

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2013

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	3rd Quarter Ended		Cumulative 9 Months Ended	
		31.12.2013	31.12.2012	31.12.2013	31.12.2012
		RM'000	RM'000	RM'000	RM'000
Interest income	C1	411,479	355,246	1,182,975	1,068,601
Interest expense	C2	(210,936)	(176,784)	(605,365)	(525,569)
Net interest income		200,543	178,462	577,610	543,032
Net income from Islamic banking business	C3	52,741	60,463	158,350	184,874
		253,284	238,925	735,960	727,906
Other operating income	C4	75,348	80,789	271,590	250,120
Net income		328,632	319,714	1,007,550	978,026
Other operating expenses	C5	(143,722)	(152,215)	(462,895)	(467,599)
Operating profit before allowance		184,910	167,499	544,655	510,427
(Allowance for)/write-back of losses on loans, advances and financing and other losses	C6	(3,424)	12,901	(3,952)	28,737
Write-back of impairment		-	-	902	473
Operating profit after allowance		181,486	180,400	541,605	539,637
Share of results of associate		-	(1,806)	-	(3,919)
Profit before taxation and zakat		181,486	178,594	541,605	535,718
Taxation and zakat	B5	(44,977)	(45,828)	(136,070)	(136,445)
Net profit after taxation and zakat		136,509	132,766	405,535	399,273
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		(75,224)	12,923	(142,097)	(9,901)
- Transfer from/(to) deferred tax		18,806	(3,231)	35,524	2,475
Other comprehensive (expense)/income, net of tax		(56,418)	9,692	(106,573)	(7,426)
Total comprehensive income for the period		80,091	142,458	298,962	391,847
Profit attributable to:					
Owners of the parent		136,509	132,742	405,535	399,220
Non-controlling interests		-	24	-	53
Net profit after taxation and zakat		136,509	132,766	405,535	399,273
Total comprehensive income attributable to:					
Owners of the parent		80,091	142,434	298,962	391,794
Non-controlling interests		-	24	-	53
Total comprehensive income for the period		80,091	142,458	298,962	391,847
Earnings per share attributable to owners of the parent:					
- Basic (sen)	B14(a)	9.0	8.7	26.7	26.2
- Diluted (sen)	B14(b)	9.0	8.7	26.6	26.2

(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 31.12.2013 RM'000	AS AT 31.03.2013 RM'000
ASSETS			
Cash and short-term funds		1,382,497	1,296,681
Deposits and placements with banks and other financial institutions		488,938	153,236
Balances due from clients and brokers	C7	53,302	50,122
Financial assets held-for-trading	C8	19,979	1,519,930
Financial investments available-for-sale	C9	10,712,144	10,362,450
Financial investments held-to-maturity	C10	1,321,693	596,949
Derivative financial assets	B10	51,385	19,792
Loans, advances and financing	C11	30,251,109	27,771,741
Other assets	C12	73,051	76,007
Tax recoverable		3,766	476
Statutory deposits		1,510,189	1,330,972
Investment property		27,748	27,748
Property, plant and equipment		74,959	83,217
Intangible assets		354,512	356,168
Deferred tax assets		21,765	11,361
		46,347,037	43,656,850
Non-current assets and subsidiary held for sale	C13	-	35,179
TOTAL ASSETS		46,347,037	43,692,029
LIABILITIES AND EQUITY			
Deposits from customers	B9(a), C14	36,676,362	36,004,315
Deposits and placements of banks and other financial institutions	B9(b), C15	4,093,491	2,009,996
Balances due to clients and brokers	C16	29,857	30,852
Bills and acceptances payable		162	73,713
Derivative financial liabilities	B10	49,621	15,870
Amount due to Cagamas Berhad		14,593	16,290
Other liabilities	C17	851,361	823,636
Subordinated obligations	B9(c)	605,418	612,193
Provision for taxation		328	26,274
Deferred tax liabilities		5,401	24,430
		42,326,594	39,637,569
Liabilities directly associated with non-current assets and subsidiary held for sale	C13	-	19,291
TOTAL LIABILITIES		42,326,594	39,656,860
Share capital		1,548,106	1,548,106
Reserves		2,571,608	2,558,548
Shares held for Employees' Share Scheme		(99,271)	(76,232)
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT		4,020,443	4,030,422
Non-controlling interests		-	4,747
TOTAL EQUITY		4,020,443	4,035,169
TOTAL LIABILITIES AND EQUITY		46,347,037	43,692,029
COMMITMENTS AND CONTINGENCIES	C19	21,416,939	19,079,207
Net assets per share attributable to owners of the parent (RM)*		2.60	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

(Company Number : 6627-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 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
31 December 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	-	-	-	-	-	-	-	-	405,535	405,535	-	405,535
Other comprehensive expense	-	-	-	-	(106,573)	-	-	-	-	(106,573)	-	(106,573)
Total comprehensive (expense)/income for the period	-	-	-	-	(106,573)	-	-	-	405,535	298,962	-	298,962
Transfer to statutory reserve	-	-	19,694	-	-	-	-	-	(19,694)	-	-	-
Purchase of shares pursuant to ESS	-	-	-	-	-	-	(33,600)	-	-	(33,600)	-	(33,600)
Share-based payment under ESS	-	-	-	-	-	7,888	-	-	7,888	-	-	7,888
Dividends paid to shareholders	-	-	-	-	-	-	-	(289,033)	(289,033)	-	-	(289,033)
ESS shares grant vested to:												
- employees of subsidiaries	-	-	-	-	-	(3,893)	-	3,893	-	-	-	-
- own employees	-	-	-	-	-	(84)	-	84	-	-	-	-
ESS shares option exercised by:												
- employees of subsidiaries	-	-	-	-	-	(701)	-	701	-	-	-	-
- own employees	-	-	-	-	-	(79)	-	79	-	-	-	-
Proceeds from share option exercised	-	-	-	-	-	-	-	5,804	-	5,804	-	5,804
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	(1,192)	-	-	1,192	-	-	-
Transfer PER to retained profit	-	-	-	-	-	-	(1,033)	-	1,033	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(4,747)	-	(4,747)
At 31 December 2013	1,548,106	304,289	663,400	7,013	8,824	16,678	-	(99,271)	1,571,404	4,020,443	-	4,020,443
31 December 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	-	-	-	-	-	-	-	-	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

(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

(Company Number : 6627-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2013

	Unaudited 9 Months Ended 31.12.2013	Unaudited 9 Months Ended 31.12.2012
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and zakat	541,605	535,718
Adjustments for:		
Accretion of discount less amortisation of premium of financial investments	(61,113)	(103,105)
Depreciation of property, plant and equipment	16,222	20,139
Dividends from financial investments available-for-sale	(4,516)	(3,709)
(Gain)/loss on disposal of property, plant and equipment	(226)	136
Gain on disposal of a subsidiary	(1,169)	-
Gain on disposal of assets held for sale	-	(7,556)
Net gain from redemption of financial investments held-to-maturity	(3,742)	(5,884)
Net loss/(gain) from sale of financial assets held-for-trading	863	(271)
Net gain from sale of financial investments available-for-sale	(20,953)	(41,121)
Unrealised loss on revaluation of financial assets held-for-trading	118	32
Unrealised gain on revaluation of derivative instruments	(2,378)	(5,513)
Interest expense on subordinated obligations	22,145	22,126
Interest income from financial investments held-to-maturity	(13,172)	(10,806)
Interest income from financial investments available-for-sale	(223,013)	(181,372)
Interest income from financial assets held-for-trading	(906)	(2,489)
Allowance for loans, advances and financing (net of recoveries)	20,272	16,210
Allowance for other assets	2,248	4,237
Write-back of commitments and contingencies	-	(196)
Net write-back of financial investments available-for-sale	(902)	(473)
Amortisation of computer software	15,006	14,685
Share options/grants under ESS	7,888	6,247
Property, plant and equipment written off	500	46
Computer software written off	280	-
Share of results of associate	-	3,919
Operating profit before working capital changes	295,057	261,000
Changes in working capital:		
Deposits from customers	672,047	(860,874)
Deposits and placements of banks and other financial institutions	1,747,793	1,272,106
Bills and acceptances payable	(73,551)	(83)
Balance due from clients and brokers	(4,175)	20,264
Other liabilities	27,725	118,896
Financial assets held-for-trading	1,505,716	1,198,983
Loans, advances and financing	(2,499,641)	(2,240,057)
Other assets	5,441	(7,846)
Statutory deposits with Bank Negara Malaysia	(179,217)	(179,519)
Amount due to Cagamas Berhad	(1,697)	(5,200)
Cash generated from/(used in) operations	1,495,498	(422,330)
Taxes and zakat paid	(159,117)	(100,319)
Net cash generated from/(used in) operating activities	1,336,381	(522,649)

ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2013 (contd.)

	Unaudited 9 Months Ended 31.12.2013	Unaudited 9 Months Ended 31.12.2012
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received from financial investments available-for-sale	4,425	3,705
Interest received from financial investments held-to-maturity	13,172	10,806
Interest received from financial investments available-for-sale	223,013	181,372
Interest received from financial assets held-for-trading	906	2,489
Purchase of property, plant and equipment	(12,455)	(16,111)
Purchase of computer software	(13,672)	(19,536)
Purchase of shares held for ESS	(33,600)	(18,174)
Proceeds from disposal of property, plant and equipment	4,197	579
Proceeds from disposal of assets held for sale	-	11,370
Proceeds from disposal of a subsidiary	12,250	-
Proceeds from share option exercised by own employees	5,804	4,063
Purchase of financial investments held-to-maturity, net of proceeds for redemption and maturity	(678,107)	252,639
Purchase of financial investments available-for-sale, net of proceeds for redemption and maturity	(458,545)	(392,041)
Net cash (used in)/generated from investing activities	<u>(932,612)</u>	<u>21,161</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid on subordinated obligations	(28,920)	(28,841)
Dividends paid to non-controlling interest	-	(237)
Dividends paid to shareholders of the Company	(289,033)	(100,254)
Net cash used in financing activities	<u>(317,953)</u>	<u>(129,332)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	85,816	(630,820)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,296,681	1,875,994
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>1,382,497</u>	<u>1,245,174</u>
Cash and cash equivalents comprise the following:		
Cash and short-term funds	1,382,497	1,232,688
Cash and short-term funds reclassified to non-current assets held for sale (Note C13)	-	12,486
	<u>1,382,497</u>	<u>1,245,174</u>

(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 third financial quarter ended 31 December 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)
- Annual Improvements 2009 - 2011 cycle (effective 1 January 2013)

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

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 "Offsetting Financial Assets and Financial Liabilities" (effective 1 January 2014)
- Amendment to MFRS 10, 12 & 127 "Investment entities" (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 auditors' report on the annual financial statements for the financial year ended 31 March 2013 was not subject to any qualification.

A3. Seasonal And Cyclical Factors

The operations of the Group were not materially affected by any seasonal or cyclical fluctuations in the third financial quarter and the nine months ended 31 December 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 third financial quarter and the nine months ended 31 December 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 third financial quarter and the nine months ended 31 December 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 third financial quarter and the nine months ended 31 December 2013.

A7. Dividends Paid

- (a) 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, on 1,548,105,929 ordinary shares amounting to RM116,107,957 was paid on 16 August 2013.
- (b) A second interim dividend of 11.5 sen per share, tax exempt under the single tier tax system in respect of the financial year ending 31 March 2014, on 1,548,105,929 ordinary shares amounting to RM178,032,194 was paid on 31 December 2013.

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 in the total equity. An amount of RM1,829,689 and RM3,276,994 being dividends paid for those shares were added back to the appropriation of retained profits in respect of the first and second interim dividends respectively.

A8. Segment Information

The following segment information has been prepared in accordance with 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)
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 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
3rd Financial Quarter Ended 31 December 2013								
Net interest income								
- external income	80,383	82,678	39,485	1,730	890	205,166	(4,623)	200,543
- inter-segment	(6,029)	8,976	(1,940)	(1,007)	-	-	-	-
	74,354	91,654	37,545	723	890	205,166	(4,623)	200,543
Net income from Islamic banking business	20,363	15,971	8,911	-	-	45,245	7,496	52,741
Other operating income	23,592	35,446	10,688	5,532	192,700	267,958	(192,610)	75,348
Net income	118,309	143,071	57,144	6,255	193,590	518,369	(189,737)	328,632
Other operating expenses	(62,138)	(50,353)	(11,391)	(5,439)	(7,698)	(137,019)	2,973	(134,046)
Depreciation and amortisation	(5,058)	(3,402)	(1,037)	(166)	(13)	(9,676)	-	(9,676)
Operating profit/(loss)	51,113	89,316	44,716	650	185,879	371,674	(186,764)	184,910
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(14,904)	11,294	151	37	(2)	(3,424)	-	(3,424)
Segment result	36,209	100,610	44,867	687	185,877	368,250	(186,764)	181,486
Taxation and zakat								(44,977)
Net profit after taxation and zakat								136,509
Segment assets	18,427,515	11,571,319	17,422,753	131,890	1,852,299	49,405,776	(3,513,741)	45,892,035
Reconciliation of segment assets to consolidated assets:								
Property, plant and equipment								74,959
Unallocated assets								25,531
Intangible assets								354,512
Total assets								46,347,037
Segment liabilities	17,720,745	14,418,461	11,022,142	57,165	49,191	43,267,704	(946,839)	42,320,865
Unallocated liabilities								5,729
Total liabilities								42,326,594

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 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
GROUP								
Nine months ended 31 December 2013								
Net interest income								
- external income	227,196	228,398	125,430	5,044	2,117	588,185	(10,575)	577,610
- inter-segment	(34)	21,949	(18,773)	(3,142)	-	-	-	-
	227,162	250,347	106,657	1,902	2,117	588,185	(10,575)	577,610
Net income from Islamic banking business	64,929	47,191	23,900	-	-	136,020	22,330	158,350
Other operating income	107,654	105,357	42,421	18,714	426,199	700,345	(428,755)	271,590
Net income	399,745	402,895	172,978	20,616	428,316	1,424,550	(417,000)	1,007,550
Other operating expenses	(192,310)	(150,655)	(32,967)	(19,070)	(45,213)	(440,215)	8,548	(431,667)
Depreciation and amortisation	(16,012)	(10,588)	(4,144)	(446)	(38)	(31,228)	-	(31,228)
Operating profit/(loss)	191,423	241,652	135,867	1,100	383,065	953,107	(408,452)	544,655
(Allowance for)/write-back of losses on loans, advances and financing and other losses	(25,714)	21,226	(89)	(27)	652	(3,952)	-	(3,952)
Write-back of impairment	-	622	280	-	472	1,374	(472)	902
Segment result	165,709	263,500	136,058	1,073	384,189	950,529	(408,924)	541,605
Taxation and zakat								(136,070)
Net profit after taxation and zakat								405,535
Segment assets	18,427,515	11,571,319	17,422,753	131,890	1,852,299	49,405,776	(3,513,741)	45,892,035
Reconciliation of segment assets to consolidated assets:								
Property, plant and equipment								74,959
Unallocated assets								25,531
Intangible assets								354,512
Total assets								46,347,037
Segment liabilities	17,720,745	14,418,461	11,022,142	57,165	49,191	43,267,704	(946,839)	42,320,865
Unallocated liabilities								5,729
Total liabilities								42,326,594

* Includes one-off rationalisation cost of RM22,328,000.

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2013

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

GROUP	Consumer Banking	Business Banking	Financial Markets	Investment Banking	Others	Total Operations	Inter-segment Elimination	Total
3rd Financial Quarter Ended 31 December 2012	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net interest income/(expense)								
- external income/(expense)	48,624	75,849	53,805	2,259	5,614	186,151	(7,689)	178,462
- inter-segment	16,284	(285)	(14,368)	(1,631)	-	-	-	-
	64,908	75,564	39,437	628	5,614	186,151	(7,689)	178,462
Net income from Islamic banking business	27,195	15,809	10,067	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	115,702	130,375	74,092	4,302	185,413	509,884	(190,170)	319,714
Other operating expenses	(65,379)	(51,953)	(10,243)	(7,742)	(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)	45,024	74,307	62,072	(3,489)	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	22,081	110,061	62,028	(3,355)	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								132,766
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								40,553,024
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								36,497,677

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 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
GROUP								
Nine months ended 31 December 2012								
Net interest income/(expense)								
- external income/(expense)	140,397	239,332	164,198	5,455	1,857	551,239	(8,207)	543,032
- inter-segment	60,595	(3,034)	(53,542)	(4,019)	-	-	-	-
	200,992	236,298	110,656	1,436	1,857	551,239	(8,207)	543,032
Net income from Islamic banking business	82,529	46,830	32,958	1	-	162,318	22,556	184,874
Other operating income	69,414	106,487	66,488	13,901	371,954	628,244	(378,124)	250,120
Net income	352,935	389,615	210,102	15,338	373,811	1,341,801	(363,775)	978,026
Other operating expenses	(200,367)	(159,328)	(32,192)	(25,040)	(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)	136,051	217,574	172,828	(10,140)	350,832	867,145	(356,718)	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	91,777	290,587	173,417	(10,017)	350,591	896,355	(356,718)	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>

A9. Material Event During The Financial Reporting Period

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

On 16 August 2013, 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) 14,921,500 share options under the Share Option Plan at an option price of RM5.36 per share which will be vested subject to the achievement of performance conditions.
- (ii) 1,290,300 share grants under the Share Grant Plan. The first 33.3% of the share grants are to be vested at the end of the first year, the second 33.3% are to be vested at the end of the second year and the remaining 33.4% of the share grants are to be vested at the end of the third 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 2013, the Trustee of the ESS had purchased 6,769,100 ordinary shares of RM1.00 each fully paid in the Company from the open market at an average price of RM4.96 per share. The total consideration paid for the purchase including transaction costs was RM33,600,377.95. 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 2013, 3,350,100 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 2013, the Trustee of the ESS held 29,114,600 ordinary shares representing 1.88% of the issued and paid-up capital of the Company.

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 third financial quarter and the nine months ended 31 December 2013.

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

(a) Current Year-to-Date vs. Previous Year-to-Date

For the nine months period ended 31 December 2013, the Group recorded profit before taxation and zakat of RM541.6 million, an increase of RM5.9 million or 1.1% over the corresponding period ended 31 December 2012.

Net interest income grew by RM34.6 million or 6.4% while other operating income (non-interest income) increased by RM21.5 million or 8.6%. However, these were partly offset by a decline of RM26.5 million or 14.3% in Islamic Banking income and reduced bad debt recoveries by RM32.7 million.

Operating expenses were well contained, decreasing by 1.0% despite incurring staff rationalisation cost of RM22.3 million.

Gross loans grew by RM2.4 billion or 8.6% during the nine months of the financial year to RM30.7 billion, mainly led by an expansion in residential property loans, purchase of securities and hire purchase loans.

Customer deposits grew by RM672 million or 1.9% during the nine months of the financial year to RM36.7 billion, with CASA ratio improving to 35.2%.

Asset quality registered further improvement, with the gross impaired loans ratio declining to 1.5% as at 31 December 2013 from 2.1% as at 31 March 2013.

The Group's total capital ratio remained strong at 14.4%, with Common Equity Tier 1 ratio of 10.4% as at 31 December 2013.

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's profit before taxation of RM165.7 million for the nine months ended 31 December 2013 was RM73.9 million higher compared to the corresponding period last year. The increase was due to higher fee income and net interest income while operating expenses and loan loss allowance declined. This was partly offset by lower net income from Islamic banking. Segment assets increased by RM2.6 billion or 16% year-on-year to RM18.4 billion as at 31 December 2013.

Business Banking's profit before taxation of RM263.5 million for the nine months ended 31 December 2013 was 9.3% lower compared to the corresponding period last year, mainly due to lower write-back of net bad debts. Operating profit before allowance improved by RM24.1 million or 11.1% to RM241.7 million on higher net interest income and lower operating expenses. Segment assets stood at RM11.6 billion as at 31 December 2013.

Financial Markets' profit before taxation of RM136.1 million for the nine months ended 31 December 2013 was 21.5% lower compared to the corresponding period last year mainly due to lower gain from sales and redemption of financial investments.

Investment Banking's profit before taxation was RM1.1 million for the nine months ended 31 December 2013, compared to a loss of RM10.0 million in the corresponding period last year, mainly attributed to lower operating expenses and improvements in brokerage and fee income.

B1. Review Of Performance (contd.)

(b) Current Quarter vs. Previous Year Corresponding Quarter

The Group's profit before taxation and zakat of RM181.5 million for the quarter ended 31 December 2013 was RM2.9 million or 1.6% higher than the corresponding quarter ended 31 December 2012. Operating profit before allowance improved RM17.4 million or 10.4% to RM184.9 million but was partly offset by reduced bad debts recoveries by RM16.3 million.

B2. Comparison With Immediate Preceding Quarter

The Group's profit before taxation and zakat of RM181.5 million for the third quarter ended 31 December 2013 was RM5.3 million or 3.0% higher than the immediate preceding quarter ended 30 September 2013. The increase in profit was mainly due to higher net interest income and fee and investment income.

B3. Current Year Prospect

With the Malaysian economy expected to register a gross domestic product ("GDP") growth of between 4.5% to 5.0% in 2013, the Group will continue to capitalise on its strengths to generate sustainable revenue from Consumer Banking and Business Banking, while expanding on 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.

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 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 will continue to focus on effective cost management, improving efficiency and productivity, and improving market share of the trading activity on Bursa Malaysia.

Conclusion

Barring any unforeseen circumstances, 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	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Taxation				
- Income tax	47,535	49,258	129,741	135,643
- Deferred tax	(2,165)	(3,487)	6,628	366
	45,370	45,771	136,369	136,009
- (Over)/under provision in prior year	(393)	57	(299)	417
Zakat	-	-	-	19
	44,977	45,828	136,070	136,445

The Group's effective tax rate for the financial period ended 31 December 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 third financial quarter and the nine months ended 31 December 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 third financial quarter and the nine months ended 31 December 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	
	31.12.2013	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)	23,470,517	23,631,656
- More than one year (medium/long term)	69,666	128,902
	23,540,183	23,760,558
Others	13,136,179	12,243,757
	36,676,362	36,004,315
(b) Deposits and placements of banks and other financial institutions		
- One year or less (short term)	3,718,910	1,567,026
- More than one year (medium/long term)	374,581	442,970
	4,093,491	2,009,996
(c) Subordinated obligations		
Unsecured and more than one year (medium/long term)		
- Tier II Subordinated Medium Term Notes	605,418	612,193

B10. Derivative Financial Assets/(Liabilities)

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

	As at 31 December 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	624,260	8,491	(3,147)	766,579	2,571	(4,572)
Currency swaps						
- one year or less	3,726,868	32,401	(33,199)	2,972,174	11,465	(5,918)
- more than 3 years	31,515	-	(1,420)	-	-	-
Currency spots						
- less than one year	121,384	214	(248)	119,254	162	(152)
Currency options						
- one year or less	22,633	86	(61)	80,105	209	(105)
DCI Gold						
- one year or less	7,653	3,568	(3,644)	-	-	-
	4,534,313	44,760	(41,719)	3,938,112	14,407	(10,747)
Interest rate derivatives:						
Interest rate swap	2,145,000	6,213	(1,579)	2,045,000	5,094	(3,084)
- one year or less	350,000	261	(96)	1,060,000	640	(753)
- one year to three years	1,635,000	4,506	(249)	775,000	2,521	(892)
- over three years	160,000	1,446	(1,234)	210,000	1,933	(1,439)
Equity related derivatives:						
- one year or less	17,887	52	(52)	-	-	-
- one year to three years	54,032	360	(360)	54,032	291	(291)
<u>Hedging derivatives</u>						
Interest rate swap						
- over three years	434,636	-	(5,911)	211,608	-	(1,748)
Total derivatives assets/(liabilities)	7,185,868	51,385	(49,621)	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 27 September 2013, the Court of Appeal allowed the agent bank's appeal with costs of RM120,000.

The corporate borrower has since filed an application for leave to appeal to the Federal Court against the decision of the Court of Appeal. On 29 January 2014, the Federal Court dismissed the corporate borrower's leave motion with costs of RM30,000.

With the decision of the Federal Court, the case has come to an end in favour of the syndicate of lenders.

B12. Dividend Declared

No dividend has been recommended during the third financial quarter ended 31 December 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.

	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Net profit attributable to owners of the parent (RM'000)	136,509	132,742	405,535	399,220
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)	(29,115)	(26,152)	(29,115)	(26,152)
	1,518,991	1,521,954	1,518,991	1,521,954
Basic earnings per share (sen)	9.0	8.7	26.7	26.2

(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 31 December 2013.

	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Net profit attributable to owners of the parent (RM'000)	136,509	132,742	405,535	399,220
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)	(29,115)	(26,152)	(29,115)	(26,152)
Effect of Share Grants under ESS ('000)	3,560	3,933	3,560	3,933
	1,522,551	1,525,887	1,522,551	1,525,887
Diluted earnings per share (sen)	9.0	8.7	26.6	26.2

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	
	31.12.2013	31.03.2013
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	1,796,017	1,724,099
- Unrealised	57,829	28,843
	1,853,846	1,752,942
Less: Consolidation adjustments	(282,442)	(280,571)
Total group retained profits as per consolidated accounts	1,571,404	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	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing	305,762	255,070	876,212	763,160
Money at call and deposit placements with financial institutions	727	1,772	6,600	6,468
Financial assets held-for-trading	-	321	906	2,489
Financial investments available-for-sale	82,511	63,855	223,013	181,372
Financial investments held-to-maturity	6,241	1,751	13,172	10,806
Others	1,127	424	1,959	1,201
	396,368	323,193	1,121,862	965,496
Accretion of discount less amortisation of premium	15,111	32,053	61,113	103,105
	411,479	355,246	1,182,975	1,068,601

C2. Interest Expense

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	18,132	17,214	44,344	44,607
Deposits from customers	182,604	151,191	532,641	455,897
Subordinated obligations	7,385	7,379	22,145	22,126
Others	2,815	1,000	6,235	2,939
	210,936	176,784	605,365	525,569

C3. Net Income From Islamic Banking Business

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	77,669	81,937	226,997	248,446
Income derived from investment of Islamic Banking funds	7,968	8,526	23,872	25,582
Income attributable to depositors and financial institutions	(40,392)	(37,390)	(114,849)	(111,710)
	45,245	53,073	136,020	162,318
Add: Income due to head office eliminated at Group level	7,496	7,390	22,330	22,556
	52,741	60,463	158,350	184,874

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2013

C4. Other Operating Income

Group	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
(a) <u>Fee income:</u>				
Commissions	17,912	20,600	60,458	55,942
Service charges and fees	8,126	8,055	23,191	23,261
Portfolio management fees	9	1,640	26	5,044
Corporate advisory fees	58	642	1,313	3,899
Brokerage fees	3,655	2,442	12,053	7,851
Guarantee fees	3,469	2,779	8,683	6,987
Processing fees	3,782	3,732	11,578	5,693
Commitment fees	3,721	3,724	11,023	11,104
Underwriting commissions	511	13	913	705
Other fee income	4,318	2,732	40,873	9,777
	45,561	46,359	170,111	130,263
(b) <u>Investment income:</u>				
Gain/(loss) arising from sale/redemption of:				
- Financial assets held-for-trading	-	405	(863)	271
- Financial investments available-for-sale	4,456	9,574	20,953	41,121
- Financial investments held-to-maturity	567	3,485	3,742	5,884
Marked-to-market revaluation of:				
- Financial assets held-for-trading	(6)	38	(118)	(32)
- Derivative financial instruments	2,019	(6,940)	2,378	5,513
Realised gain on revaluation of derivative instruments	14,387	16,688	30,773	30,710
Gross dividend income from:				
- Financial investments available-for-sale	240	1,067	4,516	3,709
	21,663	24,317	61,381	87,176
(c) <u>Other income:</u>				
Foreign exchange gain	2,642	5,971	24,403	11,546
Gain/(loss) on disposal of property, plant and equipment	223	-	226	(136)
Gain on disposal of non-current assets held for sale	-	-	-	7,556
Gain from disposal of subsidiary	-	-	1,169	-
Others	5,259	4,142	14,300	13,715
	8,124	10,113	40,098	32,681
Total other operating income	75,348	80,789	271,590	250,120

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2013

C5. Other Operating Expenses

<u>Group</u>	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
<u>Personnel costs:</u>				
Salaries, allowances and bonuses	71,228	76,648	215,222	239,517
Contribution to EPF	12,146	12,298	36,674	38,428
Share options/grants under ESS	3,014	2,088	7,888	6,247
Others	5,052	7,731	40,893	21,720
	91,440	98,765	300,677	305,912
<u>Establishment costs:</u>				
Depreciation of property, plant and equipment	5,069	6,314	16,222	20,139
Amortisation of computer software	4,607	4,949	15,006	14,685
Rental of premises	6,948	7,139	21,093	21,569
Water and electricity	1,851	2,392	5,519	5,337
Repairs and maintenance	2,532	2,527	8,015	7,768
Information technology expenses	9,763	9,756	31,484	31,668
Others	3,832	4,119	10,533	9,209
	34,602	37,196	107,872	110,375
<u>Marketing expenses:</u>				
Promotion and advertisement	1,837	1,653	4,729	6,513
Branding and publicity	2,626	1,050	5,448	3,312
Others	1,281	1,306	3,824	3,941
	5,744	4,009	14,001	13,766
<u>Administration and general expenses:</u>				
Communication expenses	2,908	3,427	8,661	9,734
Printing and stationery	934	701	2,971	2,620
Insurance	2,228	1,927	6,446	5,970
Professional fees	3,635	3,867	14,215	10,007
Others	2,231	2,323	8,052	9,215
	11,936	12,245	40,345	37,546
Total other operating expenses	143,722	152,215	462,895	467,599

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

<u>Group</u>	3rd Quarter Ended		Cumulative 9 Months Ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000
Allowance for/ (write-back of) impaired loans and financing:				
(a) Individual assessment allowance - made during the period (net)	2,071	3,200	5,140	12,697
(b) Collective assessment allowance - made during the period (net)	8,550	3,354	15,132	3,513
(c) Bad debts on loans and financing - Recovered	(12,279)	(25,610)	(37,769)	(65,507)
- Written off	4,347	4,916	19,201	16,519
	2,689	(14,140)	1,704	(32,778)
Write-back of commitments and contingencies	-	(91)	-	(196)
Allowance for other assets	735	1,330	2,248	4,237
	3,424	(12,901)	3,952	(28,737)

C7. Balances Due From Clients And Brokers

	Group	
	31.12.2013	31.03.2013
	RM'000	RM'000
Due from clients	52,777	34,205
Due from brokers	1,738	17,132
	<u>54,515</u>	<u>51,337</u>
Less: Allowance for other losses	(1,213)	(1,215)
	<u>53,302</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	
	31.12.2013	31.03.2013
	RM'000	RM'000
Classified as doubtful	53	58
Classified as bad	1,372	1,290
	<u>1,425</u>	<u>1,348</u>

The movements in allowance for other losses are as follows:

	Group	
	31.12.2013	31.03.2013
	RM'000	RM'000
At beginning of year	1,215	1,196
(Write-back)/allowance made during the period/year (net)	(2)	19
At end of period/year	<u>1,213</u>	<u>1,215</u>

C8. Financial Assets Held-for-trading

	Group	
	31.12.2013	31.03.2013
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Bank Negara Malaysia bills	19,979	1,519,930
Total financial assets held-for-trading	<u>19,979</u>	<u>1,519,930</u>

C9. Financial Investments Available-for-sale

	Group	
	31.12.2013	31.03.2013
	RM'000	RM'000
At fair value		
<u>Money market instruments:</u>		
Malaysian Government securities	3,240,385	1,265,606
Malaysian Government investment certificates	2,697,240	2,336,784
Negotiable instruments of deposits	1,268,244	1,676,828
Bankers' acceptances	273,939	2,113,749
Khazanah bonds	187,237	-
<u>Quoted securities in Malaysia:</u>		
Shares	10	9
<u>Unquoted securities:</u>		
Shares	155,373	137,383
Debt securities and medium term notes	2,889,716	2,832,091
Total financial investments available-for-sale	<u>10,712,144</u>	<u>10,362,450</u>

C10. Financial Investments Held-to-maturity

	Group	
	31.12.2013	31.03.2013
	RM'000	RM'000
At amortised cost		
<u>Money market instruments:</u>		
Malaysian Government securities	705,771	152,497
Malaysian Government investment certificates	434,309	438,766
Khazanah bonds	175,966	-
<u>Unquoted securities:</u>		
Debt securities	41,919	46,217
Accumulated impairment	1,357,965 (36,272)	637,480 (40,531)
Total financial investments held-to-maturity	<u>1,321,693</u>	<u>596,949</u>

C11. Loans, Advances And Financing

	Group	
	31.12.2013	31.03.2013
	RM'000	RM'000
Overdrafts	1,864,188	1,902,717
Term loans/financing		
- Housing loans/financing	12,122,619	10,980,836
- Syndicated term loans/financing	479,520	454,866
- Hire purchase receivables	1,139,967	820,934
- Other term loans/financing	9,373,497	8,511,897
Bills receivables	271,107	263,450
Trust receipts	157,447	176,776
Claims on customers under acceptance credits	2,221,011	2,262,586
Staff loans [including loans to Directors of a banking subsidiary of RM195,000 (31.03.13: RM219,000)]	42,001	50,120
Credit/charge card receivables	604,273	581,335
Revolving credits	918,825	1,197,953
Other loans	1,456,075	1,022,010
Gross loans, advances and financing	30,650,530	28,225,480
Add: Sales commissions and handling fees	28,546	23,935
Less: Allowance for impairment on loans, advances and financing		
- Individual assessment allowance	(100,371)	(128,471)
- Collective assessment allowance	(327,596)	(349,203)
Total net loans, advances and financing	30,251,109	27,771,741

(a) By type of customer:

	Group	
	31.12.2013	31.03.2013
	RM'000	RM'000
Domestic non-bank financial institutions	463,178	473,745
Domestic business enterprises		
- Small and medium enterprises	6,179,089	5,848,657
- Others	5,221,287	5,169,563
Government and statutory bodies	9,950	10,905
Individuals	17,731,888	15,714,244
Other domestic entities	238,025	248,380
Foreign entities	807,113	759,986
Gross loans, advances and financing	30,650,530	28,225,480

C11. Loans, Advances And Financing (contd.)

(b) By interest/profit rate sensitivity:

	Group	
	31.12.2013	31.03.2013
	RM'000	RM'000
Fixed rate		
- Housing loans/financing	73,175	83,318
- Hire purchase receivables	1,139,968	820,934
- Other fixed rate loans/financing	2,055,665	1,843,089
Variable rate		
- Base lending rate plus	21,720,506	19,556,732
- Cost plus	5,404,345	5,668,573
- Other variable rates	256,871	252,834
Gross loans, advances and financing	30,650,530	28,225,480

(c) By economic purposes:

	Group	
	31.12.2013	31.03.2013
	RM'000	RM'000
Purchase of securities	1,500,413	1,076,433
Purchase of transport vehicles	1,038,738	737,908
Purchase of landed property	17,231,121	15,335,694
of which: - Residential	12,846,086	11,609,873
- Non-residential	4,385,035	3,725,821
Purchase of fixed assets excluding land and buildings	154,788	130,994
Personal use	1,998,219	1,952,851
Credit card	604,273	581,335
Construction	395,064	296,431
Merger and acquisition	369,307	369,164
Working capital	5,803,364	6,266,473
Others	1,555,243	1,478,197
Gross loans, advances and financing	30,650,530	28,225,480

(d) By geographical distribution:

	Group	
	31.12.2013	31.03.2013
	RM'000	RM'000
Northern region	1,980,818	1,884,397
Central region	23,191,589	21,463,279
Southern region	2,980,221	2,492,437
Sabah region	2,086,542	2,011,188
Sarawak region	411,360	374,179
Gross loans, advances and financing	30,650,530	28,225,480

ALLIANCE FINANCIAL GROUP BERHAD (6627-X)
THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 2013

C11. Loans, Advances And Financing (contd.)

(e) By residual contractual maturity:

	Group	
	31.12.2013 RM'000	31.03.2013 RM'000
Within one year	7,922,226	7,839,679
One year to three years	829,880	776,896
Three years to five years	1,823,696	1,318,636
Over five years	20,074,728	18,290,269
Gross loans, advances and financing	30,650,530	28,225,480

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

	Group	
	31.12.2013 RM'000	31.03.2013 RM'000
At beginning of year	579,233	629,236
Impaired during the period/year	415,049	524,030
Reclassified as non-impaired during the period/year	(269,295)	(315,366)
Recoveries	(185,975)	(156,795)
Amount written off	(69,979)	(101,872)
At end of period/year	469,033	579,233
Individual allowance for impairment	(100,371)	(128,471)
Collective allowance for impairment (impaired portion)	(116,055)	(128,050)
Net impaired loans, advances and financing	252,607	322,712
Gross impaired loans as a percentage of gross loans, advances and financing	1.5%	2.1%

(g) Impaired loans by economic purposes:

	Group	
	31.12.2013 RM'000	31.03.2013 RM'000
Purchase of securities	5,072	5,092
Purchase of transport vehicles	9,029	5,611
Purchase of landed property	263,466	282,371
of which: - Residential	226,873	213,718
- Non-residential	36,593	68,653
Purchase of fixed assets excluding land & buildings	99	204
Personal use	34,734	32,089
Credit card	9,168	9,107
Construction	7,278	11,330
Working capital	104,781	197,330
Others	35,406	36,099
Gross impaired loans	469,033	579,233

C11. Loans, Advances And Financing (contd.)

(h) Impaired loans by geographical distribution:

	Group	
	31.12.2013 RM'000	31.03.2013 RM'000
Northern region	69,178	112,029
Central region	329,513	379,755
Southern region	34,888	40,911
Sabah region	32,623	43,154
Sarawak region	2,831	3,384
Gross impaired loans	469,033	579,233

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

	Group	
	31.12.2013 RM'000	31.03.2013 RM'000
Individual assessment allowance		
At beginning of year	128,471	157,966
Allowance made during the period/year (net)	5,140	19,674
Amount written off	(29,764)	(47,649)
Transfers to collective assessment allowance	(3,476)	(1,520)
At end of period/year	100,371	128,471

	Group	
	31.12.2013 RM'000	31.03.2013 RM'000
Collective assessment allowance		
At beginning of year	349,203	393,872
Allowance made during the period/year (net)	15,132	8,034
Amount written-off	(40,215)	(54,223)
Transfers from individual assessment allowance	3,476	1,520
At end of period/year	327,596	349,203

C12. Other Assets

	Group	
	31.12.2013 RM'000	31.03.2013 RM'000
Other receivables, deposits and prepayments	100,355	103,601
Trade receivables	46	46
	100,401	103,647
Less: Allowance for other losses	(27,350)	(27,640)
	73,051	76,007

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

(a) Subsidiary held for sale

	Group	
	31.12.2013	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
	<hr/>	<hr/>
Goodwill	-	33,072
	<hr/>	<hr/>
Total assets of subsidiary held for sale	<hr/>	<hr/>
	-	35,179
LIABILITIES		
Other liabilities	-	19,291
	<hr/>	<hr/>
Total liabilities of subsidiary held for sale	<hr/>	<hr/>
	-	19,291

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	
	31.12.2013	31.03.2013
	RM'000	RM'000
<u>By type of deposits:</u>		
Demand deposits	11,166,759	10,386,420
Savings deposits	1,737,413	1,712,779
Fixed/investment deposits	17,647,583	17,111,582
Money market deposits	3,454,721	4,675,375
Negotiable instruments of deposits	2,437,879	1,973,601
Structured deposits [Note]	232,007	144,558
	36,676,362	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 RM217,318,000 (31.03.13: RM105,804,000) using interest rate swaps.

	Group	
	31.12.2013	31.03.2013
	RM'000	RM'000
Structured deposits	217,318	105,804
Fair value changes arising from fair value hedges	(5,911)	(1,748)
	211,407	104,056

The fair value loss of the interest rate swap in this hedge transaction as at financial year ended 31 December 2013 is RM5,911,000 (31.03.13: RM1,748,000).

	Group	
	31.12.2013	31.03.2013
	RM'000	RM'000
(i) <u>By type of customers:</u>		
Domestic financial institutions	2,440,480	2,402,307
Government and statutory bodies	2,356,568	1,474,286
Business enterprises	12,077,520	12,914,181
Individuals	16,642,668	16,205,037
Others	3,159,126	3,008,504
	36,676,362	36,004,315

	Group	
	31.12.2013	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	18,896,337	19,162,880
Six months to one year	4,574,180	4,468,776
One year to three years	59,722	112,328
Three years to five years	9,944	16,574
	23,540,183	23,760,558

C15. Deposits And Placements Of Banks And Other Financial Institutions

	Group	
	31.12.2013	31.03.2013
	RM'000	RM'000
Licensed banks	3,243,656	790,228
Licensed investment banks	172,014	425,940
Licensed Islamic banks	50,004	150,342
Bank Negara Malaysia	497,024	643,486
Other financial institutions	130,793	-
	4,093,491	2,009,996

C16. Balances Due To Clients And Brokers

	Group	
	31.12.2013	31.03.2013
	RM'000	RM'000
Due to clients	29,857	30,852
	29,857	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 RM56,389,000 (31.03.13: RM63,290,000) have been excluded accordingly.

C17. Other Liabilities

	Group	
	31.12.2013	31.03.2013
	RM'000	RM'000
Other payable and accruals	830,275	802,528
Remisiers' accounts	21,086	21,108
	851,361	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:

	31.12.2013	31.03.2013
<u>Before deducting proposed dividends</u>		
CET I capital ratio	10.433%	11.221%
Tier I capital ratio	11.812%	12.657%
Total capital ratio	14.383%	15.369%
<u>After deducting proposed dividends</u>		
CET I capital ratio	10.433%	10.620%
Tier I capital ratio	11.812%	12.056%
Total capital ratio	14.383%	14.769%

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

	31.12.2013	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	1,686,446	1,749,256
Statutory reserves	905,438	885,744
Revaluation reserves	8,824	115,397
Other reserves	10,018	10,018
	3,408,760	3,558,449
Less: Regulatory adjustment		
- Goodwill and other intangibles	(354,512)	(358,275)
- Deferred tax assets	(21,473)	(11,040)
- 55% of revaluation reserve	(4,853)	(63,468)
Total CET I Capital	3,027,922	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	3,427,922	3,525,666
<u>Tier II Capital</u>		
Subordinated obligations	538,815	538,495
Collective assessment allowance	211,541	221,153
Less: Regulatory adjustment		
- Investment in subsidiaries and associates	(4,126)	(4,117)
Total Tier II Capital	746,230	755,531
Total Capital	4,174,152	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
31 December 2013			
<u>Before deducting proposed dividends</u>			
CET I capital ratio	11.148%	13.186%	96.368%
Tier I capital ratio	12.481%	13.186%	96.368%
Total capital ratio	12.481%	13.888%	96.400%
<u>After deducting proposed dividends</u>			
CET I capital ratio	11.148%	13.186%	96.368%
Tier I capital ratio	12.481%	13.186%	96.368%
Total capital ratio	12.481%	13.888%	96.400%
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:

	31.12.2013 RM'000	31.03.2013 RM'000
Credit risk	26,237,664	25,175,746
Market risk	122,759	76,045
Operational risk	2,660,861	2,603,941
Total RWA and capital requirements	29,021,284	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 31 December 2013				
<u>Credit-related exposures</u>				
Direct credit substitutes	376,073	-	376,073	376,073
Transaction-related contingent items	584,668	-	292,334	292,334
Short-term self-liquidating trade-related contingencies	141,072	-	28,214	28,214
Irrevocable commitments to extend credit:				
- maturity exceeding one year	5,335,905	-	2,667,953	2,120,555
- maturity not exceeding one year	6,413,207	-	1,282,641	1,107,018
Unutilised credit card lines	1,380,146	-	276,029	217,744
	<u>14,231,071</u>	<u>-</u>	<u>4,923,244</u>	<u>4,141,938</u>
<u>Derivative financial instruments</u>				
Foreign exchange related contracts:				
- less than one year	4,502,798	44,760	101,146	38,649
- more than three years	31,515	-	4,727	945
Interest rate related contracts:				
- one year or less	350,000	261	836	167
- over one year to three years	1,635,000	4,506	21,357	4,271
- over three years	594,636	1,446	27,319	16,642
Equity related contracts:				
- one year or less	17,887	52	1,359	830
- over one year to three years	54,032	360	4,798	3,040
	<u>7,185,868</u>	<u>51,385</u>	<u>161,542</u>	<u>64,544</u>
	21,416,939	51,385	5,084,786	4,206,482
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

C20. Fair Value Of Financial Assets And Liabilities

Determination of fair value and fair value hierarchy

MFRS 7 Financial Instruments: Disclosures require disclosure of financial instruments measured at fair value according to a hierarchy of valuation techniques, whether the inputs used are observable or unobservable. The following level of hierarchy are used for determining and disclosing the fair value of the financial instruments:

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (iii) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following tables show the Group's financial instruments which are measured at fair value at the reporting date analysed by the various levels within the fair value hierarchy:

<u>GROUP</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
As at 31 December 2013	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	19,979	-	19,979
Financial investments available-for-sale	-	10,556,761	155,383	10,712,144
Derivative financial assets	-	51,385	-	51,385

<u>Liabilities</u>				
Derivative financial liabilities	-	49,621	-	49,621

<u>GROUP</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
31 March 2013	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	1,519,930	-	1,519,930
Financial investments available-for-sale	-	10,225,058	137,392	10,362,450
Derivative financial assets	-	19,792	-	19,792

<u>Liabilities</u>				
Derivative financial liabilities	-	15,870	-	15,870

C20. Fair Value Of Financial Assets And Liabilities (contd.)

Determination of fair value and fair value hierarchy (contd.)

Financial instruments that are valued using quoted prices in active market are classified as Level 1 of the valuation hierarchy. This includes listed equities and corporate debt securities which are actively traded.

Where fair value is determined using quoted prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group then determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. These would include government securities, corporate private debt securities, corporate notes, repurchase agreements and most of the Group's derivatives.

The Group classifies financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. Valuation reserves or pricing adjustments where applicable will be used to converge to fair value.

The valuation techniques and inputs used generally depend on the contractual terms and the risks inherent in the instrument as well as the availability of pricing information in the market. Principal techniques used include discounted cash flows, and other appropriate valuation models.

Reconciliation of movements in level 3 financial instruments:

	Group	
	31.12.2013	31.03.2013
	RM'000	RM'000
At beginning of year	137,392	140,669
Total gains recognised in:		
- Other comprehensive income	17,991	1,491
Disposal/redemption	-	(4,768)
At end of period/year	155,383	137,392

By Order of the Board

LEE WEI YEN (MAICSA 7001798)

Group Company Secretary

Kuala Lumpur

13 February 2014