

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2012

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	3rd Quarter Ended		Cumulative 9 Months Ended	
		31.12.2012	31.12.2011 (Restated)	31.12.2012	31.12.2011 (Restated)
		RM'000	RM'000	RM'000	RM'000
Interest income	C1	355,246	326,004	1,068,601	994,156
Interest expense	C2	(176,784)	(161,698)	(525,569)	(489,464)
Net interest income		178,462	164,306	543,032	504,692
Net income from Islamic banking business	C3	60,463	66,440	184,874	193,990
		238,925	230,746	727,906	698,682
Other operating income	C4	80,789	79,437	250,120	231,737
Net income		319,714	310,183	978,026	930,419
Other operating expenses	C5	(152,215)	(148,113)	(467,599)	(435,213)
Operating profit before allowance		167,499	162,070	510,427	495,206
Write-back of/(allowance for) losses on loans, advances and financing and other losses	C6	12,901	(2,263)	28,737	5,422
Write-back of impairment		-	10,194	473	11,253
Operating profit after allowance		180,400	170,001	539,637	511,881
Share of results of associate		(1,806)	(422)	(3,919)	(1,331)
Profit before taxation and zakat		178,594	169,579	535,718	510,550
Taxation and zakat	B5	(45,828)	(43,302)	(136,445)	(129,971)
Net profit after taxation and zakat		132,766	126,277	399,273	380,579
Other comprehensive income/(expense):					
Revaluation reserve on financial investments available-for-sale					
- Net gain/(loss) from change in fair value		12,923	(7,952)	(9,901)	104,316
- Transfer (to)/from deferred tax		(3,231)	1,988	2,475	(26,079)
Other comprehensive income/(expense), net of tax		9,692	(5,964)	(7,426)	78,237
Total comprehensive income for the period		142,458	120,313	391,847	458,816
Profit attributable to:					
Owners of the parent		132,742	126,146	399,220	380,125
Non-controlling interests		24	131	53	454
Net profit after taxation and zakat		132,766	126,277	399,273	380,579
Total comprehensive income attributable to:					
Owners of the parent		142,434	120,182	391,794	458,362
Non-controlling interests		24	131	53	454
Total comprehensive income for the period		142,458	120,313	391,847	458,816
Earnings per share attributable to owners of the parent:					
- Basic (sen)	B14(a)	8.7	8.3	26.2	24.9
- Diluted (sen)	B14(b)	8.7	8.2	26.2	24.8

(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 2012)

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	UNAUDITED	AS AT	AS AT
		AS AT	AS AT	AS AT
		31.12.2012	31.3.2012	1.4.2011
		(Restated)	(Restated)	
		RM'000	RM'000	RM'000
ASSETS				
Cash and short-term funds		1,232,688	1,875,994	914,069
Deposits and placements with banks and other financial institutions		89,376	97,713	100,228
Balances due from clients and brokers	C7	68,736	61,764	80,543
Financial assets held-for-trading	C8	314,357	1,491,995	1,938,250
Financial investments available-for-sale	C9	9,582,234	9,123,201	9,259,940
Financial investments held-to-maturity	C10	595,170	795,256	940,726
Derivative financial assets		17,371	23,712	32,047
Loans, advances and financing	C11	26,712,709	24,488,832	21,893,950
Other assets	C12	66,991	78,157	87,621
Tax recoverable		360	465	3,244
Statutory deposits		1,342,602	1,163,083	291,108
Investment in associate		22,634	26,552	28,530
Investment property		27,748	27,748	27,748
Property, plant and equipment		85,491	90,293	104,837
Intangible assets		357,576	354,902	357,682
Deferred tax assets		12,131	15,341	84,083
		40,528,174	39,715,008	36,144,606
Non-current assets and subsidiary held for sale	C13	24,850	3,814	-
TOTAL ASSETS		40,553,024	39,718,822	36,144,606
LIABILITIES AND EQUITY				
Deposits from customers	B9(a), C14	31,326,039	32,186,913	28,385,434
Deposits and placements of banks and other financial institutions	B9(b), C15	3,431,843	2,161,005	1,952,200
Balances due to clients and brokers	C16	47,862	20,626	46,987
Bills and acceptances payable		95	178	111,159
Derivative financial liabilities	B10	13,384	26,241	33,347
Amount due to Cagamas Berhad		16,844	22,044	125,776
Other liabilities	C17	970,215	870,806	811,890
Subordinated obligations	B9(c)	604,900	611,615	600,000
Long term borrowings		-	-	601,272
Provision for taxation		47,746	24,527	40,507
Deferred tax liabilities		30,126	23,012	6,190
		36,489,054	35,946,967	32,714,762
Liabilities directly associated with non-current assets and subsidiary held for sale	C13	8,623	-	-
TOTAL LIABILITIES		36,497,677	35,946,967	32,714,762
Share capital		1,548,106	1,548,106	1,548,106
Reserves		2,580,079	2,287,038	1,920,416
Shares held for Employees' Share Scheme		(77,559)	(68,194)	(43,167)
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT		4,050,626	3,766,950	3,425,355
Non-controlling interests		4,721	4,905	4,489
TOTAL EQUITY		4,055,347	3,771,855	3,429,844
TOTAL LIABILITIES AND EQUITY		40,553,024	39,718,822	36,144,606
COMMITMENTS AND CONTINGENCIES	C19	19,670,944	18,741,373	15,909,028
Net assets per share attributable to owners of the parent (RM)*		2.62	2.43	2.21

* 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 2012)

ALLIANCE FINANCIAL GROUP BERHAD

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2012

	← Attributable to Owners of the Parent →											
	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Employees' Share Scheme ("ESS") Reserve RM'000	Profit Equalisation Reserve ("PER") RM'000	Shares held for ESS RM'000	Retained Profits RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
31 December 2012												
At 1 April 2012												
- As previously stated	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
- Effect of change in accounting policy	-	-	-	-	-	-	-	-	96,521	96,521	-	96,521
As restated	1,548,106	304,289	600,129	7,013	132,769	14,001	1,033	(68,194)	1,227,804	3,766,950	4,905	3,771,855
Net profit after taxation and zakat	-	-	-	-	-	-	-	-	399,220	399,220	53	399,273
Other comprehensive expense	-	-	-	-	(7,426)	-	-	-	-	(7,426)	-	(7,426)
Total comprehensive (expense)/income for the period	-	-	-	-	(7,426)	-	-	-	399,220	391,794	53	391,847
Transfer to statutory reserve	-	-	23,481	-	-	-	-	-	(23,481)	-	-	-
Purchase of shares pursuant to ESS	-	-	-	-	-	-	-	(18,174)	-	(18,174)	-	(18,174)
Share-based payment under ESS	-	-	-	-	-	6,247	-	-	-	6,247	-	6,247
Transfer to retained profits on share lapsed:												
- employees of subsidiaries	-	-	-	-	-	(2,545)	-	-	2,545	-	-	-
- own employees	-	-	-	-	-	(52)	-	-	52	-	-	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(100,254)	(100,254)	(237)	(100,491)
ESS shares grant vested to:												
- employees of subsidiaries	-	-	-	-	-	(3,680)	-	3,680	-	-	-	-
- own employees	-	-	-	-	-	(65)	-	65	-	-	-	-
ESS shares option exercise by:												
- employees of subsidiaries	-	-	-	-	-	(987)	-	987	-	-	-	-
- own employees	-	-	-	-	-	(14)	-	14	-	-	-	-
Proceeds from share option exercised	-	-	-	-	-	-	-	4,063	-	4,063	-	4,063
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	137	-	-	(137)	-	-	-
At 31 December 2012	1,548,106	304,289	623,610	7,013	125,343	13,042	1,033	(77,559)	1,505,749	4,050,626	4,721	4,055,347
31 December 2011												
At 1 April 2011												
- As previously stated	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
- Effect of change in accounting policy	-	-	-	-	-	-	-	-	73,241	73,241	-	73,241
As restated	1,548,106	304,289	544,368	7,013	68,620	13,768	1,033	(43,167)	981,325	3,425,355	4,489	3,429,844
Net profit after taxation and zakat	-	-	-	-	-	-	-	-	380,125	380,125	454	380,579
Other comprehensive income	-	-	-	-	78,237	-	-	-	-	78,237	-	78,237
Total comprehensive income for the period	-	-	-	-	78,237	-	-	-	380,125	458,362	454	458,816
Transfer to statutory reserve	-	-	26,233	-	-	-	-	-	(26,233)	-	-	-
Purchase of shares pursuant to ESS	-	-	-	-	-	-	-	(19,816)	-	(19,816)	-	(19,816)
Share-based payment under ESS	-	-	-	-	-	4,965	-	-	-	4,965	-	4,965
Transfer to retained profits on share lapsed:												
- employees of subsidiaries	-	-	-	-	-	(2,919)	-	-	2,919	-	-	-
- own employees	-	-	-	-	-	(61)	-	-	61	-	-	-
Dividends paid to shareholders	-	-	-	-	-	-	-	-	(85,705)	(85,705)	(67)	(85,772)
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 December 2011	1,548,106	304,289	570,601	7,013	146,857	12,317	1,033	(59,372)	1,252,317	3,783,161	4,876	3,788,037

(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 2012)

ALLIANCE FINANCIAL GROUP BERHAD

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2012

	Unaudited 9 Months Ended 31.12.2012	Unaudited 9 Months Ended 31.12.2011 (Restated)
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	535,718	510,550
Adjustments for:		
Accretion of discount less amortisation of premium of financial investments	(103,105)	(70,855)
Depreciation of property, plant and equipment	20,139	22,346
Dividends from financial investments available-for-sale	(3,709)	(9,930)
Gain on disposal of property, plant and equipment	(7,420)	(26)
Net gain from redemption of financial investments held-to-maturity	(5,884)	(13,177)
Net gain from sale of financial assets held-for-trading	(271)	(3,346)
Net gain from sale of financial investments available-for-sale	(41,121)	(38,133)
Unrealised loss on revaluation of financial assets held-for-trading	32	128
Unrealised gain on revaluation of derivative instruments	(5,513)	(19,033)
Interest expense on subordinated obligations	22,126	27,147
Interest expense on long term borrowings	-	13,104
Interest income from financial investments held-to-maturity	(10,806)	(19,760)
Interest income from financial investments available-for-sale	(181,372)	(199,492)
Interest income from financial investments held-for-trading	(2,489)	(2,986)
Allowance for loans, advances and financing (net of recoveries)	16,210	22,490
Allowance for other assets	4,237	5,005
Write-back of commitments and contingencies	(196)	(1,443)
Net write-back of financial investments available-for-sale	(473)	(7,679)
Net write-back of financial investments held-to-maturity	-	(5,034)
Impairment of property, plant and equipment	-	1,460
Amortisation of computer software	14,685	13,209
Share options/grants under ESS	6,247	4,965
Property, plant and equipment written off	46	1,012
Share of results of associate	3,919	1,331
Operating profit before working capital changes	261,000	231,853
Changes in working capital:		
Deposits from customers	(860,874)	2,256,985
Deposits and placements of banks and other financial institutions	1,279,175	21,076
Bills and acceptances payable	(83)	(107,591)
Balance due from clients and brokers	20,264	8,431
Other liabilities	99,605	64,365
Financial assets held-for-trading	1,198,983	1,646,924
Loans, advances and financing	(2,240,057)	(1,794,152)
Asset held for resale	(10,217)	-
Other assets	5,941	(6,411)
Statutory deposits with Bank Negara Malaysia	(179,519)	(819,620)
Amount due to Cagamas Berhad	(5,200)	358
Cash (used in)/generated from operations	(430,982)	1,502,218
Taxes and zakat paid	(100,319)	(127,142)
Net cash (used in)/generated from operating activities	(531,301)	1,375,076

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2012

	Unaudited 9 Months Ended 31.12.2012	Unaudited 9 Months Ended 31.12.2011 (Restated)
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from financial investments available-for-sale	3,705	9,920
Interest received from financial investments held-to-maturity	10,806	19,760
Interest received from financial investments available-for-sale	181,372	199,492
Interest received from financial investments held-for-trading	2,489	2,986
Purchase of property, plant and equipment	(16,920)	(20,087)
Purchase of computer software	(19,536)	(11,109)
Purchase of shares held for ESS	(18,174)	(19,816)
Proceeds from disposal of property, plant and equipment	8,924	2,892
Proceeds from redemption and maturity of financial investments held-to-maturity (net of purchase)	252,639	202,642
Purchase of financial investments available-for-sale (net of proceeds from disposal)	(392,041)	2,081,656
Proceeds from share option exercised	4,063	-
Net cash generated from investing activities	17,327	2,468,336
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term borrowing	-	(200,000)
Redemption of subordinated bonds	-	(600,000)
Proceeds from issuance of subordinated notes	-	597,366
Interest paid on subordinated obligations	(28,841)	(32,778)
Interest paid on long-term borrowings	-	(14,376)
Dividends paid to shareholders of the Company	(100,254)	(85,705)
Dividends paid to non-controlling interest	(237)	(68)
Net cash used in financing activities	(129,332)	(335,561)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(643,306)	3,507,851
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,875,994	914,069
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,232,688	4,421,920
Cash and cash equivalents comprise the following:		
Cash and short-term funds	1,232,688	4,421,920

(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 2012)

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

A1. Basis Of Preparation

The unaudited condensed interim financial statements for the 3rd financial quarter and the nine months ended 31 December 2012 have been prepared in accordance with MFRS 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 2012. 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 2012.

These unaudited condensed interim financial statements are the Group's first MFRS condensed interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 March 2013. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

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 2012, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2012:

- MFRS 124 (revised) "Related party disclosure"
- MFRS 139 "Financial instruments: Recognition and measurement"
- Amendments to MFRS 1 "First time adoption on fixed dates and hyperinflation"
- Amendments to MFRS 7 "Financial instruments: Disclosures on transfer of financial assets"
- Amendments to MFRS 112 "Income taxes"
- IC Interpretation 19 "Extinguishing financial liabilities with equity instruments"

The adoption of the above accounting standards, amendments to published accounting standards and interpretations to existing accounting standards does not give rise to any material financial effects to the Group, except for the adoption of MFRS 139 and FRSIC 18.

Previously, the Group applied the Amendment to FRS 139, which included an additional transitional arrangement for financial sectors, whereby BNM may prescribed the use of an alternative basis for collective assessment of impairments on loans, advances and financing. This transitional arrangement is prescribed in BNM's Guidelines on Classification and Impairment Provisions for Loans/Financing issued on 8 January 2010 and subsequently updated on 26 January 2010 and 17 December 2010, whereby banking institutions are required to maintain collective assessment allowance of at least 1.5% of total outstanding loans/financing, net of individual impairment allowance under the transitional provisions in the guidelines.

With effect from 1 January 2012, BNM has removed the transitional provision for banking institution on collective evaluation of loan impairment assessment and loan loss provisioning to comply with MFRS 139 requirements. Exposures not individually known to be impaired are placed into pools of similar assets with similar risk characteristics to be collectively assessed for losses that have been incurred but not identified yet. The required loan loss allowance is estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the collective pool. The historical loss experience is adjusted based on current observable data.

A1. Basis Of Preparation (contd.)

The change in accounting policies mentioned above have been accounted for retrospectively by re-measuring the relevant financial assets, as appropriate, and recording any adjustments to the previous carrying amounts to the Group's opening retained profits. As such, comparatives have been restated to conform with current year's presentation. The effects of the changes in accounting policies arising from the adoption of MFRS 139 are disclosed in Note C21.

The following revised MFRSs, new IC Interpretations and Amendments to MFRSs have been issued by the MASB and are effective for annual periods commencing on or after 1 April 2013, and have yet to be adopted by the Group:

- MFRS 9 "Financial instruments - Classifications and measurement of financial assets and financial liabilities" (effective 1 January 2015)
- MFRS 10 "Consolidated financial statements" (effective 1 January 2013)
- MFRS 11 "Joint arrangements" (effective 1 January 2013)
- MFRS 12 "Disclosures of interests in other entities" (effective 1 January 2013)
- MFRS 13 "Fair value measurement" (effective 1 January 2013)
- MFRS 127 (revised) "Separate financial statements" (effective 1 January 2013)
- MFRS 128 (revised) "Investments in associates and joint ventures" (effective 1 January 2013)
- Amendment to MFRS 7 "Financial instruments: Disclosures" (effective 1 January 2013)
- Amendment to MFRS 101 "Presentation of items of other comprehensive income" (effective 1 July 2012)
- Amendment to MFRS 119 "Employee benefits" (effective 1 January 2013)
- Amendment to MFRS 132 "Financial instruments: Presentations" (effective 1 January 2014)

The preparation of unaudited condensed interim financial statements in conformity with the Malaysian 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 2012 did not contain any qualification.

A3. Seasonal And Cyclical Factors

The operations of the Group were not materially affected by any seasonal or cyclical fluctuations in the 3rd financial quarter and the nine months ended 31 December 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 3rd financial quarter and the nine months ended 31 December 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 3rd financial quarter and the nine months ended 31 December 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 3rd financial quarter and the nine months ended 31 December 2012.

A7. Dividends Paid

A First Interim Dividend of 6.6 sen per share, tax exempt under the single tier tax system in respect of the financial year ending 31 March 2013, on 1,548,105,929 ordinary shares amounting to RM100,254,000 was paid on 28 August 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 RM1,921,154 being dividend paid for those shares were added back to the appropriation of retained profits in respect of the first interim dividend.*

A8. Segment Information

The following segment information has been prepared in accordance with MFRS 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 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 holding company operations.

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2012

A8. Segment Information (contd.)

GROUP 3rd Financial Quarter Ended 31 December 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								
- external income	48,624	75,849	53,805	2,259	5,614	186,151	(7,689)	178,462
- inter-segment	16,236	(285)	(14,320)	(1,631)	-	-	-	-
	64,860	75,564	39,485	628	5,614	186,151	(7,689)	178,462
Net income from Islamic banking business	26,848	16,187	10,036	1	-	53,072	7,391	60,463
Other operating income	23,599	39,002	24,588	3,673	179,799	270,661	(189,872)	80,789
Net income	115,307	130,753	74,109	4,302	185,413	509,884	(190,170)	319,714
Other operating expenses	(65,379)	(52,266)	(10,556)	(7,116)	(7,959)	(143,276)	2,324	(140,952)
Depreciation and amortisation	(5,299)	(4,115)	(1,777)	(49)	(23)	(11,263)	-	(11,263)
Operating profit/(loss)	44,629	74,372	61,776	(2,863)	177,431	355,345	(187,846)	167,499
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(22,943)	35,754	(44)	134	-	12,901	-	12,901
Segment result	21,686	110,126	61,732	(2,729)	177,431	368,246	(187,846)	180,400
Share of results in an associate								(1,806)
Taxation and zakat								(45,828)
Net profit after taxation and zakat								<u>132,766</u>
Segment assets	15,819,542	12,102,696	13,620,876	189,132	2,031,183	43,763,429	(3,688,597)	40,074,832
Reconciliation of segment assets to consolidated assets:								
Investment in an associate								22,634
Property, plant and equipment								85,491
Unallocated assets								12,491
Intangible assets								357,576
Total assets								<u>40,553,024</u>
Segment liabilities	16,031,731	9,769,379	11,597,208	65,588	61,915	37,525,821	(1,106,016)	36,419,805
Unallocated liabilities								77,872
Total liabilities								<u>36,497,677</u>

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2012

A8. Segment Information (contd.)

GROUP As at 31 December 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								
- external income	140,397	239,332	164,198	5,455	1,857	551,239	(8,207)	543,032
- inter-segment	60,458	(3,034)	(53,405)	(4,019)	-	-	-	-
	200,855	236,298	110,793	1,436	1,857	551,239	(8,207)	543,032
Net income from Islamic banking business	81,514	48,045	32,758	1	-	162,318	22,556	184,874
Other operating income	81,294	106,487	117,430	13,901	371,954	691,066	(440,946)	250,120
Net income	363,663	390,830	260,981	15,338	373,811	1,404,623	(426,597)	978,026
Other operating expenses	(200,367)	(160,267)	(33,132)	(23,161)	(22,905)	(439,832)	7,057	(432,775)
Depreciation and amortisation	(16,517)	(12,713)	(5,082)	(438)	(74)	(34,824)	-	(34,824)
Operating profit/(loss)	146,779	217,850	222,767	(8,261)	350,832	929,967	(419,540)	510,427
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(44,274)	73,013	116	123	(241)	28,737	-	28,737
Write-back of impairment	-	-	473	-	-	473	-	473
Segment result	102,505	290,863	223,356	(8,138)	350,591	959,177	(419,540)	539,637
Share of results in an associate								(3,919)
Taxation and zakat								(136,445)
Net profit after taxation and zakat								<u>399,273</u>
Segment assets	15,819,542	12,102,696	13,620,876	189,132	2,031,183	43,763,429	(3,688,597)	40,074,832
Reconciliation of segment assets to consolidated assets:								
Investment in an associate								22,634
Property, plant and equipment								85,491
Unallocated assets								12,491
Intangible assets								357,576
Total assets								<u>40,553,024</u>
Segment liabilities	16,031,731	9,769,379	11,597,208	65,588	61,915	37,525,821	(1,106,016)	36,419,805
Unallocated liabilities								77,872
Total liabilities								<u>36,497,677</u>

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2012

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

GROUP 3rd Financial Quarter Ended 31 December 2011 (Restated)	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)	32,148	80,827	51,881	1,419	(243)	166,032	(1,726)	164,306
- inter-segment	22,568	(5,823)	(15,722)	(1,023)	-	-	-	-
	54,716	75,004	36,159	396	(243)	166,032	(1,726)	164,306
Net income from Islamic banking business	31,061	16,590	12,154	-	-	59,805	6,635	66,440
Other operating income	18,907	31,644	33,393	5,087	135,883	224,914	(145,477)	79,437
Net income	104,684	123,238	81,706	5,483	135,640	450,751	(140,568)	310,183
Other operating expenses	(62,501)	(49,728)	(9,497)	(8,319)	(7,389)	(137,434)	1,366	(136,068)
Depreciation and amortisation	(5,862)	(4,040)	(1,573)	(562)	(8)	(12,045)	-	(12,045)
Operating profit/(loss)	36,321	69,470	70,636	(3,398)	128,243	301,272	(139,202)	162,070
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(8,509)	5,976	309	(39)	-	(2,263)	-	(2,263)
Write-back of impairment	-	222	8,512	-	1,460	10,194	-	10,194
Segment result	27,812	75,668	79,457	(3,437)	129,703	309,203	(139,202)	170,001
Share of results in an associate								(422)
Taxation and zakat								(43,302)
Net profit after taxation and zakat								<u>126,277</u>
Segment assets	12,935,539	10,791,801	16,118,240	244,562	2,433,111	42,523,253	(4,347,970)	38,175,283
Reconciliation of segment assets to consolidated assets:								
Investment in an associate								27,199
Property, plant and equipment								97,238
Unallocated assets								81,032
Intangible assets								355,587
Total assets								<u>38,736,339</u>
Segment liabilities	15,227,696	9,937,934	10,870,400	126,198	490,029	36,652,257	(1,771,762)	34,880,495
Unallocated liabilities								40,623
Total liabilities								<u>34,921,118</u>

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2012

A8. Segment Information (contd.)

GROUP As at 31 December 2011 (Restated)	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)	101,346	229,338	169,532	3,712	(1,666)	502,262	2,430	504,692
- inter-segment	73,571	(4,970)	(65,796)	(2,805)	-	-	-	-
	174,917	224,368	103,736	907	(1,666)	502,262	2,430	504,692
Net income from Islamic banking business	91,737	50,705	31,729	-	-	174,171	19,819	193,990
Other operating income	62,177	97,354	83,547	17,740	290,276	551,094	(319,357)	231,737
Net income	328,831	372,427	219,012	18,647	288,610	1,227,527	(297,108)	930,419
Other operating expenses	(183,587)	(147,627)	(28,843)	(22,869)	(19,498)	(402,424)	2,766	(399,658)
Depreciation and amortisation	(17,209)	(11,818)	(4,555)	(1,901)	(72)	(35,555)	-	(35,555)
Operating profit/(loss)	128,035	212,982	185,614	(6,123)	269,040	789,548	(294,342)	495,206
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(6,262)	13,283	(1,289)	(12)	(298)	5,422	-	5,422
Write-back of impairment	-	2,741	8,512	-	-	11,253	-	11,253
Segment result	121,773	229,006	192,837	(6,135)	268,742	806,223	(294,342)	511,881
Share of results in an associate								(1,331)
Taxation and zakat								(129,971)
Net profit after taxation and zakat								<u>380,579</u>
Segment assets	12,935,539	10,791,801	16,118,240	244,562	2,433,111	42,523,253	(4,347,970)	38,175,283
Reconciliation of segment assets to consolidated assets:								
Investment in an associate								27,199
Property, plant and equipment								97,238
Unallocated assets								81,032
Intangible assets								355,587
Total assets								<u>38,736,339</u>
Segment liabilities	15,227,696	9,937,934	10,870,400	126,198	490,029	36,652,257	(1,771,762)	34,880,495
Unallocated liabilities								40,623
Total liabilities								<u>34,921,118</u>

A9. Material Event During The Financial Reporting Period

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

On 6 July 2012, 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) 13,021,400 share options under the Share Option Plan at an option price of RM4.22 per share which will be vested subject to the achievement of performance conditions.
- (ii) 1,705,300 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 MFRS 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 nine months ended 31 December 2012, the Trustee of the ESS had purchased 4,641,600 ordinary shares of RM1.00 each fully paid in the Company from the open market at an average price of RM3.91 per share. The total consideration paid for the purchase including transaction costs was RM18,173,900. The shares purchased are being held in trust by the Trustee of the ESS in accordance with the Trust Deed dated 3 December 2007.

In the nine months ended 31 December 2012, 2,956,850 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 and Share Option Plan of the ESS. As at 31 December 2012, the Trustee of the ESS held 26,151,550 ordinary shares representing 1.69% of the issued and paid-up capital of the Company.

(c) Proposed Disposal by Alliance Bank Malaysia Berhad ("ABMB") of its 70% equity in Alliance Investment Management Berhad ("AIMB")

On 25 September 2012, the Company announced that ABMB, a wholly-owned subsidiary of the Company had entered into an agreement to dispose of its 70% equity interest in AIMB for a total consideration of RM12,250,000.

The proposed disposal, which is subject to the approval of the Securities Commission will not have any material effect on the net assets per share, earnings per share and gearing of Company for the financial year ending 31 March 2013.

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

There was no change in the composition of the Group during the 3rd financial quarter and the nine months ended 31 December 2012.

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

Please refer to Note C19.

[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 RM178.6 million, an increase of 5.4% compared to the corresponding quarter last year. For the 9 months ended 31 December 2012, the Group's profit before taxation was RM535.7 million, an increase of 4.9% compared to the corresponding period last year. The increase was due to higher net income and net bad debt write-back due to better asset quality and prudent credit risk management.

The Group's net interest income, including Islamic financing income, for the 9 months ended 31 December 2012 grew by 4.2% on the back of 12.3% year-on-year loans growth. The total loans outstanding has risen from RM24.2 billion a year ago to RM27.2 billion as at end-December 2012; while customer deposits have risen to RM31.3 billion. The loans-to-deposits ratio increased to 86.7% as at 31 December 2012, from 78.9% last year in line with the Group's objective to ensure more effective utilisation of the balance sheet.

Non-interest income registered 7.9% growth for the 9 months ended 31 December 2012 mainly due to higher fee income and gains from treasury trading and investment activities. Accordingly, the non-interest income ratio has improved from 26.3% a year ago to 27.2%. Overhead expenses rose by 7.4% as the Group continues its investment in human capital and upgrading of technology and infrastructure to support the on-going business expansion. Consequently, the Group's overheads to total income ratio has increased marginally to 47.8%, from 46.8% a year ago.

Reflecting on the Group's on-going efforts to improve asset quality, the gross impaired loans ratio has improved further to 2.1%, as compared with 2.6% as of 31 December 2011. The risk-weighted capital ratio remained strong at 14.9%, with core capital ratio at 11.9%.

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 including mortgages, term loans, personal loans, hire purchase facilities, credit cards and wealth management. For the 9 months ended 31 December 2012, Consumer Banking registered profit before taxation of RM102.5 million, which is 15.8% lower compared to same period last year. The decrease is due to higher collective provisions as loans growth has accelerated to 14.6%, from 5.4% in the corresponding period. This was mitigated by higher net income from loans growth and fee based income. Segment assets increased by 22.3% to RM15.8 billion as at 31 December 2012.

Business Banking covers Small-and-Medium Enterprise and Wholesale Banking. For the 9 months ended 31 December 2012, Business Banking registered a profit before taxation of RM290.9 million, 27.0% higher compared to RM229.0 million during the same period last year. The increase was mainly due to growth in net income as well as higher write-back of net bad debts as a result of loan recoveries. Segment assets increased by 12.1% to RM12.1 billion as at 31 December 2012.

Financial Markets provides foreign exchange, money market, hedging, and investment (capital market instruments) solutions for banking customers. For the 9 months ended 31 December 2012, Financial Markets recorded profit before taxation of RM223.4 million, an improvement of 15.8% compared to same period last year. The increase was mainly due to higher net income and capital gains from active portfolio management of the trading and available for sale securities.

Investment Banking covers stockbroking activities and corporate advisory. It reported a loss before taxation of RM8.1 million for the 9 months ended 31 December 2012, due to lower net income as a result of the drop in retail trading volumes on Bursa Malaysia.

B1. Review Of Performance (contd.)

Investment Banking covers stockbroking activities and corporate advisory. It reported a loss before taxation of RM8.1 million for the 9 months ended 31 December 2012, due to lower net income as a result of the drop in retail trading volumes on Bursa Malaysia.

The figures for the comparative period ended 31 December 2011 referred to above have been restated, where applicable, in accordance to the Malaysian Financial Reporting Standards ("MFRS") accounting framework adopted by the Group with effect from 1 April 2012.

B2. Comparison With Immediate Preceding Quarter

For the third quarter ended 31 December 2012, the Group reported a lower profit before taxation of RM178.6 million, compared with RM190.7 million for the quarter ended 30 September 2012 mainly due to lower net interest income. The quarter ended 30 September 2012 results had also included one-off gain from the disposal of properties totaling RM5.8 million.

B3. Current Year Prospect

Against the background of gross domestic product ("GDP") growth of between 4.5% and 5.0% in 2012, 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 and Business Banking, while enhancing Treasury and Transaction Banking and developing the Wealth Management and Investment Banking business.

In FY2013, we expect sustainable loans growth in Consumer Banking, driven mainly by mortgage lending, hire purchase, personal loans, credit cards and share margin financing. It will also focus on growing non-interest income through further expansion of its wealth management, bancassurance and treasury business activities, and enhancing customer experience.

The Business Banking segment covers Small-and-Medium Enterprise ("SME") and Wholesale Banking. In FY2013, the lending activities of Business Banking are expected to grow moderately, in tandem with GDP growth and the continuing demand for credit by businesses, arising from the implementation of projects under the Economic Transformation Programme.

Business Banking will also continue to focus on cross-selling efforts to grow non-interest income in transaction banking, foreign exchange, investment banking and business platinum card by capitalising on technology advancements, such as the recent launch of the Alliance BizSmart solutions.

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.

Capital markets are expected to remain competitive and volatile in view of the on-going Eurozone crisis. However, the introduction of the Capital Markets and Services (Amendment) Act 2012, together with the issuance of several guidelines in December 2012, are expected to promote greater vibrancy in Malaysia's capital market, while strengthening investor protection. The Group's investment banking will expand its business operations by leveraging on the Group's Business Banking customers. This 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 financial year ending 31 March 2013.

B4. Profit Forecast

There was no profit forecast issued by the Group.

B5. Taxation And Zakat

GROUP	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2012	31.12.2011 (Restated)	31.12.2012	31.12.2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
Taxation				
- Income tax	49,258	46,086	135,643	134,134
- Deferred tax	(3,487)	(3,458)	366	(4,792)
	45,771	42,628	136,009	129,342
- Under provision in prior year	57	674	417	675
Zakat	-	-	19	(46)
	45,828	43,302	136,445	129,971

The Group's effective tax rate for the financial period ended 31 December 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 3rd financial quarter and the nine months ended 31 December 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 3rd financial quarter and the nine months ended 31 December 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.

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

	GROUP	
	31.12.2012	31.3.2012
	RM'000	RM'000
(a) Deposits from customers		
Fixed deposits, negotiable instruments of deposits and money market deposits:		
- One year or less (short term)	19,122,680	21,055,734
- More than one year (medium/long term)	77,890	94,312
	19,200,570	21,150,046
Others	12,125,469	11,036,867
	31,326,039	32,186,913
(b) Deposits and placements of banks and other financial institutions		
- One year or less (short term)	2,955,296	1,532,543
- More than one year (medium/long term)	476,547	628,462
	3,431,843	2,161,005
(c) Subordinated obligations		
Unsecured and more than one year (medium/long term)		
- Tier II Subordinated Medium Term Notes	604,900	611,615

B10. Derivative Financial Assets/(Liabilities)

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

	As at 31 December 2012			As at 31 March 2012		
	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	759,297	1,513	(5,690)	859,253	4,792	(6,243)
Currency swaps						
- one year or less	2,209,875	9,870	(1,997)	1,690,284	9,774	(8,784)
Currency spots						
- one year or less	109,845	67	(75)	258,209	185	(150)
Currency options						
- one year or less	73,186	337	(239)	122,204	467	(324)
Gold options						
- one year or less	-	-	-	217,538	2,512	(1,102)
	3,152,203	11,787	(8,001)	3,147,488	17,730	(16,603)
<u>Interest rate derivatives:</u>						
Interest rate swap	2,140,013	5,584	(3,592)	2,106,781	5,982	(9,215)
- one year or less	960,000	1,006	(597)	587,000	130	(105)
- over one year to three years	875,000	2,578	(1,511)	1,110,000	2,592	(2,030)
- over three years	305,013	2,000	(1,484)	409,781	3,260	(7,080)
Hedging derivatives						
Interest rate swap						
- over three years	95,013	-	(1,791)	14,115	-	(423)
Total derivatives assets/(liabilities)	5,387,229	17,371	(13,384)	5,268,384	23,712	(26,241)

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 2012.

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 Assets/(Liabilities) (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.

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 corporate borrower had issued a Writ of Summons in 2005 against an agent bank for a syndicate of lenders comprising three banks of which ABMB is one of them, claiming for general, special and exemplary damages alleging a breach of duty and contract. The credit facilities consist of a bridging loan of RM58.5 million and a revolving credit facility of RM4.0 million which were granted by the syndicate lenders of which ABMB's participation was RM18.5 million. In 2002, the credit facilities were restructured to a loan of RM30.0 million, of which ABMB's participation was RM8.31 million, payable over seven years. The syndicated lenders had also filed a suit against the corporate borrower for the recovery of the abovementioned 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 has filed an appeal against the said decision. The High Court 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.

Prior to the hearing at the Court of Appeal, the advice from the agent bank's solicitors is that there is a better than even chance of succeeding in the said appeal.

On 23 January 2013, after hearing all parties the Court of Appeal have reserved its decision to a date to be notified by the Court.

B12. Dividend Declared

The Board of Directors has declared a second interim dividend of 10.0 sen per share, tax exempt under the single tier tax system, in respect of the financial year ending 31 March 2013 (2012: 7.7 sen), to be paid on 28 February 2013. The entitlement date for the second interim dividend payment is on 20 February 2013.

The total dividend paid/declared for the financial year ending 31 March 2013 is 16.60 sen per share, tax exempt under the single tier tax system (2012: 13.3 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.

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.

	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2012	31.12.2011 (Restated)	31.12.2012	31.12.2011 (Restated)
Net profit attributable to owners of the parent (RM'000)	132,742	126,146	399,220	380,125
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)	(26,152)	(22,192)	(26,152)	(22,192)
	1,521,954	1,525,914	1,521,954	1,525,914
Basic earnings per share (sen)	8.7	8.3	26.2	24.9

(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 December 2012.

	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2012	31.12.2011 (Restated)	31.12.2012	31.12.2011 (Restated)
Net profit attributable to owners of the parent (RM'000)	132,742	126,146	399,220	380,125
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)	(26,152)	(22,192)	(26,152)	(22,192)
Effect of Share Grants under ESS ('000)	3,933	4,218	3,933	4,218
	1,525,887	1,530,132	1,525,887	1,530,132
Diluted earnings per share (sen)	8.7	8.2	26.2	24.8

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	
	31.12.2012	31.03.2012
		(Restated)
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	1,762,580	1,457,304
- Unrealised	23,789	51,858
	1,786,369	1,509,162
Less: Consolidation adjustments	(280,620)	(281,358)
Total group retained profits as per consolidated accounts	1,505,749	1,227,804

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	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2012	31.12.2011 (Restated)	31.12.2012	31.12.2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	255,070	227,897	763,160	680,029
Money at call and deposit placements with financial institutions	1,772	14,123	6,468	18,349
Financial assets held-for-trading	321	675	2,489	2,986
Financial investments available-for-sale	63,855	56,476	181,372	199,492
Financial investments held-to-maturity	1,751	3,050	10,806	19,760
Others	424	751	1,201	2,685
	323,193	302,972	965,496	923,301
Accretion of discount less amortisation of premium	32,053	23,032	103,105	70,855
	355,246	326,004	1,068,601	994,156

C2. Interest Expense

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2012	31.12.2011 (Restated)	31.12.2012	31.12.2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	17,214	5,139	44,607	27,683
Deposits from customers	151,191	144,017	455,897	415,895
Loans sold to Cagamas	-	894	-	2,674
Subordinated obligations	7,379	7,375	22,126	27,147
Long term borrowings	-	3,529	-	13,104
Others	1,000	744	2,939	2,961
	176,784	161,698	525,569	489,464

C3. Net Income From Islamic Banking Business

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2012	31.12.2011 (Restated)	31.12.2012	31.12.2011 (Restated)
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	81,937	85,284	248,446	253,545
Income derived from investment of Islamic Banking funds	8,526	8,470	25,582	24,073
Income attributable to depositors and financial institutions	(37,390)	(33,949)	(111,710)	(103,447)
	53,073	59,805	162,318	174,171
Add: Income due to head office eliminated at Group level	7,390	6,635	22,556	19,819
	60,463	66,440	184,874	193,990

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C4. Other Operating Income

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
(a) <u>Fee income:</u>				
Commissions	20,600	13,821	55,942	40,269
Service charges and fees	8,055	8,235	23,261	23,012
Portfolio management fees	1,640	1,701	5,044	5,279
Corporate advisory fees	642	845	3,899	5,383
Brokerage fees	2,442	3,481	7,851	10,423
Guarantee fees	2,779	2,391	6,987	6,821
Processing fees	3,732	2,913	5,693	7,646
Commitment fees	3,724	3,668	11,104	10,652
Underwriting commissions	13	99	705	290
Other fee income	2,732	3,325	9,777	10,473
	46,359	40,479	130,263	120,248
(b) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	405	(914)	271	3,346
- Financial investments available-for-sale	9,574	14,985	41,121	38,133
- Financial investments held-to-maturity	3,485	1,183	5,884	13,177
Unrealised gain/(loss) from revaluation of:				
- Financial assets held-for-trading	38	954	(32)	(128)
- Derivative financial instruments	(6,940)	22,087	5,513	19,033
Realised gain on revaluation financial instruments	16,688	752	30,710	15,334
Gross dividend income from:				
- Financial investments available-for-sale	1,067	6,280	3,709	9,930
	24,317	45,327	87,176	98,825
(c) <u>Other income:</u>				
Unrealised foreign exchange translation gain/(loss)	5,971	(10,649)	11,546	(2,110)
(Loss)/gain on disposal of property, plant and equipment	-	(45)	7,420	26
Others	4,142	4,325	13,715	14,748
	10,113	(6,369)	32,681	12,664
Total other operating income	80,789	79,437	250,120	231,737

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C5. Other Operating Expenses

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Personnel costs:				
Salaries, allowances and bonuses	76,648	69,639	239,517	212,058
Contribution to EPF	12,298	11,765	38,428	35,194
Share options/grants under ESS	2,088	2,160	6,247	4,965
Others	7,731	11,997	21,720	25,322
	98,765	95,561	305,912	277,539
Establishment costs:				
Depreciation of property, plant and equipment	6,314	7,410	20,139	22,346
Amortisation of computer software	4,949	4,635	14,685	13,209
Rental of premises	7,139	7,014	21,569	20,618
Water and electricity	2,392	1,481	5,337	4,747
Repairs and maintenance	2,527	2,464	7,768	7,248
Information technology expenses	9,756	8,302	31,668	23,933
Others	4,119	3,978	9,209	15,192
	37,196	35,284	110,375	107,293
Marketing expenses:				
Promotion and advertisement	1,657	2,587	6,517	7,356
Branding and publicity	1,218	718	3,480	2,634
Others	1,314	1,225	3,949	3,513
	4,189	4,530	13,946	13,503
Administration and general expenses:				
Communication expenses	3,427	2,980	9,734	9,552
Printing and stationery	701	985	2,620	2,574
Insurance	1,927	1,886	5,970	4,039
Professional fees	3,867	3,558	10,007	9,671
Others	2,143	3,329	9,035	11,042
	12,065	12,738	37,366	36,878
Total other operating expenses	152,215	148,113	467,599	435,213

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

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
(Write-back of)/allowance for impaired loans and financing:				
(a) Individual assessment allowance - made/(write-back) during the period (net)	3,200	(3,011)	12,697	(5,001)
(b) Collective assessment allowance - made during the period (net)	3,354	9,158	3,513	27,491
(c) Bad debts on loans and financing				
- Recovered	(25,610)	(14,913)	(65,507)	(52,069)
- Written off	4,916	9,948	16,519	20,595
	(14,140)	1,182	(32,778)	(8,984)
Write-back of commitments and contingencies	(91)	(481)	(196)	(1,443)
Allowance for other assets	1,330	1,562	4,237	5,005
	(12,901)	2,263	(28,737)	(5,422)

C7. Balances Due From Clients And Brokers

	Group	
	31.12.2012	31.3.2012
	RM'000	RM'000
Due from clients	63,343	58,060
Due from brokers	6,638	4,900
	<u>69,981</u>	<u>62,960</u>
Less: Allowance for other losses	(1,245)	(1,196)
	<u>68,736</u>	<u>61,764</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	
	31.12.2012	31.3.2012
	RM'000	RM'000
Classified as doubtful	104	165
Classified as bad	1,362	1,420
	<u>1,466</u>	<u>1,585</u>

The movements in allowance for other losses are as follows:

At beginning of year		
- As previously stated	1,262	15,799
- Effect of change in accounting policy	(66)	(24)
As restated	<u>1,196</u>	<u>15,775</u>
Allowance made during the period/year	134	1,405
Reversal of allowance	(85)	(1,534)
Amounts written off	-	(14,450)
At end of period/year	<u>1,245</u>	<u>1,196</u>

C8. Financial Assets Held-for-trading

	Group	
	31.12.2012	31.3.2012
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Bank Negara Malaysia bills	314,336	1,371,696
Malaysian Government securities	-	20,053
Malaysian Government investment certificates	-	100,246
Medium term notes	21	-
Total financial assets held-for-trading	<u>314,357</u>	<u>1,491,995</u>

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C9. Financial Investments Available-for-sale

	Group	
	31.12.2012	31.3.2012
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Malaysian Government securities	1,869,596	2,316,772
Malaysian Government investment certificates	2,774,073	1,833,967
Negotiable instruments of deposits	919,505	884,535
Bankers' acceptances	1,645,739	1,944,074
Cagamas bonds	-	35,254
<u>Quoted securities in Malaysia:</u>		
Shares	10	4,212
Debt securities	3,854	4,768
<u>Unquoted securities:</u>		
Shares	136,482	135,888
Debt securities and medium term notes	2,232,975	1,963,731
Total financial investments available-for-sale	9,582,234	9,123,201

C10. Financial Investments Held-to-maturity

	Group	
	31.12.2012	31.3.2012
	RM'000	RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government securities	154,148	328,639
Malaysian Government investment certificates	435,026	439,463
<u>Unquoted securities:</u>		
Debt securities	48,302	74,283
Accumulated impairment	(42,306)	(47,129)
Total financial investments held-to-maturity	595,170	795,256

C11. Loans, Advances And Financing

	Group	
	31.12.2012	31.3.2012
		(Restated)
	RM'000	RM'000
Overdrafts	1,855,753	1,854,599
Term loans/financing		
- Housing loans/financing	10,499,826	9,269,933
- Syndicated term loans/financing	454,945	475,520
- Hire purchase receivables	745,800	654,393
- Other term loans/financing	8,418,808	7,729,424
Bills receivables	239,029	308,770
Trust receipts	180,648	207,515
Claims on customers under acceptance credits	2,206,139	2,337,986
Staff loans [including loans to Directors of a banking subsidiary of RMNil (2012: RM92,000)]	51,249	54,567
Credit/charge card receivables	617,536	623,563
Revolving credits	1,128,157	1,044,595
Other loans	768,792	451,282
Gross loans, advances and financing	27,166,682	25,012,147
Add: Sales commissions and handling fees	25,718	28,523
Less: Allowance for impairment on loans, advances and financing		
- Individual assessment allowance	(122,398)	(157,966)
- Collective assessment allowance	(357,293)	(393,872)
Total net loans, advances and financing	26,712,709	24,488,832

(a) By type of customer:

	Group	
	31.12.2012	31.3.2012
		(Restated)
	RM'000	RM'000
Domestic non-bank financial institutions		
- Others	392,810	207,164
Domestic business enterprises		
- Small and medium enterprises	5,897,420	5,474,004
- Others	4,945,171	4,975,449
Government and statutory bodies	11,217	12,618
Individuals	14,956,705	13,469,972
Other domestic entities	252,032	247,679
Foreign entities	711,327	625,261
Gross loans, advances and financing	27,166,682	25,012,147

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C11. Loans, Advances And Financing (contd.)

(b) By interest/profit rate sensitivity:

	Group	
	31.12.2012	31.3.2012 (Restated)
	RM'000	RM'000
Fixed rate		
- Housing loans/financing	84,988	90,842
- Hire purchase receivables	745,799	654,394
- Other fixed rate loans/financing	1,783,669	1,997,715
Variable rate		
- Base lending rate plus	18,719,502	16,761,836
- Cost plus	5,614,317	5,203,667
- Other variable rates	218,407	303,693
Gross loans, advances and financing	27,166,682	25,012,147

(c) By economic purposes:

	Group	
	31.12.2012	31.3.2012 (Restated)
	RM'000	RM'000
Purchase of securities	823,294	456,014
Purchase of transport vehicles	661,786	561,821
Purchase of landed property	14,669,297	13,116,463
of which: - Residential	11,081,904	9,761,038
- Non-residential	3,587,393	3,355,425
Purchase of fixed assets excluding land and buildings	114,376	117,110
Personal use	1,981,666	2,147,220
Credit card	617,536	623,563
Construction	312,247	249,710
Merger and acquisition	369,198	207,265
Working capital	6,093,737	6,338,755
Others	1,523,545	1,194,226
Gross loans, advances and financing	27,166,682	25,012,147

(d) By geographical distribution:

	Group	
	31.12.2012	31.3.2012 (Restated)
	RM'000	RM'000
Northern region	1,888,257	1,915,373
Central region	20,658,555	18,846,423
Southern region	2,377,857	2,102,419
East Malaysia region	2,242,013	2,147,932
Gross loans, advances and financing	27,166,682	25,012,147

C11. Loans, Advances And Financing (contd.)

(e) By residual contractual maturity:

	Group	
	31.12.2012	31.3.2012 (Restated)
	RM'000	RM'000
Within one year	7,316,580	7,038,788
One year to three years	876,416	823,437
Three years to five years	1,437,757	1,253,739
Over five years	17,535,929	15,896,183
Gross loans, advances and financing	27,166,682	25,012,147

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

	Group	
	31.12.2012	31.3.2012 (Restated)
	RM'000	RM'000
At beginning of year		
- As previously stated	601,135	741,324
- Effect of change in accounting policy	28,101	34,157
As restated	629,236	775,481
Impaired during the period/year	386,390	435,383
Reclassified as non-impaired during the period/year	(231,058)	(361,159)
Recoveries	(123,472)	(106,986)
Amount written off	(88,358)	(113,483)
At end of period/year	572,738	629,236
Gross impaired loans as a % of gross loans, advances and financing	2.1%	2.5%

(g) Impaired loans by economic purposes:

	Group	
	31.12.2012	31.3.2012 (Restated)
	RM'000	RM'000
Purchase of securities	10,960	5,436
Purchase of transport vehicles	6,061	5,710
Purchase of landed property	276,482	266,682
of which: - Residential	210,160	191,394
- Non-residential	66,322	75,288
Purchase of fixed assets excluding land & buildings	204	190
Personal use	33,837	31,130
Credit card	9,511	9,908
Construction	11,578	11,870
Working capital	194,616	256,919
Others	29,489	41,391
Gross impaired loans	572,738	629,236

C11. Loans, Advances And Financing (contd.)

(h) Impaired loans by geographical distribution:

	Group	
	31.12.2012	31.3.2012 (Restated)
	RM'000	RM'000
Northern region	110,217	139,407
Central region	374,387	378,774
Southern region	41,198	53,056
East Malaysia region	46,936	57,999
Gross impaired loans	<u>572,738</u>	<u>629,236</u>

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

	Group	
	31.12.2012	31.3.2012 (Restated)
	RM'000	RM'000
Individual assessment allowance		
At beginning of year		
- As previously stated	266,349	328,375
- Transfers to collective assessment allowance	<u>(108,383)</u>	<u>(148,952)</u>
As restated	157,966	179,423
Allowance made during the period/year (net)	12,697	3,108
Amount written off	<u>(47,159)</u>	<u>(24,565)</u>
Transfers from collective assessment allowance	<u>(1,106)</u>	<u>-</u>
At end of period/year	<u>122,398</u>	<u>157,966</u>

	Group	
	31.12.2012	31.3.2012 (Restated)
	RM'000	RM'000
Collective assessment allowance		
At beginning of year		
- As previously stated	386,017	339,636
- Effect of change in accounting policy	<u>(100,528)</u>	<u>(63,474)</u>
- Transfers from individual assessment allowance	<u>108,383</u>	<u>148,952</u>
As restated	393,872	425,114
Allowance made during the period/year (net)	3,513	49,582
Amount written-off	<u>(41,198)</u>	<u>(80,824)</u>
Transfers to individual assessment allowance	<u>1,106</u>	<u>-</u>
At end of period/year	<u>357,293</u>	<u>393,872</u>

C12. Other Assets

	Group	
	31.12.2012	31.3.2012
	RM'000	RM'000
Other receivables, deposits and prepayments	94,347	100,059
Trade receivables	54	2,514
	<u>94,401</u>	<u>102,573</u>
Less: Allowance for other losses	<u>(27,410)</u>	<u>(24,416)</u>
	<u>66,991</u>	<u>78,157</u>

C13. Non-current Assets/Liabilities Directly Associated with Non-current Assets and Subsidiary Held for Sale

(a) Property, plant and equipment

	Group	
	31.12.2012	31.3.2012
	RM'000	RM'000
Freehold land	-	1,009
Leasehold land	-	352
Buildings	385	2,453
	385	3,814

The disposal exercise on the above property, plant and equipment which have been identified as non-current assets held for sales has been completed.

(b) Subsidiary held for sale

	Group	
	31.12.2012	31.3.2012
	RM'000	RM'000
ASSETS		
Cash and short-term funds	6,540	-
Deposits and placements with banks and other financial institutions	7,138	-
Other assets	8,055	-
Tax recoverable	307	-
Property, plant and equipment	10	-
Deferred tax assets	233	-
Computer software	75	-
	22,358	-
Goodwill	2,107	-
Total assets of subsidiary held for sale	24,465	-
LIABILITIES		
Other liabilities	8,623	-
Total liabilities of subsidiary held for sale	8,623	-

The assets and liabilities of the above subsidiary held for sale is related to Alliance Investment Management Berhad ("AIMB"), a 70% owned subsidiary by Alliance Bank Malaysia Berhad ("ABMB"). On 25 September 2012, an announcement was made to Bursa Malaysia on the proposed disposal by ABMB, its 70% equity interest in AIMB for a total consideration of RM12,250,000. The disposal is expected to be completed in this financial year.

C14. Deposits From Customers

	Group	
	31.12.2012	31.3.2012 (Restated)
	RM'000	RM'000
<u>By type of deposits:</u>		
Demand deposits	10,320,269	9,141,209
Savings deposits	1,679,908	1,700,686
Fixed/investment deposits	15,596,455	15,595,344
Money market deposits	2,473,395	4,147,378
Negotiable instruments of deposits	1,130,720	1,407,325
Structured deposits [Note]	125,292	194,971
	31,326,039	32,186,913

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 RM95,013,000 (31.03.12: RM14,115,000) using interest rate swaps.

	Group	
	31.12.2012	31.3.2012
	RM'000	RM'000
Structured deposits	95,013	14,115
Fair value changes arising from fair value hedges	(1,791)	(423)
	93,222	13,692

The fair value loss of the interest rate swap in this hedge transaction as at financial period ended 31 December 2012 is RM1,791,000 (31.03.12: RM423,000).

	Group	
	31.12.2012	31.3.2012 (Restated)
	RM'000	RM'000
(i) <u>By type of customers:</u>		
Domestic financial institutions	1,133,702	1,411,638
Government and statutory bodies	1,519,023	1,396,323
Business enterprises	10,687,792	11,845,743
Individuals	16,004,412	15,707,697
Others	1,981,110	1,825,512
	31,326,039	32,186,913

	Group	
	31.12.2012	31.3.2012 (Restated)
	RM'000	RM'000
(ii) <u>The maturity structure of fixed deposits, money market deposits and negotiable instruments of deposit are as follows:</u>		
Due within six months	15,019,852	16,523,220
Six months to one year	4,102,828	4,532,514
One year to three years	59,393	72,776
Three years to five years	18,497	21,536
	19,200,570	21,150,046

C15. Deposits And Placements Of Banks And Other Financial Institutions

	Group	
	31.12.2012	31.3.2012
	RM'000	RM'000
Licensed banks	2,183,319	976,450
Licensed investment banks	348,905	180,036
Licensed Islamic banks	152,777	245,468
Bank Negara Malaysia	666,816	759,051
Other financial institutions	80,026	-
	3,431,843	2,161,005

C16. Balances Due To Clients And Brokers

	Group	
	31.12.2012	31.3.2012
	RM'000	RM'000
		(Restated)
Due to clients	47,862	20,626
	47,862	20,626

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.

Following the issuance of FRSIC Consensus 18, the Group no longer recognises trust monies balances in the statement of financial position, as the Group does not have any control over the trust monies to obtain the future economic benefits embodied in the trust monies. The trust monies maintained by the Group amounting to RM53,875,000 (31.3.12: RM54,289,000) have been excluded accordingly.

C17. Other Liabilities

	Group	
	31.12.2012	31.3.2012
	RM'000	RM'000
		(Restated)
Other payable and accruals	948,887	849,576
Remisiers' accounts	21,328	21,230
	970,215	870,806

C18. 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% (31.3.2012: 8.0%) for the risk-weighted capital ratio.

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

	31.12.2012	31.3.2012 (Restated)
<u>Before deducting proposed dividends</u>		
Core capital ratio	-	12.37%
Risk-weighted capital ratio	-	15.62%
<u>After deducting proposed dividends</u>		
Core capital ratio	11.88%	11.88%
Risk-weighted capital ratio	14.88%	15.13%

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

	31.12.2012	31.3.2012 (Restated)
	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	1,497,869	1,517,252
Statutory reserves	865,648	842,167
Other reserves	10,018	10,018
Non-controlling interests	4,721	4,905
	3,576,290	3,572,376
Less: Purchased goodwill/goodwill on consolidation	(302,065)	(302,065)
Deferred tax assets	(11,850)	(15,038)
Total Tier I capital	3,262,375	3,255,273
Tier II Capital		
Subordinated obligations	598,166	597,829
Collective assessment allowance	227,565	260,666
Total Tier II capital	825,731	858,495
Total Capital	4,088,106	4,113,768
Less: Investments in subsidiaries	(3,620)	(3,620)
Total Capital Base	4,084,486	4,110,148

The comparative capital adequacy ratios and components of capital base have been restated for the effects of the change in accounting policy on collective assessment allowance for loans, advances and financing during the financial period. Please refer to Note C21 Changes in Accounting Policies for a summary of the changes.

C18. **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 December 2012			
<u>Before deducting proposed dividends</u>			
Core capital ratio	-	-	-
Risk-weighted capital ratio	-	-	-
<u>After deducting proposed dividends</u>			
Core capital ratio	13.23%	12.72%	80.44%
Risk-weighted capital ratio	13.23%	13.57%	80.67%
31 March 2012 (Restated)			
<u>Before deducting proposed dividends</u>			
Core capital ratio	14.23%	13.00%	58.39%
Risk-weighted capital ratio	14.28%	14.04%	58.51%
<u>After deducting proposed dividends</u>			
Core capital ratio	13.63%	12.17%	57.13%
Risk-weighted capital ratio	13.68%	13.21%	57.25%

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% (31.3.2012: 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% (31.3.2012: 8.0%) for the risk-weighted capital ratio.

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

	31.12.2012 RM'000	31.3.2012 RM'000
Credit risk	24,820,350	23,601,495
Market risk	75,870	265,432
Operational risk	2,553,731	2,445,524
Total RWA and capital requirements	27,449,951	26,312,451

C19. 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 December 2012				
<u>Credit-related exposures</u>				
Direct credit substitutes	407,641	-	407,641	407,641
Transaction-related contingent items	618,396	-	309,198	309,198
Short-term self-liquidating trade-related contingencies	162,477	-	32,495	32,495
Irrevocable commitments to extent credit:				
- maturity exceeding one year	5,329,470	-	2,664,735	2,163,558
- maturity not exceeding one year	5,661,248	-	1,132,250	975,709
Unutilised credit card lines	2,104,483	-	420,897	331,972
	<u>14,283,715</u>	<u>-</u>	<u>4,967,216</u>	<u>4,220,573</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	3,152,203	11,787	49,560	22,731
Interest rate related contracts:				
- one year or less	960,000	1,006	3,286	657
- over one year to three years	875,000	2,578	16,578	3,316
- over three years	400,026	2,000	20,485	9,469
	<u>5,387,229</u>	<u>17,371</u>	<u>89,909</u>	<u>36,173</u>
	<u>19,670,944</u>	<u>17,371</u>	<u>5,057,125</u>	<u>4,256,746</u>
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>

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C20. Interest Rate Risk

GROUP	----- Non-trading book ----->							Trading book RM'000	Total RM'000	Effective interest/ profit rate %
	Up to 1 month RM'000	>1-3 months RM'000	>3-6 months RM'000	>6-12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Non-interest/ profit sensitive RM'000			
As at 31 December 2012										
ASSETS										
Cash and short-term funds	520,563	-	-	-	-	-	712,125	-	1,232,688	2.02
Deposits and placements with banks and other financial institutions	-	87,802	-	171	-	-	1,403	-	89,376	3.20
Balances due from clients and brokers	577	-	-	-	-	-	68,159	-	68,736	12.00
Financial assets held-for-trading	-	-	-	-	-	-	-	314,357	314,357	3.05
Financial investments available-for-sale	1,202,141	1,255,812	410,259	170,026	2,809,371	3,538,059	196,566	-	9,582,234	3.80
Financial investments held-to-maturity	-	-	-	-	538,481	50,975	5,714	-	595,170	3.72
Derivative financial assets										
- Trading derivatives	-	-	-	-	-	-	-	17,371	17,371	-
Loans, advances and financing	20,916,677	993,402	328,684	882,743	1,354,364	2,143,792	93,047*	-	26,712,709	5.21
Other non-interest/profit sensitive balances	-	-	-	-	-	-	1,940,383	-	1,940,383	-
TOTAL ASSETS	22,639,958	2,337,016	738,943	1,052,940	4,702,216	5,732,826	3,017,397	331,728	40,553,024	
LIABILITIES										
Deposits from customers	14,737,361	4,249,558	3,019,954	4,087,725	77,863	93,222	5,060,356	-	31,326,039	2.26
Deposits and placements of banks and other financial institutions	2,002,525	643,308	189,792	109,721	476,547	-	9,950	-	3,431,843	2.52
Balances due to clients and brokers	-	-	-	-	-	-	47,862	-	47,862	-
Bills and acceptances payable	2	38	52	3	-	-	-	-	95	3.45
Derivative financial liabilities										
- Trading derivatives	-	-	-	-	-	-	-	11,593	11,593	-
- Hedging derivatives	-	-	-	-	-	1,791	-	-	1,791	n/a
Amount due to Cagamas Berhad	-	-	-	-	16,844	-	-	-	16,844	4.61
Subordinated obligations	-	-	-	-	598,166	-	6,734	-	604,900	4.92
Other non-interest/profit sensitive balances	-	-	-	-	-	-	1,056,710	-	1,056,710	-
TOTAL LIABILITIES	16,739,888	4,892,904	3,209,798	4,197,449	1,169,420	95,013	6,181,612	11,593	36,497,677	
Equity	-	-	-	-	-	-	4,050,626	-	4,050,626	-
Non-controlling interests	-	-	-	-	-	-	4,721	-	4,721	-
TOTAL LIABILITIES AND EQUITY	16,739,888	4,892,904	3,209,798	4,197,449	1,169,420	95,013	10,236,959	11,593	40,553,024	
On-balance sheet interest sensitivity gap	5,900,070	(2,555,888)	(2,470,855)	(3,144,509)	3,532,796	5,637,813	(7,219,562)	320,135	-	

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

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C20. 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 2012 (Restated)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
ASSETS										
Cash and short-term funds	1,385,735	-	-	-	-	-	490,259	-	1,875,994	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	-	-	-	-	-	60,133	-	61,764	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										
- Trading derivatives	-	-	-	-	-	-	-	23,712	23,712	-
Loans, advances and financing	18,988,098	1,013,570	338,603	608,585	1,485,718	1,976,860	77,398*	-	24,488,832	5.46
Other non-interest/profit sensitive balances	-	-	-	-	-	-	1,760,355	-	1,760,355	-
TOTAL ASSETS	21,328,641	3,066,820	627,876	709,294	4,336,127	5,524,209	2,610,148	1,515,707	39,718,822	
LIABILITIES										
Deposits from customers	15,998,443	3,716,695	2,353,813	5,203,955	87,647	40,278	4,786,082	-	32,186,913	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	-	-	-	-	-	-	20,626	-	20,626	2.90
Bills and acceptances payable	14	40	124	-	-	-	-	-	178	3.36
Derivative financial assets										
- Trading derivatives	-	-	-	-	-	-	-	25,818	25,818	-
- Hedging derivatives	-	-	-	-	-	423	-	-	423	n/a
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	-	-	-	-	-	-	918,345	-	918,345	-
TOTAL LIABILITIES	16,770,210	4,179,397	2,581,711	5,274,850	1,324,782	40,701	5,749,498	25,818	35,946,967	
Equity	-	-	-	-	-	-	3,766,950	-	3,766,950	-
Non-controlling interests	-	-	-	-	-	-	4,905	-	4,905	-
TOTAL LIABILITIES AND EQUITY	16,770,210	4,179,397	2,581,711	5,274,850	1,324,782	40,701	9,521,353	25,818	39,718,822	
On-balance sheet interest sensitivity gap	4,558,431	(1,112,577)	(1,953,835)	(4,565,556)	3,011,345	5,483,508	(6,911,205)	1,489,889	-	

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

C21. Change in Accounting Policies

(i) MFRS 139

During the current reporting period, the Group adopted MFRS 139 "Financial Instruments: Recognition and Measurement" ("MFRS 139") - Accounting Policy on Collective Assessment Allowance for Loans, Advances and Financing ("loans/financing").

Prior to the transition of MFRS 139, the Group had maintained collective assessment allowance at 1.5% of total outstanding loans/financing, net of individual assessment allowance, in line with Bank Negara Malaysia's transitional provisions under its Guidelines on Classification and Impairment Provisions for Loans/Financing. Upon the adoption of MFRS 139 on 1 January 2012, these transitional provisions, which were allowed under the previous FRS framework, were removed. The Group have applied the requirements of MFRS 139 in the determination of collective assessment allowance.

Under MFRS 139, collective assessment is performed on loans/financing which are not individually significant based on the incurred loss approach. Loans/financing which are individually assessed and where there is no objective evidence of impairment are also included in the group of loans/financing for collective assessment. These loans/financing are pooled into groups with similar credit risk characteristics and the future cash flows for each group is estimated on the basis of the historical loss experience for such assets and discounted to present value. Collective assessment allowance is made on any shortfall in these discounted cash flows against the carrying value of the group of loans/financing.

This change in accounting policy has been accounted for retrospectively and has resulted in a decrease in the collective assessment allowance charged in the statements of comprehensive income and a write-back of collective assessment allowance to the opening retained profits and opening collective assessment allowance in the statements of financial position.

(ii) FRSIC 18 Consensus

During the current reporting period, the Group has changed its accounting policy in relation to the recognition of balances due to clients and brokers following the adoption of FRSIC 18 Consensus "Monies Held in Trust by Participating Organisation of Bursa Malaysia Securities Berhad", which was developed by the Financial Reporting Standards Implementation Committee ("FRSIC") and issued by the Malaysian Institute of Accountants ("MIA") on 18 September 2012.

Following the adoption of FRSIC 18 Consensus as mentioned in the preceding paragraph, the Group no longer recognises monies held in trust as the Group does not have any control over trust monies to obtain the future economic benefits embodied in the trust monies with the corresponding liability of balances due to clients and brokers as at the end of the reporting period as it does not have any contractual or statutory obligation to these balances that would result in an outflow of resources embodying economic benefits from it.

This change in accounting policy has been accounted for retrospectively and has resulted in a decrease of cash and short-term funds and balances due to clients and brokers as recorded in the statements of financial position of the Group.

C21. Change in Accounting Policies (contd.)

A summary of the financial impact of the change in accounting policy on the financial statements of the Group are as follows:

(a) Impact on the statements of financial position

As at 31 March 2012	As previously reported RM'000	Effect of change in accounting policy RM'000	As restated RM'000
ASSETS			
Cash and short-term funds	1,874,332	1,662	1,875,994
Balances Due From Clients And Brokers	61,698	66	61,764
Loans, advances and financing	24,360,203	128,629	24,488,832
- Gross loans, advances and financing	24,984,046	28,101	25,012,147
- Individual assessment allowance	(266,349)	108,383	(157,966)
- Collective assessment allowance	(386,017)	(7,855)	(393,872)
Tax recoverable	15,484	(15,019)	465
LIABILITIES AND EQUITY			
Deposits from customers	(32,130,962)	(55,951)	(32,186,913)
Balances due to clients and brokers	(74,915)	54,289	(20,626)
Provision for taxation	(7,372)	(17,155)	(24,527)
Retained profits	(1,131,283)	(96,521)	(1,227,804)
As at 1 April 2011			
ASSETS			
Cash and short-term funds	914,038	31	914,069
Balances Due From Clients And Brokers	80,519	24	80,543
Loans, advances and financing	21,796,319	97,631	21,893,950
- Gross loans, advances and financing	22,439,361	34,157	22,473,518
- Individual assessment allowance	(328,375)	148,952	(179,423)
- Collective assessment allowance	(339,636)	(85,478)	(425,114)
Deferred tax assets	109,099	(25,016)	84,083
LIABILITIES AND EQUITY			
Deposits from customers	(28,345,647)	(39,787)	(28,385,434)
Balances due to clients and brokers	(86,743)	39,756	(46,987)
Deferred tax liabilities	(6,792)	602	(6,190)
Retained profits	(908,084)	(73,241)	(981,325)

C21. Change in Accounting Policies (contd.)

A summary of the financial impact of the change in accounting policy on the financial statements of the Group are as follows (contd.):

(b) Impact on the statements of comprehensive income

Nine months ended 31 December 2011	As previously reported RM'000	Effect of change in accounting policy RM'000	As restated RM'000
Interest income	999,739	(5,583)	994,156
Net income from Islamic banking business	193,792	198	193,990
Allowance for/(write-back of) losses on loans, advances and financing and other losses	(11,058)	16,480	5,422
Profit before taxation	499,455	11,095	510,550
Taxation	(127,198)	(2,773)	(129,971)
Net profit after taxation	372,257	8,322	380,579
Earnings per share attributable to owner of the parent			
- Basic (sen)	24.4	0.5	24.9
- Diluted (sen)	24.3	0.5	24.8
 3rd Quarter ended 31 December 2011			
Interest income	327,253	(1,249)	326,004
Net income from Islamic banking business	66,436	4	66,440
Allowance for losses on loans, advances and financing and other losses	(9,979)	7,716	(2,263)
Profit before taxation	163,108	6,471	169,579
Taxation	(41,685)	(1,617)	(43,302)
Net profit after taxation	121,423	4,854	126,277
Earnings per share attributable to owner of the parent			
- Basic (sen)	7.9	0.4	8.3
- Diluted (sen)	7.9	0.3	8.2

(c) Impact on capital adequacy

As at 31 March 2012	As previously reported RM'000	As restated RM'000
<u>Before deducting proposed dividends</u>		
Core capital ratio	12.00%	12.37%
Risk-weighted capital ratio	15.71%	15.62%
<u>After deducting proposed dividends</u>		
Core capital ratio	11.52%	11.88%
Risk-weighted capital ratio	15.22%	15.13%
Total Tier I capital	3,158,752	3,255,273
Total Tier II capital	978,848	858,495
Total Capital Base	4,133,980	4,110,148

By Order of the Board

LEE WEI YEN (MAICSA 7001798)

Group Company Secretary

Kuala Lumpur

19 February 2013