

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2013

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	1st Quarter Ended		Cumulative 3 Months Ended	
		30.06.2013	30.06.2012	30.06.2013	30.06.2012
		RM'000	RM'000	RM'000	RM'000
Interest income	C1	374,997	348,626	374,997	348,626
Interest expense	C2	(190,536)	(174,748)	(190,536)	(174,748)
Net interest income		184,461	173,878	184,461	173,878
Net income from Islamic banking business	C3	53,857	63,090	53,857	63,090
		238,318	236,968	238,318	236,968
Other operating income	C4	125,859	82,370	125,859	82,370
Net income		364,177	319,338	364,177	319,338
Other operating expenses	C5	(174,853)	(161,119)	(174,853)	(161,119)
Operating profit before allowance		189,324	158,219	189,324	158,219
(Allowance for)/write-back of losses on loans, advances and financing and other losses	C6	(5,368)	8,786	(5,368)	8,786
Write-back of impairment		-	473	-	473
Operating profit after allowance		183,956	167,478	183,956	167,478
Share of results of associate		-	(1,110)	-	(1,110)
Profit before taxation and zakat		183,956	166,368	183,956	166,368
Taxation and zakat	B5	(46,165)	(41,791)	(46,165)	(41,791)
Net profit after taxation and zakat		137,791	124,577	137,791	124,577
Other comprehensive (expense)/income:					
Items that may be reclassified subsequently to profit and loss:					
Revaluation reserve on financial investments available-for-sale					
- Net (loss)/gain from change in fair value		(37,975)	14,531	(37,975)	14,531
- Transfer from/(to) deferred tax		9,494	(3,633)	9,494	(3,633)
Other comprehensive (expense)/income, net of tax		(28,481)	10,898	(28,481)	10,898
Total comprehensive income for the period		109,310	135,475	109,310	135,475
Profit attributable to:					
Owners of the parent		137,791	124,532	137,791	124,532
Non-controlling interests		-	45	-	45
Net profit after taxation and zakat		137,791	124,577	137,791	124,577
Total comprehensive income attributable to:					
Owners of the parent		109,310	135,430	109,310	135,430
Non-controlling interests		-	45	-	45
Total comprehensive income for the period		109,310	135,475	109,310	135,475
Earnings per share attributable to owners of the parent:					
- Basic (sen)	B14(a)	9.0	8.2	9.0	8.2
- Diluted (sen)	B14(b)	9.0	8.2	9.0	8.2

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited Annual Financial Statements of the Group for the financial year ended 31 March 2013)

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		UNAUDITED AS AT 30.06.2013 RM'000	AS AT 31.03.2013 RM'000
ASSETS			
Cash and short-term funds		1,567,725	1,296,681
Deposits and placements with banks and other financial institutions		543,572	153,236
Balances due from clients and brokers	C7	62,000	50,122
Financial assets held-for-trading	C8	602,733	1,519,930
Financial investments available-for-sale	C9	10,167,360	10,362,450
Financial investments held-to-maturity	C10	853,572	596,949
Derivative financial assets	B10	73,943	19,792
Loans, advances and financing	C11	28,363,960	27,771,741
Other assets	C12	83,637	76,007
Tax recoverable		1,043	476
Statutory deposits		1,321,842	1,330,972
Investment property		27,748	27,748
Property, plant and equipment		80,598	83,217
Intangible assets		353,644	356,168
Deferred tax assets		11,457	11,361
		44,114,834	43,656,850
Non-current assets and subsidiary held for sale	C13	-	35,179
TOTAL ASSETS		44,114,834	43,692,029
LIABILITIES AND EQUITY			
Deposits from customers	B9(a), C14	35,707,730	36,004,315
Deposits and placements of banks and other financial institutions	B9(b), C15	2,625,393	2,009,996
Balances due to clients and brokers	C16	36,225	30,852
Bills and acceptances payable		170	73,713
Derivative financial liabilities	B10	70,598	15,870
Amount due to Cagamas Berhad		15,729	16,290
Other liabilities	C17	881,123	823,636
Subordinated obligations	B9(c)	605,074	612,193
Provision for taxation		9,985	26,274
Deferred tax liabilities		19,739	24,430
		39,971,766	39,637,569
Liabilities directly associated with non-current assets and subsidiary held for sale	C13	-	19,291
TOTAL LIABILITIES		39,971,766	39,656,860
Share capital		1,548,106	1,548,106
Reserves		2,669,920	2,558,548
Shares held for Employees' Share Scheme		(74,958)	(76,232)
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT		4,143,068	4,030,422
Non-controlling interests		-	4,747
TOTAL EQUITY		4,143,068	4,035,169
TOTAL LIABILITIES AND EQUITY		44,114,834	43,692,029
COMMITMENTS AND CONTINGENCIES	C19	22,267,349	19,079,207
Net assets per share attributable to owners of the parent (RM)*		2.68	2.60

* 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 2013)

ALLIANCE FINANCIAL GROUP BERHAD

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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2013

	← 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
30 June 2013												
At 1 April 2013	1,548,106	304,289	643,706	7,013	115,397	14,739	1,033	(76,232)	1,472,371	4,030,422	4,747	4,035,169
Net profit after taxation and zakat	-	-	-	-	-	-	-	-	137,791	137,791	-	137,791
Other comprehensive expense	-	-	-	-	(28,481)	-	-	-	-	(28,481)	-	(28,481)
Total comprehensive (expense)/income for the period	-	-	-	-	(28,481)	-	-	-	137,791	109,310	-	109,310
Share-based payment under ESS	-	-	-	-	-	2,228	-	-	-	2,228	-	2,228
ESS shares option exercised by:												
- employees of subsidiaries	-	-	-	-	-	(259)	-	259	-	-	-	-
Proceeds from share option exercised	-	-	-	-	-	-	1,015	-	1,015	-	-	1,015
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	(55)	-	-	55	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	93	93	(4,747)	-	(4,654)
At 30 June 2013	1,548,106	304,289	643,706	7,013	86,916	16,653	1,033	(74,958)	1,610,310	4,143,068	-	4,143,068
30 June 2012												
At 1 April 2012	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	-	-	-	-	-	-	-	-	124,532	124,532	45	124,577
Other comprehensive income	-	-	-	-	10,898	-	-	-	-	10,898	-	10,898
Total comprehensive income for the period	-	-	-	-	10,898	-	-	-	124,532	135,430	45	135,475
Purchase of shares pursuant to ESS	-	-	-	-	-	-	(18,174)	-	-	(18,174)	-	(18,174)
Share-based payment under ESS	-	-	-	-	-	2,028	-	-	-	2,028	-	2,028
At 30 June 2012	1,548,106	304,289	600,129	7,013	143,667	16,029	1,033	(86,368)	1,352,336	3,886,234	4,950	3,891,184

(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 2013)

ALLIANCE FINANCIAL GROUP BERHAD

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2013

	Unaudited 3 Months Ended 30.06.2013	Unaudited 3 Months Ended 30.06.2012
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	183,956	166,368
Adjustments for:		
Accretion of discount less amortisation of premium of financial investments	(28,106)	(36,440)
Depreciation of property, plant and equipment	5,794	7,330
Dividends from financial investments available-for-sale	(3,880)	(2,622)
Loss/(gain) on disposal of property, plant and equipment	5	(1,578)
Gain on disposal of a subsidiary	(1,169)	-
Gain on disposal of assets held for sale	-	(1,659)
Net gain from redemption of financial investments held-to-maturity	(1,002)	(20)
Net loss/(gain) from sale of financial assets held-for-trading	841	(698)
Net gain from sale of financial investments available-for-sale	(16,436)	(15,187)
Unrealised loss/(gain) on revaluation of financial assets held-for-trading	139	(145)
Unrealised gain on revaluation of derivative instruments	(24)	(360)
Interest expense on subordinated obligations	7,302	7,296
Interest income from financial investments held-to-maturity	(1,659)	(2,933)
Interest income from financial investments available-for-sale	(61,289)	(59,488)
Interest income from financial investments held-for-trading	(837)	(1,280)
Allowance for/(write-back of) loans, advances and financing (net of recoveries)	11,661	(3,863)
Allowance for other assets	270	1,487
Net write-back of financial investments available-for-sale	-	(473)
Amortisation of computer software	5,322	4,967
Share options/grants under ESS	2,228	2,028
Property, plant and equipment written off	76	617
Computer software written off	5	-
Share of results of associate	-	1,110
Operating profit before working capital changes	103,197	64,457
Changes in working capital:		
Deposits from customers	(296,585)	(533,733)
Deposits and placements of banks and other financial institutions	225,061	876,830
Bills and acceptances payable	(73,543)	18
Balance due from clients and brokers	(6,505)	27,624
Other liabilities	57,494	(93,239)
Financial assets held-for-trading	922,726	(60,159)
Loans, advances and financing	(603,881)	(854,781)
Other assets	(7,008)	(11,447)
Statutory deposits with Bank Negara Malaysia	9,130	(127,300)
Amount due to Cagamas Berhad	(561)	(789)
Cash generated from/(used in) operations	329,525	(712,519)
Taxes and zakat paid	(58,316)	(13,133)
Net cash generated from/(used in) operating activities	271,209	(725,652)

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2013 (contd.)

	Unaudited 3 Months Ended 30.06.2013 RM'000	Unaudited 3 Months Ended 30.06.2012 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from financial investments available-for-sale	3,876	2,612
Interest received from financial investments held-to-maturity	1,659	2,933
Interest received from financial investments available-for-sale	61,289	59,488
Interest received from financial investments held-for-trading	837	1,280
Purchase of property, plant and equipment	(3,336)	(6,623)
Purchase of computer software	(2,843)	(6,090)
Purchase of shares held for ESS	-	(18,174)
Proceeds from disposal of property, plant and equipment	60	1,591
Proceeds from disposal of assets held for sale	-	2,669
Proceeds from disposal of a subsidiary	12,250	-
Proceeds from share option exercised by own employees	1,015	-
Purchase of financial investments held-to-maturity, net of proceeds for redemption and maturity	(242,660)	66,236
Proceeds from disposal of financial investments available-for-sale, (net of purchase)	182,108	(236,529)
Net cash generated from/(used in) investing activities	14,255	(130,607)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid on subordinated obligations	(14,420)	(14,420)
Net cash used in financing activities	(14,420)	(14,420)
NET CHANGE IN CASH AND CASH EQUIVALENTS	271,044	(870,679)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,296,681	1,786,829
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,567,725	916,150
Cash and cash equivalents comprise the following:		
Cash and short-term funds	1,567,725	916,150

(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 2013)

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

A1. Basis Of Preparation

The unaudited condensed interim financial statements for the 1st financial quarter ended 30 June 2013 have been prepared under the historical cost convention, as modified by the available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss.

The unaudited condensed interim financial statements have been prepared in accordance with MFRS 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") 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 2013. 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 2013.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 March 2013, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2013:

- 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 134 "Interim financial reporting" (effective 1 January 2013)
- Amendments to MFRS 10, MFRS 11 and MFRS 12 "Consolidated financial statements, Joint arrangements and Disclosure of interests in other entities: Transition Guidance" (effective 1 January 2013)

The adoption of the above MFRSs and amendments to MFRSs did not have any financial impact to the Group.

The following MFRSs have been issued by the MASB and are effective for annual periods commencing on or after 1 April 2014, 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)
- Amendment to MFRS 132 "Financial instruments: Presentations" (effective 1 January 2014)

A1. Basis Of Preparation (contd.)

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

A2. Declaration Of Audit Confirmation

The annual audited report on the financial statements for the financial year ended 31 March 2013 did not contain any qualification.

A3. Seasonal And Cyclical Factors

The operations of the Group were not materially affected by any seasonal or cyclical fluctuations in the 1st financial quarter ended 30 June 2013.

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

The assets, liabilities, equity, net income and cash flows of the Group in the 1st financial quarter ended 30 June 2013 were not substantially affected by any item of a material and unusual nature.

A5. Changes In Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the 1st financial quarter ended 30 June 2013.

A6. Changes In Debt And Equity Securities

There were no issuance or repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the 1st financial quarter ended 30 June 2013.

A7. Dividends Paid

There was no dividend paid during the 1st financial quarter ended 30 June 2013.

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 alternative distribution channels, trustee services and holding company operations.

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FIRST FINANCIAL QUARTER ENDED 30 JUNE 2013

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

GROUP 1st Financial Quarter Ended 30 June 2013	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	66,795	74,681	43,800	1,561	294	187,131	(2,670)	184,461
- inter-segment	6,028	5,460	(10,373)	(1,115)	-	-	-	-
	72,823	80,141	33,427	446	294	187,131	(2,670)	184,461
Net income from Islamic banking business	22,965	15,838	7,548	-	-	46,351	7,506	53,857
Other operating income	58,557	35,041	26,551	8,253	4,735	133,137	(7,278)	125,859
Net income	154,345	131,020	67,526	8,699	5,029	366,619	(2,442)	364,177
Other operating expenses	(70,396)	(63,665)	(18,239)	(5,815)	(8,018)	(166,133)	2,396	(163,737)
Depreciation and amortisation	(5,642)	(3,717)	(1,593)	(151)	(13)	(11,116)	-	(11,116)
Operating profit/(loss)	78,307	63,638	47,694	2,733	(3,002)	189,370	(46)	189,324
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(8,246)	2,171	45	16	646	(5,368)	-	(5,368)
Segment result	70,061	65,809	47,739	2,749	(2,356)	184,002	(46)	183,956
Taxation and zakat								(46,165)
Net profit after taxation and zakat								137,791
Segment assets	17,032,741	11,043,101	17,239,684	200,019	1,860,826	47,376,371	(3,708,279)	43,668,092
Reconciliation of segment assets to consolidated assets:								
Property, plant and equipment								80,598
Unallocated assets								12,500
Intangible assets								353,644
Total assets								44,114,834
Segment liabilities	17,002,005	13,962,260	9,995,517	64,175	51,048	41,075,005	(1,132,963)	39,942,042
Unallocated liabilities								29,724
Total liabilities								39,971,766

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FIRST FINANCIAL QUARTER ENDED 30 JUNE 2013

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

GROUP As at 30 June 2013	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	66,795	74,681	43,800	1,561	294	187,131	(2,670)	184,461
- inter-segment	6,028	5,460	(10,373)	(1,115)	-	-	-	-
	72,823	80,141	33,427	446	294	187,131	(2,670)	184,461
Net income from Islamic banking business	22,965	15,838	7,548	-	-	46,351	7,506	53,857
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Net income	154,345	131,020	67,526	8,699	5,029	366,619	(2,442)	364,177
Other operating expenses	(70,396)	(63,665)	(18,239)	(5,815)	(8,018)	(166,133)	2,396	(163,737)
Depreciation and amortisation	(5,642)	(3,717)	(1,593)	(151)	(13)	(11,116)	-	(11,116)
Operating profit/(loss)	78,307	63,638	47,694	2,733	(3,002)	189,370	(46)	189,324
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(8,246)	2,171	45	16	646	(5,368)	-	(5,368)
Segment result	70,061	65,809	47,739	2,749	(2,356)	184,002	(46)	183,956
Taxation and zakat								(46,165)
Net profit after taxation and zakat								137,791
Segment assets	17,032,741	11,043,101	17,239,684	200,019	1,860,826	47,376,371	(3,708,279)	43,668,092
Reconciliation of segment assets to consolidated assets:								
Property, plant and equipment								80,598
Unallocated assets								12,500
Intangible assets								353,644
Total assets								44,114,834
Segment liabilities	17,002,005	13,962,260	9,995,517	64,175	51,048	41,075,005	(1,132,963)	39,942,042
Unallocated liabilities								29,724
Total liabilities								39,971,766

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
FIRST FINANCIAL QUARTER ENDED 30 JUNE 2013

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

GROUP	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
1st Financial Quarter Ended 30 June 2012								
Net interest income/(expense)								
- external income/(expense)	42,111	72,664	59,377	1,505	(1,345)	174,312	(434)	173,878
- inter-segment	23,279	1,175	(23,380)	(1,074)	-	-	-	-
	65,390	73,839	35,997	431	(1,345)	174,312	(434)	173,878
Net income from Islamic banking business	28,250	15,685	11,695	-	-	55,630	7,460	63,090
Other operating income	24,276	33,236	18,066	4,803	9,716	90,097	(7,727)	82,370
Net income	117,916	122,760	65,758	5,234	8,371	320,039	(701)	319,338
Other operating expenses	(69,225)	(55,984)	(12,025)	(6,644)	(7,413)	(151,291)	2,469	(148,822)
Depreciation and amortisation	(5,780)	(4,528)	(1,882)	(80)	(27)	(12,297)	-	(12,297)
Operating profit/(loss)	42,911	62,248	51,851	(1,490)	931	156,451	1,768	158,219
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(4,026)	13,026	(164)	(50)	-	8,786	-	8,786
Write-back of impairment	-	-	473	-	-	473	-	473
Segment result	38,885	75,274	52,160	(1,540)	931	165,710	1,768	167,478
Share of results in an associate								(1,110)
Taxation and zakat								(41,791)
Net profit after taxation and zakat								<u>124,577</u>
Segment assets	14,497,373	10,752,323	16,116,062	253,988	1,864,743	43,484,489	(3,908,524)	39,575,965
Reconciliation of segment assets to consolidated assets:								
Investment in an associate								25,441
Property, plant and equipment								88,946
Unallocated assets								14,282
Intangible assets								356,032
Total assets								<u>40,060,666</u>
Segment liabilities	16,457,492	10,658,798	10,119,075	109,919	58,815	37,404,099	(1,312,917)	36,091,182
Unallocated liabilities								78,300
Total liabilities								<u>36,169,482</u>

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

GROUP	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
As at 30 June 2012								
Net interest income/(expense)								
- external income/(expense)	42,111	72,664	59,377	1,505	(1,345)	174,312	(434)	173,878
- inter-segment	23,279	1,175	(23,380)	(1,074)	-	-	-	-
	65,390	73,839	35,997	431	(1,345)	174,312	(434)	173,878
Net income from Islamic banking business	28,250	15,685	11,695	-	-	55,630	7,460	63,090
Other operating income	24,276	33,236	18,066	4,803	9,716	90,097	(7,727)	82,370
Net income	117,916	122,760	65,758	5,234	8,371	320,039	(701)	319,338
Other operating expenses	(69,225)	(55,984)	(12,025)	(6,644)	(7,413)	(151,291)	2,469	(148,822)
Depreciation and amortisation	(5,780)	(4,528)	(1,882)	(80)	(27)	(12,297)	-	(12,297)
Operating profit/(loss)	42,911	62,248	51,851	(1,490)	931	156,451	1,768	158,219
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(4,026)	13,026	(164)	(50)	-	8,786	-	8,786
Write-back of impairment	-	-	473	-	-	473	-	473
Segment result	38,885	75,274	52,160	(1,540)	931	165,710	1,768	167,478
Share of results in an associate								(1,110)
Taxation and zakat								(41,791)
Net profit after taxation and zakat								<u>124,577</u>
Segment assets	14,497,373	10,752,323	16,116,062	253,988	1,864,743	43,484,489	(3,908,524)	39,575,965
Reconciliation of segment assets to consolidated assets:								
Investment in an associate								25,441
Property, plant and equipment								88,946
Unallocated assets								14,282
Intangible assets								356,032
Total assets								<u>40,060,666</u>
Segment liabilities	16,457,492	10,658,798	10,119,075	109,919	58,815	37,404,099	(1,312,917)	36,091,182
Unallocated liabilities								78,300
Total liabilities								<u>36,169,482</u>

A9. Material Event During The Financial Reporting Period

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

During the three months ended 30 June 2013, the Trustee of the ESS had not purchased any shares in the Company from the open market.

In the three months ended 30 June 2013, 410,100 shares have been transferred from the Trustee to the eligible employees of the Company and its subsidiaries arising from the exercise of share options in accordance with the terms under the Share Option Plan of the ESS. As at 30 June 2013, the Trustee of the ESS held 25,283,700 ordinary shares representing 1.63% of the issued and paid-up capital of the Company.

(b) Disposal of 70% equity interest in Alliance Investment Management Bank ("AIMB") by Alliance Bank Malaysia Berhad ("ABMB")

The disposal of the 70% equity interest in Alliance Investment Management Berhad ("AIMB") by Alliance Bank Malaysia Berhad ("ABMB"), a wholly-owned subsidiary of AFG, had been completed. AIMB ceased to be a subsidiary of ABMB with effect from 15 April 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 1st financial quarter ended 30 June 2013, other than as disclosed in Note A9 (b).

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

The Group recorded profit before taxation and zakat of RM183.9 million for the first quarter ended 30 June 2013, an increase of 10.6% over the corresponding period last year. Net profit after taxation and zakat improved by RM13.2 million or 10.6% to RM137.8 million. The improved earnings were attributed to an increase of RM10.6 million or 6.1% in net interest income and higher other operating income by RM43.5 million or 52.8%. These were partly offset by allowance for impaired loans and financing of RM5.4 million and higher other operating expenses by RM13.7 million or 8.5% as business expanded.

The higher net interest income was driven by healthy loans growth of 11.5% to RM28.8 billion as at 30 June 2013 from RM25.8 billion a year ago. Total deposits from customers registered a growth of 13.0% to RM35.7 billion as at 30 June 2013, with CASA deposits increasing by RM1.5 billion or 13.6% to RM12.8 billion from 30 June 2012.

Other operating income registered a 52.8% growth mainly due to higher fee income. Accordingly, the non-interest income ratio had risen to 35.4%, from 27.3% a year ago.

Asset quality registered further improvement, with the gross impaired loans ratio declining to 1.9%, from 2.4% as of 30 June 2012. The net impaired loans ratio stood at 1.1%, and the Group's loan loss coverage was 84.7% as at 30 June 2013.

The Group's total capital ratio remained strong at 14.4%, with Common Equity Tier 1 ratio at 10.3%.

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 registered profit before taxation of RM70.1 million for the first quarter ended 30 June 2013, which was RM31.2 million higher compared to the corresponding period last year. The increase was due to higher fee income and net interest income as loans growth accelerated by 19.3% from a year ago. This was partly offset by lower net income from Islamic banking and higher collective loan loss allowance, arising from higher loans growth. Segment assets stood at RM17.0 billion, as at 30 June 2013.

Business Banking recorded profit before taxation of RM65.8 million for the first quarter ended 30 June 2013, which was 12.6% lower compared to the corresponding period last year due to lower write-back of allowance for impaired loans. Segment assets stood at RM11.0 billion as at 30 June 2013.

Financial Markets registered profit before taxation of RM47.7 million for the first quarter ended 30 June 2013, a reduction of 8.5% compared to the corresponding period last year due to higher other operating expenses.

Investment Banking reported profit before taxation of RM2.7 million for the first quarter ended 30 June 2013, with improvements from better fee and brokerage income.

B2. Comparison With Immediate Preceding Quarter

The Group recorded profit before taxation and zakat of RM183.9 million for the first quarter ended 30 June 2013, an increase of 3.2% over the preceding quarter ended 31 March 2013. The increase in profit is mainly due to higher other operating income.

B3. Prospects For Next Financial Year

With the Malaysian economy expected to register a gross domestic product ("GDP") growth of between 5% - 6% in 2013, the Group will continue to capitalise on its strengths to generate sustainable revenue from Consumer Banking and Business Banking, while expanding the opportunities in Wealth Management, Transaction Banking, Treasury and Investment Banking.

For FY2014, the Group expects sustainable loans growth in Consumer Banking, driven mainly by mortgage lending, hire purchase, personal loans, credit cards and share margin financing. In addition to balance sheet growth, Consumer Banking will also focus on growing its non-interest income through its holistic wealth management solutions.

For FY2014, the lending activities of Business Banking are expected to grow moderately, in tandem with the continuing demand for credit by businesses, arising from the implementation of projects under the Economic Transformation Programme and Iskandar Malaysia development region.

Business Banking will also continue to focus on cross-selling efforts to grow non-interest income in transaction banking, foreign exchange, investment banking, wealth management products, and business platinum card by capitalising on technology advancements.

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.

Investment Banking has enhanced its Institutional Business in FY2013 and the priority in FY2014 will be to refine its retail broking business model to achieve operational efficiency. Investment Banking will continue to focus on effective cost management, as well as improving efficiency and productivity. In the corporate finance and advisory business, Investment Banking will continue to leverage on Group's Business Banking customer base.

Conclusion

The Group expects to deliver a satisfactory performance for the financial year ending 31 March 2014.

B4. Profit Forecast

There was no profit forecast issued by the Group.

B5. Taxation And Zakat

GROUP	1st Quarter Ended		Cumulative 3 Months Ended	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
Taxation				
- Income tax	45,047	33,793	45,047	33,793
- Deferred tax	1,118	8,101	1,118	8,101
	46,165	41,894	46,165	41,894
- Over provision in prior year	-	(103)	-	(103)
	46,165	41,791	46,165	41,791

The Group's effective tax rate for the financial period ended 30 June 2013 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 the 1st financial quarter ended 30 June 2013 other than in the ordinary course of business.

B7. Purchase And Disposal Of Quoted Securities

There was no purchase or disposal of quoted securities for the 1st financial quarter ended 30 June 2013 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	
	30.06.2013	31.03.2013
	RM'000	RM'000
(a) Deposits from customers		
Fixed deposits, negotiable instruments of deposits and money market deposits:		
- One year or less (short term)	22,653,159	23,631,656
- More than one year (medium/long term)	67,952	128,902
	22,721,111	23,760,558
Others	12,986,619	12,243,757
	35,707,730	36,004,315
(b) Deposits and placements of banks and other financial institutions		
- One year or less (short term)	2,200,411	1,567,026
- More than one year (medium/long term)	424,982	442,970
	2,625,393	2,009,996
(c) Subordinated obligations		
Unsecured and more than one year (medium/long term)		
- Tier II Subordinated Medium Term Notes	605,074	612,193

B10. Derivative Financial Assets/(Liabilities)

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

	As at 30 June 2013			As at 31 March 2013		
	Principal RM'000	Fair value Assets RM'000	Liabilities RM'000	Principal RM'000	Fair value Assets RM'000	Liabilities RM'000
<u>Trading derivatives</u>						
Foreign exchange and commodity contracts:						
Currency forwards						
- one year or less	808,259	11,113	(6,705)	766,579	2,571	(4,572)
Currency swaps						
- one year or less	5,410,124	52,791	(50,294)	2,972,174	11,465	(5,918)
- over one year to three years	63,295	12	-	-	-	-
Currency spots						
- one year or less	143,157	149	(367)	119,254	162	(152)
Currency options						
- one year or less	71,468	288	(146)	80,105	209	(105)
Gold options						
- one year or less	7,669	3,543	(3,535)	-	-	-
	6,503,972	67,896	(61,047)	3,938,112	14,407	(10,747)
Interest rate derivatives:						
Interest rate swap	2,415,000	4,528	(2,626)	2,045,000	5,094	(3,084)
- one year or less	1,080,000	439	(483)	1,060,000	640	(753)
- over one year to three years	1,125,000	2,222	(802)	775,000	2,521	(892)
- over three years	210,000	1,867	(1,341)	210,000	1,933	(1,439)
Equity related contracts:						
- one year or less	16,520	130	(130)	54,032	291	(291)
- over one year to three years	80,272	1,389	(1,389)	-	-	-
<u>Hedging derivatives</u>						
Interest rate swap						
- over three years	322,816	-	(5,406)	211,608	-	(1,748)
Total derivatives assets/(liabilities)	9,338,580	73,943	(70,598)	6,248,752	19,792	(15,870)

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 2013.

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.

B10. Derivative Financial Assets/(Liabilities) (contd.)

Swaps

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

Spots

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

Options

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

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 (of which ABMB's exposure will be approximately RM32.0 million) together with interest at the rate of 6% per annum from date of disbursement to date of realisation with general damages to be assessed by the Court. The agent bank's solicitors 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

On 10 July 2013, the Board of Directors declared a first interim dividend of 7.5 sen per share tax exempt under the single tier tax system, in respect of the financial year ending 31 March 2014 (2013: 6.6 sen), to be paid on 16 August 2013. The entitlement date for the first interim dividend payment is on 29 July 2013.

B13. Related Party Transactions

All related party transactions within the Group have been entered into in the normal course of business and were carried out on normal commercial terms.

B14. Earnings Per Share (EPS)

(a) Basic

The calculation of the basic earnings per share is based on the net profit attributable to owners of the parent divided by the weighted average number of ordinary shares of RM1.00 each in issue during the period excluding the weighted average shares held for ESS.

	1st Quarter Ended		Cumulative 3 Months Ended	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
Net profit attributable to owners of the parent (RM'000)	137,791	124,532	137,791	124,532
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)	(25,286)	(29,108)	(25,286)	(29,108)
	1,522,820	1,518,998	1,522,820	1,518,998
Basic earnings per share (sen)	9.0	8.2	9.0	8.2

(b) Diluted

The calculation of the diluted earnings per share is based on the net profit attributable to owners of the parent divided by the weighted average number of ordinary shares of RM1.00 each in issue during the period, excluding the weighted average shares held for ESS and taken into account the assumed Share Grants to employees under ESS were vested to the employees as at 30 June 2013.

	1st Quarter Ended		Cumulative 3 Months Ended	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
Net profit attributable to owners of the parent (RM'000)	137,791	124,532	137,791	124,532
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)	(25,286)	(29,108)	(25,286)	(29,108)
Effect of Share Grants under ESS ('000)	3,693	3,913	3,693	3,913
	1,526,513	1,522,911	1,526,513	1,522,911
Diluted earnings per share (sen)	9.0	8.2	9.0	8.2

B15. Realised And Unrealised Unappropriated Profits Disclosure

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) on 25 March 2010, is as follows:

	Year Ended	
	30.06.2013	31.03.2013
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	1,827,207	1,724,099
- Unrealised	64,557	28,843
	1,891,764	1,752,942
Less: Consolidation adjustments	(281,454)	(280,571)
Total group retained profits as per consolidated accounts	1,610,310	1,472,371

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

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

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

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

C1. Interest Income

Group	1st Quarter Ended		Cumulative 3 Months Ended	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	279,379	243,723	279,379	243,723
Money at call and deposit placements with financial institutions	3,497	4,387	3,497	4,387
Financial assets held-for-trading	837	1,280	837	1,280
Financial investments available-for-sale	61,289	59,488	61,289	59,488
Financial investments held-to-maturity	1,659	2,933	1,659	2,933
Others	230	375	230	375
	346,891	312,186	346,891	312,186
Accretion of discount less amortisation of premium	28,106	36,440	28,106	36,440
	374,997	348,626	374,997	348,626

C2. Interest Expense

Group	1st Quarter Ended		Cumulative 3 Months Ended	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	9,904	13,072	9,904	13,072
Deposits from customers	172,240	153,397	172,240	153,397
Subordinated obligations	7,302	7,296	7,302	7,296
Others	1,090	983	1,090	983
	190,536	174,748	190,536	174,748

C3. Net Income From Islamic Banking Business

Group	1st Quarter Ended		Cumulative 3 Months Ended	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	74,870	83,292	74,870	83,292
Income derived from investment of Islamic Banking funds	8,026	8,794	8,026	8,794
Income attributable to depositors and financial institutions	(36,545)	(36,456)	(36,545)	(36,456)
	46,351	55,630	46,351	55,630
Add: Income due to head office eliminated at Group level	7,506	7,460	7,506	7,460
	53,857	63,090	53,857	63,090

C4. Other Operating Income

Group	1st Quarter Ended		Cumulative 3 Months Ended	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
(a) <u>Fee income:</u>				
Commissions	21,835	17,828	21,835	17,828
Service charges and fees	8,342	9,284	8,342	9,284
Portfolio management fees	7	1,778	7	1,778
Corporate advisory fees	1,293	1,893	1,293	1,893
Brokerage fees	4,286	2,683	4,286	2,683
Guarantee fees	2,692	2,078	2,692	2,078
Processing fees	5,569	846	5,569	846
Commitment fees	3,594	3,633	3,594	3,633
Underwriting commissions	-	18	-	18
Other fee income	33,384	2,264	33,384	2,264
	81,002	42,305	81,002	42,305
(b) <u>Investment income:</u>				
(Loss)/gain arising from sale/redemption of:				
- Financial assets held-for-trading	(841)	698	(841)	698
- Financial investments available-for-sale	16,436	15,187	16,436	15,187
- Financial investments held-to-maturity	1,002	20	1,002	20
Marked-to-market revaluation of:				
- Financial assets held-for-trading	(139)	145	(139)	145
- Derivative financial instruments	24	360	24	360
Realised gain on revaluation of derivative instruments	2,117	803	2,117	803
Gross dividend income from:				
- Financial investments available-for-sale	3,880	2,622	3,880	2,622
	22,479	19,835	22,479	19,835
(c) <u>Other income:</u>				
Foreign exchange gain	16,840	13,369	16,840	13,369
(Loss)/gain on disposal of property, plant and equipment	(5)	1,578	(5)	1,578
Gain from disposal of subsidiary	1,169	-	1,169	-
Others	4,374	5,283	4,374	5,283
	22,378	20,230	22,378	20,230
Total other operating income	125,859	82,370	125,859	82,370

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C5. Other Operating Expenses

<u>Group</u>	1st Quarter Ended		Cumulative 3 Months Ended	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs:</u>				
Salaries, allowances and bonuses	74,215	84,370	74,215	84,370
Contribution to EPF	12,748	13,444	12,748	13,444
Share options/grants under ESS	2,228	2,028	2,228	2,028
Others	31,299	6,676	31,299	6,676
	120,490	106,518	120,490	106,518
<u>Establishment costs:</u>				
Depreciation of property, plant and equipment	5,794	7,330	5,794	7,330
Amortisation of computer software	5,322	4,967	5,322	4,967
Rental of premises	7,149	7,106	7,149	7,106
Water and electricity	1,841	1,452	1,841	1,452
Repairs and maintenance	3,175	2,350	3,175	2,350
Information technology expenses	9,834	10,341	9,834	10,341
Others	3,388	2,525	3,388	2,525
	36,503	36,071	36,503	36,071
<u>Marketing expenses:</u>				
Promotion and advertisement	1,409	2,991	1,409	2,991
Branding and publicity	691	826	691	826
Others	1,145	1,328	1,145	1,328
	3,245	5,145	3,245	5,145
<u>Administration and general expenses:</u>				
Communication expenses	2,879	3,413	2,879	3,413
Printing and stationery	1,318	960	1,318	960
Insurance	2,058	1,997	2,058	1,997
Professional fees	5,703	3,138	5,703	3,138
Others	2,657	3,877	2,657	3,877
	14,615	13,385	14,615	13,385
Total other operating expenses	174,853	161,119	174,853	161,119

C6. Allowance for/(write-back of) Losses On Loans, Advances And Financing And Other Losses

<u>Group</u>	1st Quarter Ended		Cumulative 3 Months Ended	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM'000	RM'000	RM'000	RM'000
Allowance for/(write-back of) impaired loans and financing:				
(a) Individual assessment allowance				
- made/(write-back) during the period (net)	6,620	(3,624)	6,620	(3,624)
(b) Collective assessment allowance				
- made/(write-back) during the period (net)	5,041	(239)	5,041	(239)
(c) Bad debts on loans and financing				
- Recovered	(11,735)	(10,914)	(11,735)	(10,914)
- Written off	5,172	4,504	5,172	4,504
	5,098	(10,273)	5,098	(10,273)
Allowance for other assets	270	1,487	270	1,487
	5,368	(8,786)	5,368	(8,786)

C7. Balances Due From Clients And Brokers

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
Due from clients	63,197	34,205
Due from brokers	-	17,132
	<u>63,197</u>	<u>51,337</u>
Less: Allowance for other losses	<u>(1,197)</u>	<u>(1,215)</u>
	<u>62,000</u>	<u>50,122</u>

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

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

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

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
Classified as doubtful	154	58
Classified as bad	1,231	1,290
	<u>1,385</u>	<u>1,348</u>

The movements in allowance for other losses are as follows:

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
At beginning of year	1,215	1,196
(Write-back)/allowance made during the period/year (net)	<u>(18)</u>	<u>19</u>
At end of period/year	<u>1,197</u>	<u>1,215</u>

C8. Financial Assets Held-for-trading

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Bank Negara Malaysia bills	429,424	1,519,930
Malaysian Government securities	10,048	-
Malaysian Government investment certificates	80,102	-
Negotiable instruments of deposits	83,159	-
	<hr/>	<hr/>
Total financial assets held-for-trading	602,733	1,519,930

C9. Financial Investments Available-for-sale

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Malaysian Government securities	1,994,071	1,265,606
Malaysian Government investment certificates	2,573,418	2,336,784
Negotiable instruments of deposits	1,197,292	1,676,828
Bankers' acceptances	1,063,408	2,113,749
Khazanah bonds	185,164	-
	<hr/>	<hr/>
<u>Quoted securities in Malaysia:</u>		
Shares	9	9
	<hr/>	<hr/>
<u>Unquoted securities:</u>		
Shares	150,119	137,383
Debt securities and medium term notes	3,003,879	2,832,091
	<hr/>	<hr/>
Total financial investments available-for-sale	10,167,360	10,362,450

C10. Financial Investments Held-to-maturity

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government securities	363,945	152,497
Malaysian Government investment certificates	434,801	438,766
Khazanah bonds	49,049	-
	<hr/>	<hr/>
<u>Unquoted securities:</u>		
Debt securities	45,391	46,217
	<hr/>	<hr/>
Accumulated impairment	893,186	637,480
	<hr/>	<hr/>
Total financial investments held-to-maturity	(39,614)	(40,531)
	<hr/>	<hr/>
	853,572	596,949

C11. Loans, Advances And Financing

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
Overdrafts	1,844,645	1,902,717
Term loans/financing		
- Housing loans/financing	11,380,045	10,980,836
- Syndicated term loans/financing	485,488	454,866
- Hire purchase receivables	904,141	820,934
- Other term loans/financing	8,564,874	8,511,897
Bills receivables	268,017	263,450
Trust receipts	174,869	176,776
Claims on customers under acceptance credits	2,178,528	2,262,586
Staff loans [including loans to Directors of a banking subsidiary of RM211,000 (31.03.13: RM219,000)]	46,711	50,120
Credit/charge card receivables	585,081	581,335
Revolving credits	1,139,649	1,197,953
Other loans	1,241,184	1,022,010
Gross loans, advances and financing	28,813,232	28,225,480
Add: Sales commissions and handling fees	24,730	23,935
Less: Allowance for impairment on loans, advances and financing		
- Individual assessment allowance	(131,601)	(128,471)
- Collective assessment allowance	(342,401)	(349,203)
Total net loans, advances and financing	28,363,960	27,771,741

(a) By type of customer:

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
Domestic non-bank financial institutions		
- Stockbroking companies	59,437	16,909
- Others	381,124	456,836
Domestic business enterprises		
- Small and medium enterprises	6,081,848	6,038,657
- Others	4,835,053	4,979,563
Government and statutory bodies	10,590	10,905
Individuals	16,424,787	15,714,244
Other domestic entities	247,602	248,380
Foreign entities	772,791	759,986
Gross loans, advances and financing	28,813,232	28,225,480

C11. Loans, Advances And Financing (contd.)

(b) By interest/profit rate sensitivity:

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
Fixed rate		
- Housing loans/financing	80,538	83,318
- Hire purchase receivables	904,141	820,934
- Other fixed rate loans/financing	2,003,716	1,843,089
Variable rate		
- Base lending rate plus	20,134,012	19,556,732
- Cost plus	5,435,817	5,668,573
- Other variable rates	255,008	252,834
Gross loans, advances and financing	<u>28,813,232</u>	<u>28,225,480</u>

(c) By economic purposes:

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
Purchase of securities	1,296,300	1,076,433
Purchase of transport vehicles	819,187	737,908
Purchase of landed property	15,857,497	15,335,694
of which: - Residential	12,038,299	11,609,873
- Non-residential	3,819,198	3,725,821
Purchase of fixed assets excluding land and buildings	135,586	130,994
Personal use	1,925,296	1,952,851
Credit card	585,081	581,335
Construction	288,884	296,431
Merger and acquisition	369,229	369,164
Working capital	6,032,870	6,266,473
Others	1,503,302	1,478,197
Gross loans, advances and financing	<u>28,813,232</u>	<u>28,225,480</u>

(d) By geographical distribution:

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
Northern region	1,871,827	1,884,397
Central region	21,944,194	21,463,279
Southern region	2,619,051	2,492,437
East Malaysia region	2,378,160	2,385,367
Gross loans, advances and financing	<u>28,813,232</u>	<u>28,225,480</u>

C11. Loans, Advances And Financing (contd.)

(e) By residual contractual maturity:

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
Within one year	7,858,909	7,839,679
One year to three years	769,759	776,896
Three years to five years	1,333,152	1,318,636
Over five years	18,851,412	18,290,269
	28,813,232	28,225,480

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

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
At beginning of year	579,233	629,236
Impaired during the period/year	141,854	524,030
Reclassified as non-impaired during the period/year	(79,504)	(315,366)
Recoveries	(66,529)	(156,795)
Amount written off	(15,333)	(101,872)
	559,721	579,233
Gross impaired loans as a % of gross loans, advances and financing	1.9%	2.1%

(g) Impaired loans by economic purposes:

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
Purchase of securities	5,278	5,092
Purchase of transport vehicles	5,971	5,611
Purchase of landed property	294,111	282,371
of which: - Residential	231,379	213,718
- Non-residential	62,732	68,653
Purchase of fixed assets excluding land & buildings	202	204
Personal use	33,922	32,089
Credit card	9,346	9,107
Construction	8,875	11,330
Working capital	165,647	197,330
Others	36,369	36,099
	559,721	579,233

C11. Loans, Advances And Financing (contd.)

(h) Impaired loans by geographical distribution:

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
Northern region	90,117	112,029
Central region	382,896	379,755
Southern region	39,420	40,911
East Malaysia region	47,288	46,538
Gross impaired loans	<u>559,721</u>	<u>579,233</u>

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

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
Individual assessment allowance		
At beginning of year	128,471	157,966
Allowance made during the period/year (net)	6,620	19,674
Amount written off	(1,456)	(47,649)
Transfers to collective assessment allowance	<u>(2,034)</u>	<u>(1,520)</u>
At end of period/year	<u>131,601</u>	<u>128,471</u>

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
Collective assessment allowance		
At beginning of year	349,203	393,872
Allowance made during the period/year (net)	5,041	8,034
Amount written-off	(13,877)	(54,223)
Transfers from individual assessment allowance	<u>2,034</u>	<u>1,520</u>
At end of period/year	<u>342,401</u>	<u>349,203</u>

C12. Other Assets

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
Other receivables, deposits and prepayments	108,977	103,601
Trade receivables	47	46
	<u>109,024</u>	<u>103,647</u>
Less: Allowance for other losses	<u>(25,387)</u>	<u>(27,640)</u>
	<u>83,637</u>	<u>76,007</u>

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

Subsidiary held for sale

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
ASSETS		
Cash and short-term funds	-	12,486
Deposits and placements with banks and other financial institutions	-	7,069
Other assets	-	12,802
Tax recoverable	-	338
Property, plant and equipment	-	8
Deferred tax assets	-	301
Computer software	-	68
	<u>-</u>	<u>33,072</u>
Goodwill	-	2,107
Total assets of subsidiary held for sale	<u>-</u>	<u>35,179</u>
LIABILITIES		
Other liabilities	-	19,291
Total liabilities of subsidiary held for sale	<u>-</u>	<u>19,291</u>

The disposal of the 70% equity interest in AIMB by the ABMB, a wholly-owned subsidiary of AFG, had been completed. AIMB ceased to be a subsidiary of ABMB with effect from 15 April 2013.

C14. Deposits From Customers

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
<u>By type of deposits:</u>		
Demand deposits	11,046,756	10,386,420
Savings deposits	1,735,700	1,712,779
Fixed/investment deposits	16,642,451	17,111,582
Money market deposits	4,273,986	4,675,375
Negotiable instruments of deposits	1,804,674	1,973,601
Structured deposits [Note]	204,163	144,558
	35,707,730	36,004,315

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 RM161,408,000 (31.03.13: RM105,804,000) using interest rate swaps.

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
Structured deposits	161,408	105,804
Fair value changes arising from fair value hedges	(5,406)	(1,748)
	156,002	104,056

The fair value loss of the interest rate swap in this hedge transaction as at financial year ended 30 June 2013 is RM5,406,000 (31.03.13: RM1,748,000).

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
(i) <u>By type of customers:</u>		
Domestic financial institutions	1,810,961	2,402,307
Government and statutory bodies	1,301,207	1,474,286
Business enterprises	13,487,111	12,914,181
Individuals	16,158,118	16,205,037
Others	2,950,333	3,008,504
	35,707,730	36,004,315

	Group	
	30.06.2013	31.03.2013
	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	17,560,703	19,162,880
Six months to one year	5,092,456	4,468,776
One year to three years	53,314	112,328
Three years to five years	14,638	16,574
	22,721,111	23,760,558

C15. Deposits And Placements Of Banks And Other Financial Institutions

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
Licensed banks	1,070,731	790,228
Licensed investment banks	100,076	425,940
Licensed Islamic banks	171,100	150,342
Bank Negara Malaysia	1,233,474	643,486
Other financial institutions	50,012	-
	2,625,393	2,009,996

C16. Balances Due To Clients And Brokers

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
Due to clients	30,533	30,852
Due to brokers	5,692	-
	36,225	30,852

These mainly relate 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.

The Group's normal trade credit terms for non-margin client is three (3) market days according to the Bursa'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 RM71,342,000 (31.03.13: RM63,290,000) have been excluded accordingly.

C17. Other Liabilities

	Group	
	30.06.2013	31.03.2013
	RM'000	RM'000
Other payable and accruals	859,600	802,528
Remisiers' accounts	21,523	21,108
	881,123	823,636

C18. Capital Adequacy

The capital adequacy ratios of the Banking Group are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework issued on 28 November 2012. The Framework sets out the approach for computing regulatory capital adequacy ratios, as well as the levels of those ratios at which banking institutions are required to operate. The framework is to strengthen capital adequacy standards, in line with the requirements set forth under Basel III. The risk-weighted assets of the Group are computed using the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

The capital adequacy ratios of the Banking Group are as follows:

	30.06.2013	31.03.2013
<u>Before deducting proposed dividends</u>		
CET I capital ratio	10.928%	11.221%
Tier I capital ratio	12.330%	12.657%
Total capital ratio	14.974%	15.369%
<u>After deducting proposed dividends</u>		
CET I capital ratio	10.341%	10.620%
Tier I capital ratio	11.743%	12.056%
Total capital ratio	14.387%	14.769%

(a) Components of Common Equity Tier I ("CET I"), Tier I and Tier II capital are as follows:

	30.06.2013	31.03.2013
	RM'000	RM'000
<u>CET I Capital</u>		
Paid-up share capital	596,517	596,517
Share premium	201,517	201,517
Retained profits	1,749,256	1,749,256
Statutory reserves	885,744	885,744
Revaluation reserves	86,916	115,397
Other reserves	10,018	10,018
	3,529,968	3,558,449
Less: Regulatory adjustment		
- Goodwill and other intangibles	(353,644)	(358,275)
- Deferred tax assets	(11,142)	(11,040)
- 55% of revaluation reserve	(47,804)	(63,468)
Total CET I Capital	3,117,378	3,125,666
<u>Tier I Capital</u>		
ICPS	4,000	4,000
Share premium	396,000	396,000
Total additional Tier I Capital	400,000	400,000
Total Tier I Capital	3,517,378	3,525,666
<u>Tier II Capital</u>		
Subordinated obligations	538,577	538,495
Collective assessment allowance	219,737	221,153
Less: Regulatory adjustment		
- Investment in subsidiaries and associates	(4,120)	(4,117)
Total Tier II Capital	754,194	755,531
Total Capital	4,271,572	4,281,197

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
30 June 2013			
<u>Before deducting proposed dividends</u>			
CET I capital ratio	11.859%	13.043%	82.176%
Tier I capital ratio	13.240%	13.043%	82.176%
Total capital ratio	13.240%	13.812%	82.292%
<u>After deducting proposed dividends</u>			
CET I capital ratio	11.158%	13.043%	81.080%
Tier I capital ratio	12.539%	13.043%	81.080%
Total capital ratio	12.539%	13.812%	81.196%
31 March 2013			
<u>Before deducting proposed dividends</u>			
CET I capital ratio	12.235%	12.927%	96.235%
Tier I capital ratio	13.617%	12.927%	96.235%
Total capital ratio	13.617%	13.718%	96.398%
<u>After deducting proposed dividends</u>			
CET I capital ratio	11.514%	12.927%	94.956%
Tier I capital ratio	12.896%	12.927%	94.956%
Total capital ratio	12.896%	13.718%	95.119%

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

	30.06.2013 RM'000	31.03.2013 RM'000
Credit risk	25,756,809	25,175,746
Market risk	122,793	76,045
Operational risk	2,647,498	2,603,941
Total RWA and capital requirements	28,527,100	27,855,732

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 30 June 2013				
<u>Credit-related exposures</u>				
Direct credit substitutes	383,066	-	383,066	383,066
Transaction-related contingent items	590,275	-	295,138	295,138
Short-term self-liquidating trade-related contingencies	124,747	-	24,949	24,949
Irrevocable commitments to extend credit:				
- maturity exceeding one year	4,943,167	-	2,471,583	1,973,665
- maturity not exceeding one year	5,591,247	-	1,118,249	963,929
Unutilised credit card lines	1,296,267	-	259,253	203,883
	<u>12,928,769</u>	<u>-</u>	<u>4,552,238</u>	<u>3,844,630</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	6,440,677	67,884	139,463	64,960
- over one year to three years	63,295	12	3,165	1,582
Interest rate related contracts:				
- one year or less	1,080,000	439	1,799	360
- over one year to three years	1,125,000	2,222	18,722	3,744
- over three years	532,816	1,867	25,613	13,561
Equity related contracts:				
- one year or less	16,520	130	1,322	834
- over one year to three years	80,272	1,389	6,837	4,260
	<u>9,338,580</u>	<u>73,943</u>	<u>196,921</u>	<u>89,301</u>
	22,267,349	73,943	4,749,159	3,933,931
As at 31 March 2013				
<u>Credit-related exposures</u>				
Direct credit substitutes	387,122	-	387,122	387,122
Transaction-related contingent items	585,435	-	292,717	292,717
Short-term self-liquidating trade-related contingencies	140,311	-	28,062	28,062
Irrevocable commitments to extend credit:				
- maturity exceeding one year	5,027,371	-	2,513,685	2,010,313
- maturity not exceeding one year	5,301,405	-	1,060,281	909,385
Unutilised credit card lines	1,388,811	-	277,762	217,673
	<u>12,830,455</u>	<u>-</u>	<u>4,559,629</u>	<u>3,845,272</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	3,938,112	14,407	58,978	28,489
Interest rate related contracts:				
- one year or less	1,060,000	640	2,374	475
- over one year to three years	775,000	2,521	15,521	3,104
- over three years	421,608	1,933	20,560	9,719
Equity related contracts:				
- over one year to three years	54,032	291	4,817	2,697
	<u>6,248,752</u>	<u>19,792</u>	<u>102,250</u>	<u>44,484</u>
	19,079,207	19,792	4,661,879	3,889,756

By Order of the Board

LEE WEI YEN (MAICSA 7001798)

Group Company Secretary

Kuala Lumpur

6 August 2013