,539	1,320,269
75%	10,915,141	8,186,356	9,319,469	6,989,603
100%	10,811,590	10,811,590	8,883,490	8,883,490
150%	310,748	466,122	357,265	535,897
Total RWA equivalent for Credit risk	41,883,715	23,601,495	36,201,503	20,149,305
Total RWA equivalent for Market risk	-	265,432	-	71,884
Total RWA equivalent for Operational risk	-	2,445,524	-	2,222,953
Total Risk-Weighted Assets	41,883,715	26,312,451	36,201,503	22,444,142

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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	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk- Weighted Assets RM'000
As at 31 March 2012				
<u>Credit-related exposures</u>				
Direct credit substitutes	397,029	-	397,029	397,029
Transaction-related contingent items	549,766	-	274,883	274,883
Short-term self-liquidating trade-related contingencies	153,561	-	30,712	30,712
Obligations under an on-going underwriting agreement	70,122	-	35,061	35,061
Irrevocable commitments to extent credit:				
- maturity exceeding one year	4,320,657	-	2,160,328	1,786,192
- maturity not exceeding one year	5,793,193	-	1,158,639	1,004,648
Unutilised credit card lines	2,188,661	-	437,732	340,525
	<u>13,472,989</u>	<u>-</u>	<u>4,494,384</u>	<u>3,869,050</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	3,147,488	17,730	64,522	38,478
Interest rate related contracts:				
- one year or less	587,000	130	912	182
- over one year to three years	1,110,000	2,592	14,192	2,838
- over three years	423,896	3,260	20,055	6,467
	<u>5,268,384</u>	<u>23,712</u>	<u>99,681</u>	<u>47,965</u>
	<u>18,741,373</u>	<u>23,712</u>	<u>4,594,065</u>	<u>3,917,015</u>
As at 31 March 2011				
<u>Credit-related exposures</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	4,729,308	-	945,862	852,441
unutilised credit card lines	3,425,831	-	685,166	528,386
	<u>10,952,401</u>	<u>-</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>

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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 31 March 2012	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
ASSETS										
Cash and short-term funds	1,384,073	-	-	-	-	-	490,260	-	1,874,333	3.04
Deposits and placements with banks and other financial institutions	-	93,138	4,429	-	-	-	146	-	97,713	2.32
Balances due from clients and brokers	1,631	-	-	-	-	-	60,067	-	61,698	12.00
Financial assets held-for-trading	-	-	-	-	-	-	-	1,491,995	1,491,995	3.00
Financial investments available-for-sale	953,177	1,910,031	150,485	88,717	2,493,255	3,314,235	213,301	-	9,123,201	3.79
Financial investments held-to-maturity	-	50,081	134,359	11,992	357,154	233,114	8,556	-	795,256	3.55
Derivative financial assets	-	-	-	-	-	-	-	23,712	23,712	-
Loans, advances and financing	18,988,098	1,013,570	338,603	608,585	1,485,718	1,976,860	(51,231)*	-	24,360,203	5.46
Other non-interest/profit sensitive balances	-	-	-	-	-	-	1,775,374	-	1,775,374	-
TOTAL ASSETS	21,326,979	3,066,820	627,876	709,294	4,336,127	5,524,209	2,496,473	1,515,707	39,603,485	
LIABILITIES										
Deposits from customers	15,942,492	3,716,695	2,353,813	5,203,955	87,647	40,278	4,786,082	-	32,130,962	2.31
Deposits and placements of banks and other financial institutions	771,753	462,662	226,140	61,329	628,462	-	10,659	-	2,161,005	2.02
Balances due to clients and brokers	38,858	-	-	-	-	-	36,057	-	74,915	2.90
Bills and acceptances payable	14	40	124	-	-	-	-	-	178	3.36
Derivative financial liabilities										
- Trading derivatives	-	-	-	-	-	-	-	25,818	25,818	-
- Hedging derivatives	-	-	-	-	-	423	-	-	423	-
Amount due to Cagamas Berhad	-	-	1,634	9,566	10,844	-	-	-	22,044	4.54
Subordinated obligations	-	-	-	-	597,829	-	13,786	-	611,615	4.92
Other non-interest/profit sensitive balances	-	-	-	-	-	-	901,191	-	901,191	-
TOTAL LIABILITIES	16,753,117	4,179,397	2,581,711	5,274,850	1,324,782	40,701	5,747,775	25,818	35,928,151	
Equity	-	-	-	-	-	-	3,670,429	-	3,670,429	-
Non-controlling interests	-	-	-	-	-	-	4,905	-	4,905	-
TOTAL LIABILITIES AND EQUITY	16,753,117	4,179,397	2,581,711	5,274,850	1,324,782	40,701	9,423,109	25,818	39,603,485	
On-balance sheet interest sensitivity gap	4,573,862	(1,112,577)	(1,953,835)	(4,565,556)	3,011,345	5,483,508	(6,926,636)	1,489,889	-	

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

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C19. Interest Rate Risk (contd.)

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
Balances due from clients and brokers	1,070	-	-	-	-	-	79,449	-	80,519	12.00
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
Derivative financial assets										
- Trading derivatives	-	-	-	-	-	-	-	32,047	32,047	-
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	5.67
Other non-interest/profit sensitive balances	-	-	-	-	-	-	1,009,869	-	1,009,869	-
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
Balances due to clients and brokers	34,516	-	-	-	-	-	52,227	-	86,743	2.55
Bills and acceptances payable	86,161	24,948	50	-	-	-	-	-	111,159	3.04
Derivative financial assets										
- Trading derivatives	-	-	-	-	-	-	-	33,347	33,347	-
Amount due to Cagamas Berhad	-	-	-	100,000	25,134	-	642	-	125,776	3.77
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	-	859,189	-
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	
On-balance sheet interest sensitivity gap	3,569,436	(202,835)	(930,320)	(3,890,020)	2,912,649	3,596,782	(6,992,642)	1,936,950	-	

* 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

23 May 2012