

# ALLIANCE FINANCIAL GROUP BERHAD

(Company Number : 6627-X)

(Incorporated in Malaysia)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2015

(The figures have not been audited)

### CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	1st Quarter Ended		Cumulative 3 Months Ended	
		30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
Interest income	C1	463,765	423,485	463,765	423,485
Interest expense	C2	(255,999)	(223,664)	(255,999)	(223,664)
Net interest income		207,766	199,821	207,766	199,821
Net income from Islamic banking business	C3	58,552	53,674	58,552	53,674
		266,318	253,495	266,318	253,495
Fee and commission income		70,436	74,386	70,436	74,386
Fee and commission expense		(27,789)	(27,677)	(27,789)	(27,677)
Investment income		24,264	33,136	24,264	33,136
Other income		11,118	3,399	11,118	3,399
Other operating income	C4	78,029	83,244	78,029	83,244
Net income		344,347	336,739	344,347	336,739
Other operating expenses	C5	(167,350)	(161,668)	(167,350)	(161,668)
Operating profit before allowance		176,997	175,071	176,997	175,071
Allowance made for losses on loans, advances and financing and other receivables	C6	(17,114)	(1,752)	(17,114)	(1,752)
Write-back of impairment on securities		676	-	676	-
Operating profit after allowance		160,559	173,319	160,559	173,319
Share of profit of equity-accounted, net of tax joint venture		103	-	103	-
Profit before taxation and zakat		160,662	173,319	160,662	173,319
Taxation and zakat	B5	(38,732)	(42,509)	(38,732)	(42,509)
Net profit for the financial period		121,930	130,810	121,930	130,810
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		(965)	17,055	(965)	17,055
- Realised gain transferred to statement of income on disposal and impairment		(1,318)	(6,976)	(1,318)	(6,976)
- Transfer from/(to) deferred tax		548	(3,980)	548	(3,980)
Other comprehensive (expense)/income, net of tax		(1,735)	6,099	(1,735)	6,099
Total comprehensive income for the period		120,195	136,909	120,195	136,909
Net profit for the financial period attributable to:					
Owners of the parent		121,930	130,810	121,930	130,810
Total comprehensive income attributable to:					
Owners of the parent		120,195	136,909	120,195	136,909
Earnings per share attributable to owners of the parent:					
- Basic (sen)	B14(a)	8.0	8.6	8.0	8.6
- Diluted (sen)	B14(b)	8.0	8.6	8.0	8.6

(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 2015)

# ALLIANCE FINANCIAL GROUP BERHAD

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(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		UNAUDITED AS AT <b>30.06.2015</b>	AUDITED AS AT 31.03.2015
		RM'000	RM'000
<b>ASSETS</b>			
Cash and short-term funds		<b>1,643,206</b>	2,696,183
Deposits and placements with banks and other financial institutions		<b>184,713</b>	298,167
Balances due from clients and brokers	C7	<b>95,607</b>	102,743
Financial assets held-for-trading	C8	<b>95,941</b>	10,037
Financial investments available-for-sale	C9	<b>9,484,372</b>	9,753,856
Financial investments held-to-maturity	C10	<b>1,322,825</b>	1,319,035
Derivative financial assets	B10	<b>113,877</b>	132,460
Loans, advances and financing	C11	<b>36,984,420</b>	36,566,032
Other receivables	C12	<b>114,115</b>	90,053
Investment in a joint venture		<b>645</b>	509
Tax recoverable		<b>42,763</b>	27,017
Statutory deposits with Bank Negara Malaysia		<b>1,752,646</b>	1,675,426
Property, plant and equipment		<b>95,378</b>	97,711
Intangible assets		<b>363,071</b>	359,935
Deferred tax assets		<b>12,983</b>	12,357
<b>TOTAL ASSETS</b>		<b>52,306,562</b>	53,141,521
<b>LIABILITIES AND EQUITY</b>			
Deposits from customers	B9(a), C13	<b>43,904,202</b>	44,606,815
Deposits and placements of banks and other financial institutions	B9(b), C14	<b>2,108,649</b>	1,489,775
Balances due to clients and brokers	C15	<b>61,467</b>	62,833
Bills and acceptances payable		<b>34,369</b>	801,578
Derivative financial liabilities	B10	<b>143,148</b>	115,224
Amount due to Cagamas Berhad		<b>6,747</b>	7,003
Other liabilities	C16	<b>900,709</b>	934,595
Subordinated obligations	B9(c)	<b>606,161</b>	613,267
Provision for taxation		<b>463</b>	2,285
Deferred tax liabilities		<b>19,846</b>	13,041
<b>TOTAL LIABILITIES</b>		<b>47,785,761</b>	48,646,416
Share capital		<b>1,548,106</b>	1,548,106
Reserves		<b>3,056,453</b>	3,033,720
Shares held for Employees' Share Scheme		<b>(83,758)</b>	(86,721)
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<b>4,520,801</b>	4,495,105
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>52,306,562</b>	53,141,521
<b>COMMITMENTS AND CONTINGENCIES</b>	C18	<b>22,874,769</b>	22,745,783
<b>Net assets per share attributable to owners of the parent (RM)*</b>		<b>2.92</b>	2.90

\* The net assets per share attributable to owners of the parent is computed as total equity 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 2015)*

# ALLIANCE FINANCIAL GROUP BERHAD

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2015

	← Attributable to Owners of the Parent →								
	Share Capital	Share Premium	Statutory Reserve	Capital Reserve	Revaluation Reserve	Employees' Share Scheme ("ESS") Reserve	Shares held for ESS	Retained Profits	Total Equity
						RM'000	RM'000	RM'000	RM'000
<b>30 June 2015</b>									
At 1 April 2015	1,548,106	304,289	827,627	7,013	78,232	11,944	(86,721)	1,804,615	4,495,105
Net profit for the financial period	-	-	-	-	-	-	-	121,930	121,930
Other comprehensive expense	-	-	-	-	(1,735)	-	-	-	(1,735)
Total comprehensive (expense)/income for the financial period	-	-	-	-	(1,735)	-	-	121,930	120,195
Share-based payment under ESS	-	-	-	-	-	2,200	-	-	2,200
Dividends paid to shareholders	-	-	-	-	-	-	-	(97,503)	(97,503)
ESS shares grant vested to:									
- employees of subsidiaries	-	-	-	-	-	(2,025)	2,025	-	-
- own employees	-	-	-	-	-	(68)	68	-	-
ESS shares option exercised by:									
- employees of subsidiaries	-	-	-	-	-	(66)	66	-	-
Proceeds from share option exercised	-	-	-	-	-	-	804	-	804
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	(661)	-	661	-
<b>At 30 June 2015</b>	<b>1,548,106</b>	<b>304,289</b>	<b>827,627</b>	<b>7,013</b>	<b>76,497</b>	<b>11,324</b>	<b>(83,758)</b>	<b>1,829,703</b>	<b>4,520,801</b>
<b>30 June 2014</b>									
At 1 April 2014	1,548,106	304,289	687,017	7,013	7,071	18,912	(112,263)	1,705,871	4,166,016
Net profit for the financial period	-	-	-	-	-	-	-	130,810	130,810
Other comprehensive income	-	-	-	-	6,099	-	-	-	6,099
Total comprehensive income for the financial period	-	-	-	-	6,099	-	-	130,810	136,909
Share-based payment under ESS	-	-	-	-	-	2,869	-	-	2,869
Dividends paid to shareholders	-	-	-	-	-	-	-	(159,233)	(159,233)
ESS shares option exercised by:									
- employees of subsidiaries	-	-	-	-	-	(298)	298	-	-
Proceeds from share option exercised	-	-	-	-	-	-	1,203	-	1,203
Transfer of ESS shares purchase price difference on shares vested	-	-	-	-	-	(28)	-	28	-
<b>At 30 June 2014</b>	<b>1,548,106</b>	<b>304,289</b>	<b>687,017</b>	<b>7,013</b>	<b>13,170</b>	<b>21,455</b>	<b>(110,762)</b>	<b>1,677,476</b>	<b>4,147,764</b>

(The Condensed Consolidated Statements 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 2015)

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2015

	<b>Unaudited 3 Months Ended 30.06.2015 RM'000</b>	<b>Unaudited 3 Months Ended 30.06.2014 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation and zakat	160,662	173,319
Adjustments for:		
Accretion of discount less amortisation of premium of financial investments	(16,514)	(17,411)
Depreciation of property, plant and equipment	5,831	5,183
Dividends from financial investments available-for-sale	(2,761)	(1,613)
Loss/(Gain) on disposal of property, plant and equipment	12	(1)
Net loss from sale of financial assets held-for-trading	558	28
Net gain from sale of financial investments available-for-sale	(1,318)	(6,976)
Unrealised gain on revaluation of financial assets held-for-trading	(101)	(24)
Unrealised loss/(gain) on revaluation of derivative financial instruments	49,903	(11,419)
Unrealised gain arising from financial liabilities designated at fair value	(6,897)	-
Interest expense on subordinated obligations	7,314	7,308
Interest income from financial investments held-to-maturity	(6,711)	(6,755)
Interest income from financial investments available-for-sale	(75,753)	(78,569)
Interest income from financial assets held-for-trading	(819)	(214)
Allowance for loans, advances and financing	21,630	9,591
Allowance for other receivables	919	678
Net write-back of financial investments held-to-maturity	(466)	-
Net write-back of financial investments available-for-sale	(210)	-
Amortisation of computer software	5,167	4,437
Share options/grants under ESS	2,166	2,846
Property, plant and equipment written off	69	200
Computer software written off	-	4
Share of profit of equity-accounted, net of tax joint venture	(103)	-
Operating profit before working capital changes	<b>142,578</b>	80,612
Changes in working capital:		
Deposits from customers	(699,112)	376,995
Deposits and placements of banks and other financial institutions	732,328	1,191,994
Bills and acceptances payable	(767,209)	-
Balances due from clients and brokers	5,770	3,503
Other liabilities	(33,886)	158,680
Financial assets held-for-trading	(86,377)	(189,164)
Loans, advances and financing	(440,018)	(1,012,227)
Other receivables	(25,499)	(17,388)
Statutory deposits with Bank Negara Malaysia	(77,220)	(52,265)
Amount due to Cagamas Berhad	(256)	(590)
Cash (used in)/generated from operations	<b>(1,248,901)</b>	540,150
Taxes and zakat paid	(49,042)	(48,271)
Net cash (used in)/generated from operating activities	<b>(1,297,943)</b>	491,879

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2015 (contd.)

	<b>Unaudited 3 Months Ended 30.06.2015 RM'000</b>	<b>Unaudited 3 Months Ended 30.06.2014 RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received from financial investments available-for-sale	2,761	1,613
Interest received from financial investments held-to-maturity	6,711	6,755
Interest received from financial investments available-for-sale	75,753	78,569
Interest received from financial assets held-for-trading	819	214
Acquisition of joint venture company net of cash acquired	-	(394)
Purchase of property, plant and equipment	(3,640)	(3,876)
Purchase of computer software	(8,303)	(5,666)
Proceeds from disposal of property, plant and equipment	49	1
Purchase of financial investments held-to-maturity, net of proceeds for redemption and maturity	15,326	14,445
Proceeds from disposal/(Purchase) of financial investments available-for-sale	<u>266,609</u>	<u>(433,284)</u>
Net cash generated from/(used in) investing activities	<u>356,085</u>	<u>(341,623)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share option exercised by employees	804	1,203
Interest paid on subordinated obligations	(14,420)	(14,420)
Dividends paid to shareholders of the Company	(97,503)	(159,233)
Net cash used in financing activities	<u>(111,119)</u>	<u>(172,450)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,052,977)</b>	<b>(22,194)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b><u>2,696,183</u></b>	<b><u>2,129,782</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>1,643,206</u></b>	<b><u>2,107,588</u></b>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and short-term funds	<u>1,643,206</u>	<u>2,107,588</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 2015)*

**[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 first financial quarter ended 30 June 2015 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"), IAS 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") 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 2015. 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 2015.

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 2015, and modified for the adoption of the following accounting standards applicable for financial periods beginning on or after 1 April 2015:

- Amendments to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2010 - 2012 Cycle" (effective 1 January 2015)
  - MFRS 2 "Share-based Payment"
  - MFRS 3 "Business Combinations"
  - MFRS 8 "Operating Segments"
  - MFRS 13 "Fair Value Measurement"
  - MFRS 116 "Property, Plant and Equipment and MFRS 138 Intangible Assets"
  - MFRS 124 "Related Party Disclosure"
  
- Amendment to MFRSs contained in the document entitled "Annual Improvements to MFRSs 2011 - 2013 Cycle" (effective 1 January 2015)
  - MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standards"
  - MFRS 3 "Business Combinations"
  - MFRS 13 "Fair Value Measurement"
  - MFRS 140 "Investment Property"

The adoption of the above amendments to MFRSs and annual improvements to MFRSs do not have any material impact to the Group's financial statements.

**A1. Basis Of Preparation (contd.)**

The following MFRS have been issued by the MASB and are effective for annual period commencing on or after 1 April 2015, and have yet to be adopted by the Group:

- Amendments to MFRS 11 "Joint Arrangement" (effective from 1 January 2016)
- Amendments to MFRS 116 "Property, Plant and Equipment" and MFRS 138 "Intangible Assets" (effective from 1 January 2016)
- Amendments to MFRS 10 and MFRS 128 "Sales or Contribution of Assets between an Investor and its Associate or Joint Venture" (effective 1 January 2016)
- Amendments to MFRS 127 "Separate Financial Statements - Equity Method in Separate Financial Statements" (effective 1 January 2016)
- Annual Improvements to MFRSs 2012 - 2014 Cycle (effective 1 January 2016)
- Amendments to MFRS 101 "Disclosure Initiative" (effective 1 January 2016)
- Amendments to MFRS 10, MFRS 12 and MFRS 128 "Investment Entities: Applying the Consolidation Exception" (effective 1 January 2016)
- MFRS 15 "Revenue from Contracts with Customers (effective from 1 January 2017)
- MFRS 9 "Financial instruments - Classification and measurement of financial assets and financial liabilities" (effective 1 January 2018)

The preparation of unaudited condensed interim financial statements in conformity with the Malaysian Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited condensed interim financial statements, and the reported amounts of revenues 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 judgements 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 audited annual financial statements for the financial year ended 31 March 2015 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 during the first financial quarter ended 30 June 2015.

**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 first financial quarter ended 30 June 2015 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 first financial quarter ended 30 June 2015.

**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 first financial quarter ended 30 June 2015.

**A7. Dividends Paid**

A second dividend of 6.4 sen per share, tax exempt under the single tier tax system in respect of the financial year ended 31 March 2015, on 1,548,105,929 ordinary shares amounting to RM99,079,000 was paid on 30 June 2015.

*Dividends paid on the shares held in Trust pursuant to the Company's ESS which are classified as shares held for ESS are not accounted for in the total equity. An amount of RM1,576,000 being dividends paid for those shares were added back to the appropriation of retained profits in respect of the second interim dividend.*

**A8. Segment Information**

The following segment information has been prepared in accordance with MFRS 8 "Operating Segments", which defines the requirements for the disclosure of financial information of an entity's operating segments. The operating segments results are prepared based on the Group's internal management reporting reflective of the organisation's management reporting structure.

Funds are allocated between segments and inter-segment funding cost transfers are reflected in net interest income. In addition to the operating segments, the segment information disclosed also includes inter-segment eliminations. Transactions between reportable segments are eliminated based on principles of consolidation as described in accounting policy. Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated in inter-segment eliminations.

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.



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

(iii) **Financial Markets**

Financial Markets provide foreign exchange, money market, hedging and investment (capital market instruments) solutions for banking customers. It also manages the assets and liabilities, liquidity and statutory reserve requirements of the banking entities in the Group.

(iv) **Investment Banking**

Investment Banking covers stockbroking activities and corporate advisory which includes initial public offering, equity fund raising, debt fund raising, mergers and acquisitions and corporate restructuring.

(v) **Others**

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

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**FIRST FINANCIAL QUARTER ENDED 30 JUNE 2015**

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

<b>Group 1st Financial Quarter Ended 30 June 2015</b>	<b>Consumer Banking RM'000</b>	<b>Business Banking RM'000</b>	<b>Financial Markets RM'000</b>	<b>Investment Banking RM'000</b>	<b>Others RM'000</b>	<b>Total Operations RM'000</b>	<b>Inter- segment Elimination RM'000</b>	<b>Total RM'000</b>
Net interest income/(expense)								
- external income	101,800	79,545	29,445	1,285	1,102	213,177	(5,411)	207,766
- inter-segment	(19,568)	16,214	4,350	(996)	-	-	-	-
	82,232	95,759	33,795	289	1,102	213,177	(5,411)	207,766
Net income from Islamic banking business	23,169	17,269	11,253	-	-	51,691	6,861	58,552
Other operating income	26,818	35,413	9,623	6,253	5,334	83,441	(5,412)	78,029
Net income	132,219	148,441	54,671	6,542	6,436	348,309	(3,962)	344,347
Other operating expenses	(72,687)	(56,650)	(14,244)	(10,057)	(5,001)	(158,639)	2,287	(156,352)
Depreciation and amortisation	(5,881)	(4,017)	(947)	(140)	(13)	(10,998)	-	(10,998)
Operating profit	53,651	87,774	39,480	(3,655)	1,422	178,672	(1,675)	176,997
(Allowance made for)/Write-back of losses on loans, advances and financing and other receivables	(14,723)	(2,654)	242	21	-	(17,114)	-	(17,114)
Write-back of impairment	-	3	673	-	-	676	-	676
Segment result	38,928	85,123	40,395	(3,634)	1,422	162,234	(1,675)	160,559
Share of profit of equity-accounted joint venture, net of tax								103
Taxation and zakat								(38,732)
Net profit for the financial period								121,930
Segment assets	22,069,041	14,750,429	16,639,825	34,092	1,897,121	55,390,508	(3,598,786)	51,791,722
Reconciliation of segment assets to consolidated assets:								
Investment in a joint venture								645
Property, plant and equipment								95,378
Unallocated assets								55,746
Intangible assets								363,071
Total assets								52,306,562
Segment liabilities	21,017,924	18,409,464	9,226,053	87,260	15,880	48,756,581	(991,129)	47,765,452
Unallocated liabilities								20,309
Total liabilities								47,785,761

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**FIRST FINANCIAL QUARTER ENDED 30 JUNE 2015**

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

<b>Group</b>	<b>Consumer Banking</b>	<b>Business Banking</b>	<b>Financial Markets</b>	<b>Investment Banking</b>	<b>Others</b>	<b>Total Operations</b>	<b>Inter-segment Elimination</b>	<b>Total</b>
<b>Three months ended 30 June 2015</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net interest income/(expense)								
- external income	101,800	79,545	29,445	1,285	1,102	213,177	(5,411)	207,766
- inter-segment	(19,568)	16,214	4,350	(996)	-	-	-	-
	82,232	95,759	33,795	289	1,102	213,177	(5,411)	207,766
Net income from Islamic banking business	23,169	17,269	11,253	-	-	51,691	6,861	58,552
Other operating income	26,818	35,413	9,623	6,253	5,334	83,441	(5,412)	78,029
Net income	132,219	148,441	54,671	6,542	6,436	348,309	(3,962)	344,347
Other operating expenses	(72,687)	(56,650)	(14,244)	(10,057)	(5,001)	(158,639)	2,287	(156,352)
Depreciation and amortisation	(5,881)	(4,017)	(947)	(140)	(13)	(10,998)	-	(10,998)
Operating profit	53,651	87,774	39,480	(3,655)	1,422	178,672	(1,675)	176,997
(Allowance made for)/Write-back of losses on loans, advances and financing and other receivables	(14,723)	(2,654)	242	21	-	(17,114)	-	(17,114)
Write-back of impairment	-	3	673	-	-	676	-	676
Segment result	38,928	85,123	40,395	(3,634)	1,422	162,234	(1,675)	160,559
Share of profit of equity-accounted joint venture, net of tax								103
Taxation and zakat								(38,732)
Net profit for the financial period								121,930
Segment assets	22,069,041	14,750,429	16,639,825	34,092	1,897,121	55,390,508	(3,598,786)	51,791,722
Reconciliation of segment assets to consolidated assets:								
Investment in a joint venture								645
Property, plant and equipment								95,378
Unallocated assets								55,746
Intangible assets								363,071
Total assets								52,306,562
Segment liabilities	21,017,924	18,409,464	9,226,053	87,260	15,880	48,756,581	(991,129)	47,765,452
Unallocated liabilities								20,309
Total liabilities								47,785,761

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

<b>Group</b>	<b>Consumer</b>	<b>Business</b>	<b>Financial</b>	<b>Investment</b>	<b>Others</b>	<b>Total</b>	<b>Inter-</b>	<b>Total</b>
<b>1st Financial Quarter Ended</b>	<b>Banking</b>	<b>Banking</b>	<b>Markets</b>	<b>Banking</b>	<b>RM'000</b>	<b>Operations</b>	<b>segment</b>	<b>Total</b>
<b>30 June 2014</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>Elimination</b>	<b>RM'000</b>
							<b>RM'000</b>	<b>RM'000</b>
Net interest income/(expense)								
- external income	84,483	77,948	38,352	1,710	591	203,084	(3,263)	199,821
- inter-segment	(10,888)	2,023	10,085	(1,220)	-	-	-	-
	73,595	79,971	48,437	490	591	203,084	(3,263)	199,821
Net income from Islamic banking business	20,228	16,168	9,687	-	-	46,083	7,591	53,674
Other operating income	28,558	37,238	11,773	5,566	167,797	250,932	(167,688)	83,244
Net income	122,381	133,377	69,897	6,056	168,388	500,099	(163,360)	336,739
Other operating expenses	(63,221)	(52,610)	(11,580)	(9,951)	(18,647)*	(156,009)	3,961	(152,048)
Depreciation and amortisation	(5,222)	(3,311)	(921)	(153)	(13)	(9,620)	-	(9,620)
Operating profit/(loss)	53,938	77,456	57,396	(4,048)	149,728	334,470	(159,399)	175,071
(Allowance made for)/Write-back of losses on loans, advances and financing and other receivables	(14,399)	12,837	(240)	50	-	(1,752)	-	(1,752)
Write-back of impairment	-	-	-	-	1,312	1,312	(1,312)	-
Segment result	39,539	90,293	57,156	(3,998)	151,040	334,030	(160,711)	173,319
Taxation and zakat								(42,509)
Net profit for the financial period								130,810
Segment assets	19,982,106	12,622,842	18,496,184	335,322	1,859,913	53,296,367	(3,636,872)	49,659,495
Reconciliation of segment assets to consolidated assets:								
Investment in a joint venture								417
Property, plant and equipment								91,114
Unallocated assets								27,904
Intangible assets								354,484
Total assets								50,133,414
Segment liabilities	18,980,367	14,487,729	13,344,537	168,721	61,024	47,042,378	(1,066,258)	45,976,120
Unallocated liabilities								9,530
Total liabilities								45,985,650

\* Includes rationalisation cost of RM10,648,000

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
**FIRST FINANCIAL QUARTER ENDED 30 JUNE 2015**

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

<b>Group</b>	<b>Consumer Banking</b>	<b>Business Banking</b>	<b>Financial Markets</b>	<b>Investment Banking</b>	<b>Others</b>	<b>Total Operations</b>	<b>Inter-segment Elimination</b>	<b>Total</b>
<b>Three months ended 30 June 2014</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net interest income/(expense)								
- external income	84,483	77,948	38,352	1,710	591	203,084	(3,263)	199,821
- inter-segment	(10,888)	2,023	10,085	(1,220)	-	-	-	-
	73,595	79,971	48,437	490	591	203,084	(3,263)	199,821
Net income from Islamic banking business	20,228	16,168	9,687	-	-	46,083	7,591	53,674
Other operating income	28,558	37,238	11,773	5,566	167,797	250,932	(167,688)	83,244
Net income	122,381	133,377	69,897	6,056	168,388	500,099	(163,360)	336,739
Other operating expenses	(63,221)	(52,610)	(11,580)	(9,951)	(18,647)*	(156,009)	3,961	(152,048)
Depreciation and amortisation	(5,222)	(3,311)	(921)	(153)	(13)	(9,620)	-	(9,620)
Operating profit/(loss)	53,938	77,456	57,396	(4,048)	149,728	334,470	(159,399)	175,071
(Allowance made for)/Write-back of losses on loans, advances and financing and other receivables	(14,399)	12,837	(240)	50	-	(1,752)	-	(1,752)
Write-back of impairment	-	-	-	-	1,312	1,312	(1,312)	-
Segment result	39,539	90,293	57,156	(3,998)	151,040	334,030	(160,711)	173,319
Taxation and zakat								(42,509)
Net profit for the financial period								<u>130,810</u>
Segment assets	19,982,106	12,622,842	18,496,184	335,322	1,859,913	53,296,367	(3,636,872)	49,659,495
Reconciliation of segment assets to consolidated assets:								
Investment in a joint venture								417
Property, plant and equipment								91,114
Unallocated assets								27,904
Intangible assets								354,484
Total assets								<u>50,133,414</u>
Segment liabilities	18,980,367	14,487,729	13,344,537	168,721	61,024	47,042,378	(1,066,258)	45,976,120
Unallocated liabilities								9,530
Total liabilities								<u>45,985,650</u>

\* Includes rationalisation cost of RM10,648,000

**A9. Material Event During The Financial Reporting Period**

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

On 22 June 2015, the Company awarded the share grants to employees of the Company and its subsidiaries who have met the criteria of eligibility for the participation in the ESS.

Total 1,844,700 shares were awarded under the Share Grant Plan. The first 33.0% of the share grants are to be vested at the end of the first year and the remaining 67.0% of the share grants are to be vested at the end of the second year from the date on which an award is made.

The Company operates an equity-settled, share-based compensation plan pursuant to the ESS. Under the MFRS2 '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 three months ended 30 June 2015, the Trustee of the ESS had not purchased any shares in the Company from the open market.

In the three months ended 30 June 2015, 854,000 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 30 June 2015, the Trustee of the ESS held 24,023,900 ordinary shares representing 1.55% 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 first financial quarter ended 30 June 2015.

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

Please refer to Note C18.

**[B] Explanatory Notes Pursuant To Appendix 9B Of Bursa Securities' Listing Requirements**

**B1. Review Of Performance**

1Q FY2016 vs. 1Q FY2015

For the first quarter ended 30 June 2015, the Group's net profit after taxation and zakat was RM121.9 million, a strong increase of RM28.6 million or 30.7% compared to the preceding quarter (4Q ended March 2015), but a decrease of RM8.9 million or 6.8% over previous year's corresponding period (1Q ended June 2014), primarily due to higher allowance for losses on loans.

Key year-on-year performance highlights:

- Revenue registered growth of RM7.6 million or 2.3% year-on-year.
- Net interest income, including Islamic Banking income, grew by RM12.8 million or 5.1% year-on-year.
- Total gross loans grew by 12.5% to RM37.3 billion.
- Operating profit before allowance improved by RM1.9 million to RM177.0 million on higher revenue growth.
- The Group's Net Bad Debts ("NBD") recorded a higher net charge of RM17.1 million as credit cost normalized and due to lower recoveries. However, the gross impaired loans ratio remains contained at 1.0%.
- Other operating income (fee income) declined by RM5.2 million or 6.3% mainly due to lower gain from sale/redemption of financial investments.
- Operating expenses increased by RM5.7 million or 3.5% on higher deposit insurance premium and information technology expenses.

Performance by business segment:

The Group's businesses are presented in the following business segments: Consumer Banking, Business Banking, Financial Markets and Investment Banking. Please refer to Note A8 on Segment Information for the composition of each business segment.

The year-on-year performance comparison (1Q FY2016 vs. 1Q FY2015) for Consumer Banking is as follows:

- Revenue was RM9.8 million (or 8.0%) higher compared to the corresponding period last year.
- Asset growth was RM2.1 billion (or 10.4%) higher year-on-year, while liabilities registered growth of RM2.0 billion (or 10.7%) higher year-on-year.
- However, operating profit was marginally lower (0.5% decrease) year-on-year mainly due to higher operating expenses. Profit before tax was also 1.5% lower year-on-year.

The year-on-year performance comparison (1Q FY2016 vs. 1Q FY2015) for Business Banking is as follows:

- Revenue was RM15.1 million (or 11.3%) higher compared to the corresponding period last year.
- Asset growth was RM2.1 billion (or 16.9%) higher year-on-year, while liabilities registered strong growth of RM3.9 billion (or 27.1%) higher year-on-year.
- Operating profit was RM10.3 million (or 13.3%) higher year-on-year. However profit before tax was RM5.2 million (or 5.7%) lower compared to the corresponding period last year, mainly due to higher allowance for impairment on loans, advances and financing by RM15.5 million.

The year-on-year performance comparison (1Q FY2016 vs. 1Q FY2015) for Financial Markets is as follows:

- Operating profit was RM16.8 million or 29.3% lower compared to the corresponding period last year due to lower net interest income and other operating income by RM15.2 million.

Investment Banking covers stockbroking, capital market activities and corporate advisory services.

- Investment Bankings' loss of RM3.6 million for the 3 months ended 30 June 2015, saw an improvement of 9.1% over the loss of RM4.0 million incurred during the corresponding period last year.

**B2. Comparison With Immediate Preceding Quarter**

1Q FY2016 vs. 4Q FY2015

Key quarter-on-quarter performance highlights:

- Revenue registered growth of RM38.2 million or 12.5% quarter-on-quarter. However, if normalised for the one-off interest income accounting adjustment in 4Q FY2015, growth would be 6.1% quarter-on-quarter.
- Non-interest income was higher by RM16.3 million driven by growth in wealth management income (which grew 20.5% quarter-on-quarter) and non-customer based income (revaluation/realized gain, translation gain and dividend income).
- Current account and Saving account (“CASA”) deposit grew by RM0.2 billion, as a result, the CASA ratio improved to 34.5% as at 30 June 2015, from 32.5% as at 31 March 2015.
- The Group’s total capital ratio remained sound at 13.0%, with a Common Equity Tier 1 Capital ratio of 11.1% as at 30 June 2015.

Performance by business segment:

Consumer Banking’s profit before taxation was RM38.9 million for the 3 months ended 30 June 2015, which was 45% higher compared to the preceding quarter (4Q ended 31 March 2015), before normalization for the one-off accounting adjustment in interest income:

- Revenue was RM26.9 million (or 25.5%) higher compared to the preceding quarter (4Q FY2015). After normalizing for the one-off accounting adjustment in interest income, the quarter-on-quarter growth is RM8.5 million (or 6.9%).
- Correspondingly, after normalizing for the one-off accounting adjustment in interest income, profit before tax registered quarter-on-quarter decline of RM6.3 million (or -13.9%). This is primarily due to the higher allowances for impairment on loans.

Business Banking’s profit before taxation was RM85.1 million for the 3 months ended 30 June 2015, which was 32% higher compared to the preceding quarter (4Q ended 31 March 2015):

- Revenue was RM7.2 million (or 5%) higher compared to the preceding quarter (4Q FY2015).
- Profit before tax registered quarter-on-quarter growth of RM20.8 million, driven by revenue growth and lower allowances for impairment on loans.

Financial Markets’ profit before taxation was RM40.4 million for the 3 months ended 30 June 2015, which was 16% higher compared to the preceding quarter (4Q ended 31 March 2015):

- Revenue was RM2.6 million (or 5%) higher compared to the preceding quarter (4Q FY2015).
- Profit before tax registered quarter-on-quarter growth of RM5.6 million, driven by revenue growth and lower operating expenses.

Investment Banking registered a loss of RM3.6 million for the 3 months ended 30 June 2015, which is a deterioration of RM0.6 million compared to the preceding quarter (4Q ended 31 March 2015) due to operating expenses growing faster than revenue growth.

**B3. Current Year Prospect**

The Group will continue to capitalize on its strength in the Small Medium Enterprise (“SME”) segment as well as Transactional and Business Banking to generate sustainable revenue growth. It will also centre its Consumer Banking activities around Wealth Management, cards and unsecured lending, with a strong focus on fulfilling the financial needs of the owners, employees and clients of our SME and Business Banking partners.

The focus areas for Financial Year 2016 will be to improve asset efficiency as measured by risk adjusted returns, ensure that deposits growth exceeds loans growth and continue to grow customer based non-interest income.

Financial markets will focus on helping our customers with their foreign exchange and treasury products needs, as well as on optimizing the balance sheet for returns within a prudent risk management framework.

Investment Banking, having built its capabilities in the debt and equity markets, will support our SME and Business Banking customers with enhanced access to capital markets in addition to growing its institutional broking business.

The Group expects that these actions will position its businesses for sustainable revenue and to deliver a satisfactory performance for financial year 2016.



**B4. Profit Forecast**

There was no profit forecast issued by the Group.

**B5. Taxation And Zakat**

<b>Group</b>	<b>1st Quarter Ended</b>		<b>Cumulative 3 Months Ended</b>	
	<b>30.06.2015</b>	<b>30.06.2014</b>	<b>30.06.2015</b>	<b>30.06.2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Taxation				
- Income tax	<b>31,949</b>	31,562	<b>31,949</b>	31,562
- Deferred tax	<b>6,783</b>	10,947	<b>6,783</b>	10,947
Zakat	-	-	-	-
	<b>38,732</b>	42,509	<b>38,732</b>	42,509

The Group's effective tax rate for the first quarter ended 30 June 2015 was slightly higher than the current statutory tax rate of 24% due to certain expenses being disallowed for tax purpose.

**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 first financial quarter ended 30 June 2015 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 first financial quarter ended 30 June 2015 other than investments held by the Group whose activities are regulated by law relating to banking companies and are subject to supervision by Bank Negara Malaysia ("BNM").

**B8. Status Of Corporate Proposals**

There were no corporate proposals announced but not completed as at the financial reporting date.

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

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Deposits from customers</b>		
Fixed deposits, negotiable instruments of deposits and money market deposits:		
- One year or less (short term)	<b>28,298,647</b>	29,168,229
- More than one year (medium/long term)	<b>40,603</b>	54,533
	<b>28,339,250</b>	29,222,762
Others	<b>15,564,952</b>	15,384,053
	<b>43,904,202</b>	44,606,815
<b>(b) Deposits and placements of banks and other financial institutions</b>		
- One year or less (short term)	<b>1,807,615</b>	1,214,218
- More than one year (medium/long term)	<b>301,034</b>	275,557
	<b>2,108,649</b>	1,489,775
<b>(c) Subordinated obligations</b>		
Unsecured and more than one year (medium/long term)		
- Tier II Subordinated Medium Term Notes	<b>606,161</b>	613,267

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

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

	As at 30 June 2015			As at 31 March 2015		
	Contract/ Notional Amount RM'000	Fair value		Contract/ Notional Amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>Trading derivatives</b>						
Foreign exchange and commodity contracts:						
Currency forwards						
- one year or less	1,045,148	53,990	(6,884)	1,083,171	70,152	(5,529)
Currency swaps						
- one year or less	3,938,225	55,749	(103,255)	3,184,221	56,121	(76,726)
- over one year to three years	75,460	811	(4,741)	69,675	234	(4,133)
- over three years	37,730	-	(6,251)	31,515	-	(5,562)
Currency spots						
- one year or less	398,901	537	(563)	219,795	347	(869)
Currency options						
- one year or less	212,952	319	(162)	307,337	1,562	(803)
	<b>5,708,416</b>	<b>111,406</b>	<b>(121,856)</b>	<b>4,895,714</b>	<b>128,416</b>	<b>(93,622)</b>
Interest rate related contracts:						
Interest rate swap	3,195,000	2,237	(5,691)	3,645,000	4,044	(9,276)
- one year or less	1,635,000	547	(207)	1,635,000	1,749	(561)
- over one year to three years	800,000	870	(2,065)	800,000	1,030	(2,440)
- over three years	760,000	820	(3,419)	1,210,000	1,265	(6,275)
Equity related contracts:						
- one year or less	8,112	4	(2,840)	23,460	-	(3,554)
- over one year to three years	65,860	230	(3,636)	12,780	-	(70)
<b>Hedging derivatives</b>						
Interest rate swap						
- over one year to three years	27,923	-	(420)	28,153	-	(429)
- over three years	251,039	-	(8,705)	252,269	-	(8,273)
Total derivatives assets/(liabilities)	<b>9,256,350</b>	<b>113,877</b>	<b>(143,148)</b>	<b>8,857,376</b>	<b>132,460</b>	<b>(115,224)</b>

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 2015.

**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. Changes in Material Litigation**

The Group do not have any material litigation which would materially and adversely affect the financial position of the Group for the first quarter ended 30 June 2015.

**B12. Dividend Declared**

No dividend has been declared during the first financial quarter ended 30 June 2015.

**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	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
Net profit for the financial period attributable to owners of the parent (RM'000)	<b>121,930</b>	130,810	<b>121,930</b>	130,810
Weighted average number of ordinary shares in issue ('000)	<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,548,106
Effect of shares bought back for ESS ('000)	<b>(24,024)</b>	(31,443)	<b>(24,024)</b>	(31,443)
	<b>1,524,082</b>	1,516,663	<b>1,524,082</b>	1,516,663
Basic earnings per share (sen)	<b>8.0</b>	8.6	<b>8.0</b>	8.6

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**B14. Earnings Per Share (EPS) (Contd.)**

**(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 2015.

	1st Quarter Ended		Cumulative 3 Months Ended	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
Net profit for the financial period attributable to owners of the parent (RM'000)	<b>121,930</b>	130,810	<b>121,930</b>	130,810
Weighted average number of ordinary shares in issue ('000)	<b>1,548,106</b>	1,548,106	<b>1,548,106</b>	1,548,106
Effect of shares bought back for ESS ('000)	<b>(24,024)</b>	(31,443)	<b>(24,024)</b>	(31,443)
Effect of Share Grants under ESS ('000)	<b>2,907</b>	3,268	<b>2,907</b>	3,268
	<b>1,526,989</b>	1,519,931	<b>1,526,989</b>	1,519,931
Diluted earnings per share (sen)	<b>8.0</b>	8.6	<b>8.0</b>	8.6

**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:

	Period/Year Ended	
	30.06.2015 RM'000	31.03.2015 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	<b>2,069,363</b>	2,023,336
- Unrealised	<b>102,805</b>	123,187
	<b>2,172,168</b>	2,146,523
Total share of (losses)/profits from a joint venture		
- Realised	<b>124</b>	(171)
- Unrealised	<b>(21)</b>	187
	<b>2,172,271</b>	2,146,539
Less: Consolidation adjustments	<b>(342,568)</b>	(341,924)
Total group retained profits as per consolidated accounts	<b>1,829,703</b>	1,804,615

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. Other Explanatory Notes**

**C1. Interest Income**

Group	1st Quarter Ended		Cumulative 3 Months Ended	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
Loans, advances and financing	<b>357,567</b>	312,447	<b>357,567</b>	312,447
Money at call and deposit placements with financial institutions	<b>3,343</b>	5,759	<b>3,343</b>	5,759
Financial assets held-for-trading	<b>819</b>	214	<b>819</b>	214
Financial investments available-for-sale	<b>75,753</b>	78,569	<b>75,753</b>	78,569
Financial investments held-to-maturity	<b>6,711</b>	6,755	<b>6,711</b>	6,755
Others	<b>3,058</b>	2,330	<b>3,058</b>	2,330
	<b>447,251</b>	406,074	<b>447,251</b>	406,074
Accretion of discount less amortisation of premium	<b>16,514</b>	17,411	<b>16,514</b>	17,411
	<b>463,765</b>	423,485	<b>463,765</b>	423,485

**C2. Interest Expense**

Group	1st Quarter Ended		Cumulative 3 Months Ended	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
Deposits and placements of banks and other financial institutions	<b>10,532</b>	19,775	<b>10,532</b>	19,775
Deposits from customers	<b>232,660</b>	192,698	<b>232,660</b>	192,698
Subordinated obligations	<b>7,314</b>	7,308	<b>7,314</b>	7,308
Others	<b>5,493</b>	3,883	<b>5,493</b>	3,883
	<b>255,999</b>	223,664	<b>255,999</b>	223,664

**C3. Net Income From Islamic Banking Business**

Group	1st Quarter Ended		Cumulative 3 Months Ended	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
Income derived from investment of depositors' funds and others	<b>101,872</b>	83,227	<b>101,872</b>	83,227
Income derived from investment of Islamic Banking funds	<b>8,938</b>	8,051	<b>8,938</b>	8,051
Income attributable to depositors and financial institutions	<b>(59,119)</b>	(45,195)	<b>(59,119)</b>	(45,195)
	<b>51,691</b>	46,083	<b>51,691</b>	46,083
Add: Income due to head office eliminated at Group level	<b>6,861</b>	7,591	<b>6,861</b>	7,591
	<b>58,552</b>	53,674	<b>58,552</b>	53,674

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**C4. Other Operating Income**

Group	1st Quarter Ended		Cumulative 3 Months Ended	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
<b>(a) Fee and commission income:</b>				
Commissions	<b>17,848</b>	18,676	<b>17,848</b>	18,676
Service charges and fees	<b>7,612</b>	8,362	<b>7,612</b>	8,362
Portfolio management fees	-	7	-	7
Corporate advisory fees	<b>486</b>	165	<b>486</b>	165
Brokerage fees	<b>9,030</b>	9,550	<b>9,030</b>	9,550
Guarantee fees	<b>3,960</b>	3,417	<b>3,960</b>	3,417
Processing fees	<b>2,558</b>	3,541	<b>2,558</b>	3,541
Commitment fees	<b>3,747</b>	3,737	<b>3,747</b>	3,737
Other fee income	<b>25,195</b>	26,931	<b>25,195</b>	26,931
	<b>70,436</b>	74,386	<b>70,436</b>	74,386
<b>(b) Fee and commission expense:</b>				
Commissions expense	<b>(222)</b>	(422)	<b>(222)</b>	(422)
Guarantee fees expense	<b>(507)</b>	(446)	<b>(507)</b>	(446)
Brokerage fees expense	<b>(4,196)</b>	(4,771)	<b>(4,196)</b>	(4,771)
Other fee expense	<b>(22,864)</b>	(22,038)	<b>(22,864)</b>	(22,038)
	<b>(27,789)</b>	(27,677)	<b>(27,789)</b>	(27,677)
<b>(c) Investment income:</b>				
Gain/(Loss) arising from sale/redemption of:				
- Financial assets held-for-trading	<b>(558)</b>	(28)	<b>(558)</b>	(28)
- Financial investments available-for-sale	<b>1,318</b>	6,976	<b>1,318</b>	6,976
Marked-to-market revaluation of:				
- Financial assets held-for-trading	<b>101</b>	24	<b>101</b>	24
- Derivative financial instruments	<b>(49,903)</b>	11,419	<b>(49,903)</b>	11,419
- Unrealised gain arising from financial liabilities designated at fair value	<b>6,897</b>	-	<b>6,897</b>	-
Realised gain on derivative financial instruments	<b>63,648</b>	13,132	<b>63,648</b>	13,132
Gross dividend income from:				
- Financial investments available-for-sale	<b>2,761</b>	1,613	<b>2,761</b>	1,613
	<b>24,264</b>	33,136	<b>24,264</b>	33,136
<b>(d) Other income:</b>				
Foreign exchange gain/(loss)	<b>3,689</b>	(2,744)	<b>3,689</b>	(2,744)
(Loss)/Gain on disposal of property, plant and equipment	<b>(12)</b>	1	<b>(12)</b>	1
Others	<b>7,441</b>	6,142	<b>7,441</b>	6,142
	<b>11,118</b>	3,399	<b>11,118</b>	3,399
Total other operating income	<b>78,029</b>	83,244	<b>78,029</b>	83,244



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**C5. Other Operating Expenses**

Group	1st Quarter Ended		Cumulative 3 Months Ended	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
<u>Personnel costs</u>				
Salaries, allowances and bonuses	82,281	71,563	82,281	71,563
Contribution to EPF	13,261	13,005	13,261	13,005
Share options/grants under ESS	2,166	2,846	2,166	2,846
Others	6,887	17,601	6,887	17,601
	<b>104,595</b>	<b>105,015</b>	<b>104,595</b>	<b>105,015</b>
<u>Establishment costs</u>				
Depreciation of property, plant and equipment	5,831	5,183	5,831	5,183
Amortisation of computer software	5,167	4,437	5,167	4,437
Rental of premises	7,790	6,962	7,790	6,962
Water and electricity	2,048	2,261	2,048	2,261
Repairs and maintenance	1,467	2,576	1,467	2,576
Information technology expenses	10,620	8,176	10,620	8,176
Others	4,076	4,350	4,076	4,350
	<b>36,999</b>	<b>33,945</b>	<b>36,999</b>	<b>33,945</b>
<u>Marketing expenses</u>				
Promotion and advertisement	1,774	1,561	1,774	1,561
Branding and publicity	1,175	3,094	1,175	3,094
Others	1,870	1,975	1,870	1,975
	<b>4,819</b>	<b>6,630</b>	<b>4,819</b>	<b>6,630</b>
<u>Administration and general expenses</u>				
Communication expenses	3,227	3,369	3,227	3,369
Printing and stationery	731	1,096	731	1,096
Insurance	6,965	2,131	6,965	2,131
Professional fees	4,495	5,387	4,495	5,387
Others	5,519	4,095	5,519	4,095
	<b>20,937</b>	<b>16,078</b>	<b>20,937</b>	<b>16,078</b>
Total other operating expenses	<b>167,350</b>	<b>161,668</b>	<b>167,350</b>	<b>161,668</b>

**C6. Allowance Made for Losses On Loans, Advances And Financing And Other Receivables**

Group	1st Quarter Ended		Cumulative 3 Months Ended	
	30.06.2015 RM'000	30.06.2014 RM'000	30.06.2015 RM'000	30.06.2014 RM'000
Allowance made for/(Write-back of) losses on loans, advances and financing and other receivables:				
(a) Individual assessment allowance				
- made/(write-back) during the period, (net)	4,224	(5,972)	4,224	(5,972)
(b) Collective assessment allowance				
- made during the period, (net)	17,406	15,563	17,406	15,563
(c) Bad debts on loans and financing				
- Recovered	(8,777)	(12,688)	(8,777)	(12,688)
- Written off	3,342	4,171	3,342	4,171
	<b>16,195</b>	<b>1,074</b>	<b>16,195</b>	<b>1,074</b>
Allowance for other receivables	919	678	919	678
	<b>17,114</b>	<b>1,752</b>	<b>17,114</b>	<b>1,752</b>

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**C7. Balances Due From Clients And Brokers**

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Due from clients	69,177	60,289
Due from brokers	27,272	43,294
	<u>96,449</u>	<u>103,583</u>
Less: Allowance made for the period/year	(842)	(840)
	<u>95,607</u>	<u>102,743</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:

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Classified as doubtful	97	128
Classified as bad	927	927
	<u>1,024</u>	<u>1,055</u>

The movements in allowance made for the period/year are as follows:

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of year	840	1,194
Allowance made/(Write-back) during the period/year, (net)	2	(354)
At end of period/year	<u>842</u>	<u>840</u>

**C8. Financial Assets Held-for-trading**

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<u>Money market instruments</u>		
Malaysian Government securities	30,013	-
Malaysian Government investment certificates	20,720	-
<u>Unquoted securities</u>		
Medium term notes	45,208	10,037
Total financial assets held-for-trading	<u>95,941</u>	<u>10,037</u>

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**C9. Financial Investments Available-for-sale**

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
<u>Money market instruments</u>		
Malaysian Government securities	2,264,297	2,607,781
Malaysian Government investment certificates	2,652,555	2,723,129
Negotiable instruments of deposits	1,381,479	1,241,534
Bankers' acceptances	54,482	105,531
Khazanah bonds	196,154	194,349
	<b>6,548,967</b>	<b>6,872,324</b>
<u>Quoted securities in Malaysia</u>		
Shares	22	22
Accumulated impairment	(11)	(11)
	<b>11</b>	<b>11</b>
<u>Unquoted securities</u>		
Shares	141,604	141,651
Accumulated impairment	(1,440)	(1,440)
	<b>140,164</b>	<b>140,211</b>
Debt securities and medium term notes	3,032,984	2,979,271
Accumulated impairment	(237,754)	(237,961)
	<b>2,795,230</b>	<b>2,741,310</b>
	<b>2,935,394</b>	<b>2,881,521</b>
Total financial investment available-for-sale	<b>9,484,372</b>	<b>9,753,856</b>

**C10. Financial Investments Held-to-maturity**

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
<u>Money market instruments</u>		
Malaysian Government securities	704,181	701,521
Malaysian Government investment certificates	423,145	423,739
Khazanah bonds	185,568	183,932
	<b>1,312,894</b>	<b>1,309,192</b>
<b>At cost</b>		
<u>Unquoted securities</u>		
Debt securities	25,672	37,668
Accumulated impairment	(15,741)	(27,825)
	<b>9,931</b>	<b>9,843</b>
Total financial investments held-to-maturity	<b>1,322,825</b>	<b>1,319,035</b>

**ALLIANCE FINANCIAL GROUP BERHAD (6627-X)**  
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**C11. Loans, Advances And Financing**

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Overdrafts	<b>2,160,374</b>	2,142,270
Term loans/financing		
- Housing loans/financing	<b>14,504,717</b>	14,257,710
- Syndicated term loans/financing	<b>427,085</b>	431,427
- Hire purchase receivables	<b>1,508,878</b>	1,564,527
- Other term loans/financing	<b>12,062,714</b>	11,751,901
Bills receivables	<b>269,250</b>	300,866
Trust receipts	<b>162,897</b>	182,437
Claims on customers under acceptance credits	<b>2,535,683</b>	2,567,211
Staff loans [including loans to Directors of a banking subsidiary of RM147,000 (31.03.15: RM155,000)]	<b>37,887</b>	37,691
Credit/charge card receivables	<b>655,047</b>	653,068
Revolving credits	<b>1,523,988</b>	1,467,301
Share margin financing	<b>1,498,364</b>	1,566,703
Gross loans, advances and financing	<b>37,346,884</b>	36,923,112
Add: Sales commissions and handling fees	<b>34,070</b>	33,927
Less: Allowance for impairment on loans, advances and financing		
- Individual assessment allowance	<b>(62,370)</b>	(56,303)
- Collective assessment allowance	<b>(334,164)</b>	(334,704)
Total net loans, advances and financing	<b>36,984,420</b>	36,566,032

(a) By type of customer

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-bank financial institutions	<b>511,921</b>	576,252
Domestic business enterprises		
- Small and medium enterprises	<b>7,660,296</b>	7,481,367
- Others	<b>6,920,841</b>	6,890,104
Government and statutory bodies	<b>7,905</b>	8,258
Individuals	<b>21,178,193</b>	20,866,962
Other domestic entities	<b>208,327</b>	215,146
Foreign entities	<b>859,401</b>	885,023
Gross loans, advances and financing	<b>37,346,884</b>	36,923,112

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**C11. Loans, Advances And Financing (contd.)**

(b) By interest/profit rate sensitivity

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
- Housing loans/financing	55,708	57,528
- Hire purchase receivables	1,457,702	1,512,488
- Other fixed rate loans/financing	2,364,568	2,248,229
Variable rate		
- Base lending rate plus	26,872,640	26,582,088
- Base rate plus	260,588	29,334
- Cost plus	6,126,550	6,253,494
- Other variable rate loans/financing	209,128	239,951
Gross loans, advances and financing	<b>37,346,884</b>	<b>36,923,112</b>

(c) By economic purposes

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of securities	1,518,221	1,597,174
Purchase of transport vehicles	1,369,707	1,426,986
Purchase of landed property	21,981,001	21,587,935
of which: - Residential	<b>15,412,971</b>	<b>15,137,475</b>
- Non-residential	<b>6,568,030</b>	<b>6,450,460</b>
Purchase of fixed assets excluding land and buildings	207,607	209,585
Personal use	2,371,224	2,276,090
Credit card	655,047	653,068
Construction	501,978	564,122
Merger and acquisition	117,687	117,687
Working capital	6,530,986	6,623,099
Others	2,093,426	1,867,366
Gross loans, advances and financing	<b>37,346,884</b>	<b>36,923,112</b>

(d) By geographical distribution

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Northern region	2,444,600	2,413,727
Central region	27,105,098	26,845,424
Southern region	4,348,804	4,246,477
Sabah region	2,655,596	2,634,948
Sarawak region	792,786	782,536
Gross loans, advances and financing	<b>37,346,884</b>	<b>36,923,112</b>

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**C11. Loans, Advances And Financing (contd.)**

(e) By maturity structure

	Group	
	30.06.2015	31.03.2015
	RM'000	RM'000
Within one year	8,674,602	8,508,239
One year to three years	1,173,012	1,426,070
Three years to five years	1,902,400	1,825,760
Over five years	25,596,870	25,163,043
Gross loans, advances and financing	<b>37,346,884</b>	<b>36,923,112</b>

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

	Group	
	30.06.2015	31.03.2015
	RM'000	RM'000
At beginning of year	380,712	442,781
Impaired during the period/year	136,524	688,569
Reclassified as unimpaired during the period/year	(84,841)	(412,159)
Recoveries	(40,188)	(235,458)
Amount written off	(16,103)	(103,021)
At end of period/year	<b>376,104</b>	<b>380,712</b>
Individual allowance for impairment	(62,370)	(56,303)
Collective allowance for impairment (impaired portion)	(99,797)	(102,533)
Net impaired loans, advances and financing	<b>213,937</b>	<b>221,876</b>
Gross impaired loans as a percentage of gross loans, advances and financing	<b>1.0%</b>	<b>1.0%</b>

(g) Impaired loans by economic purposes

	Group	
	30.06.2015	31.03.2015
	RM'000	RM'000
Purchase of securities	47	515
Purchase of transport vehicles	8,596	8,263
Purchase of landed property	243,981	255,939
of which: - Residential	<b>227,012</b>	<b>233,894</b>
- Non-residential	<b>16,969</b>	<b>22,045</b>
Purchase of fixed assets excluding land and buildings	908	541
Personal use	30,853	27,164
Credit card	8,737	7,611
Construction	3,549	3,979
Working capital	60,676	58,158
Others	18,757	18,542
Gross impaired loans	<b>376,104</b>	<b>380,712</b>

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**C11. Loans, Advances And Financing** (contd.)

(h) Impaired loans by geographical distribution

	Group	
	30.06.2015	31.03.2015
	RM'000	RM'000
Northern region	46,412	45,294
Central region	264,217	267,873
Southern region	34,151	37,759
Sabah region	27,057	25,501
Sarawak region	4,267	4,285
Gross impaired loans	<b>376,104</b>	<b>380,712</b>

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

	Group	
	30.06.2015	31.03.2015
	RM'000	RM'000
<b>Individual assessment allowance</b>		
At beginning of year	56,303	97,159
Allowance made during the period/year, (net)	4,224	3,475
Amount written off	(714)	(43,873)
Transfers to collective assessment allowance	2,557	(458)
At end of period/year	<b>62,370</b>	<b>56,303</b>

	Group	
	30.06.2015	31.03.2015
	RM'000	RM'000
<b>Collective assessment allowance</b>		
At beginning of year	334,704	313,296
Allowance made during the period/year, (net)	17,406	78,193
Amount written-off	(15,389)	(57,243)
Transfers from individual assessment allowance	(2,557)	458
At end of period/year	<b>334,164</b>	<b>334,704</b>

**C12. Other Receivables**

	Group	
	30.06.2015	31.03.2015
	RM'000	RM'000
Other receivables, deposits and prepayments	140,784	120,608
Trade receivables	47	49
Amounts due from a joint venture	220	534
	<b>141,051</b>	<b>121,191</b>
Less: Allowance for other receivables	<b>(26,936)</b>	<b>(31,138)</b>
	<b>114,115</b>	<b>90,053</b>

**C13. Deposits From Customers**

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>By type of deposit</u>		
<b>Amortised cost</b>		
Demand deposits	<b>13,352,717</b>	13,222,335
Savings deposits	<b>1,789,788</b>	1,767,621
Fixed/investment deposits	<b>20,448,791</b>	21,049,678
Money market deposits	<b>3,103,224</b>	4,171,150
Negotiable instruments of deposits	<b>4,787,235</b>	4,001,934
Structured deposits	<b>324,167</b>	330,602
	<b>43,805,922</b>	44,543,320
<b>At fair value through profit and loss</b>		
Structured deposits	<b>98,280</b>	63,495
	<b>43,904,202</b>	44,606,815

Note:

- (a) Structured deposits issued by the Group include foreign currency time deposits with embedded foreign exchange, gold commodity, equity linked options and interest rate index linked placements.
- (b) The Group has undertaken a fair value hedge on the interest rate risk of certain the structured deposits amounting to RM280,013,000 (2015: RM281,371,000) using interest rate swaps.

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Structured deposits	<b>280,013</b>	281,371
Fair value changes arising from fair value hedges	<b>(9,125)</b>	(8,702)
	<b>270,888</b>	272,669

The fair value gain of the interest rate swap in this hedge transaction for the first financial quarter ended 30 June 2015 was RM9,125,000 (2015: RM8,702,000). There were no ineffectiveness.



**C13. Deposits From Customers** (contd.)

- (c) During the financial period, the Group designated certain structured deposits at fair value through profit or loss. This designation is permitted under MFRS 139 "Financial Instruments: Recognition and Measurement" as it significantly reduces accounting mismatch. These instruments are managed by the Bank on the basis of its fair value and includes embedded derivatives that are not closely related to its underlying deposits. The structured deposits are recorded at fair value. The carrying amount of the structured deposits were RM8,224,000 lower than the contractual amount at maturity.

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Structured deposits	<b>105,177</b>	67,232
Fair value changes arising from designation at fair value through profit or loss	<b>(6,897)</b>	<b>(3,737)</b>
	<b>98,280</b>	<b>63,495</b>

The fair value changes of the structured deposits that are attributable to the changes in own credit risk are not significant.

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
(i) <u>By type of customer</u>		
Domestic financial institutions	<b>4,858,565</b>	4,057,149
Domestic non-bank financial institutions	<b>3,458,925</b>	4,443,347
Government and statutory bodies	<b>2,968,397</b>	2,998,668
Business enterprises	<b>13,429,571</b>	14,134,110
Individuals	<b>17,969,421</b>	17,906,583
Foreign entities	<b>630,554</b>	591,360
Others	<b>588,769</b>	475,598
	<b>43,904,202</b>	<b>44,606,815</b>

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
(ii) <u>The maturity structure of fixed deposits, money market deposits and negotiable instruments of deposit are as follows:</u>		
Due within six months	<b>23,579,451</b>	24,011,868
Six months to one year	<b>4,719,196</b>	5,156,361
One year to three years	<b>33,181</b>	48,134
Three years to five years	<b>7,422</b>	6,399
	<b>28,339,250</b>	<b>29,222,762</b>

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**C14. Deposits And Placements Of Banks And Other Financial Institutions**

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	1,599,978	852,198
Licensed investment banks	68,506	-
Licensed Islamic banks	-	200,020
Bank Negara Malaysia	418,233	437,557
Other financial institutions	21,932	-
	<b>2,108,649</b>	<b>1,489,775</b>

**C15. Balances Due To Clients And Brokers**

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Due to clients	<b>61,467</b>	<b>62,833</b>

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 RM76,755,000 (2015: RM78,850,000) have been excluded accordingly.

**C16. Other Liabilities**

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Other payable and accruals	869,737	902,991
Remisiers' accounts	21,204	21,305
Finance lease liabilities	9,768	10,299
	<b>900,709</b>	<b>934,595</b>

**C17. 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:

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
<u>Before deducting proposed dividends</u>		
CET I capital ratio	<b>11.098%</b>	11.301%
Tier I capital ratio	<b>11.098%</b>	11.301%
Total capital ratio	<b>12.964%</b>	13.160%
<u>After deducting proposed dividends</u>		
CET I capital ratio	<b>11.098%</b>	11.108%
Tier I capital ratio	<b>11.098%</b>	11.108%
Total capital ratio	<b>12.964%</b>	12.967%

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

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>CET I Capital</u></b>		
Paid-up share capital	<b>796,517</b>	796,517
Share premium	<b>401,517</b>	401,517
Retained profits	<b>1,938,429</b>	2,005,815
Statutory reserves	<b>1,069,665</b>	1,069,665
Revaluation reserves	<b>76,497</b>	78,232
Other reserves	<b>10,018</b>	10,018
	<b>4,292,643</b>	4,361,764
Less: Regulatory adjustment		
- Goodwill and other intangibles	<b>(363,071)</b>	(359,935)
- Deferred tax assets	<b>(12,606)</b>	(12,020)
- 55% of revaluation reserve	<b>(42,073)</b>	(43,028)
- Investment in subsidiaries, associates and joint venture	<b>(1,858)</b>	(1,816)
Total CET I Capital	<b>3,873,035</b>	3,944,965
<b><u>Tier II Capital</u></b>		
Subordinated obligations	<b>419,654</b>	419,581
Collective assessment allowance	<b>234,367</b>	232,171
Less: Regulatory adjustment		
- Investment in subsidiaries and associates	<b>(2,788)</b>	(2,725)
Total Tier II Capital	<b>651,233</b>	649,027
<b>Total Capital</b>	<b>4,524,268</b>	4,593,992

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**C17. Capital Adequacy (contd.)**

(b) The capital adequacy ratios of the banking subsidiaries are as follows:

	<b>Alliance Bank Malaysia Berhad</b>	<b>Alliance Islamic Bank Berhad</b>	<b>Alliance Investment Bank Berhad</b>
<b>30 June 2015</b>			
<u>Before deducting proposed dividends</u>			
CET I capital ratio	11.091%	10.877%	101.607%
Tier I capital ratio	11.091%	10.877%	101.607%
Total capital ratio	<u>11.552%</u>	<u>11.631%</u>	<u>101.607%</u>
<u>After deducting proposed dividends</u>			
CET I capital ratio	11.091%	10.877%	101.607%
Tier I capital ratio	11.091%	10.877%	101.607%
Total capital ratio	<u>11.552%</u>	<u>11.631%</u>	<u>101.607%</u>
<b>31 March 2015</b>			
<u>Before deducting proposed dividends</u>			
CET I capital ratio	11.291%	11.013%	94.504%
Tier I capital ratio	11.291%	11.013%	94.504%
Total capital ratio	<u>11.751%</u>	<u>11.731%</u>	<u>94.504%</u>
<u>After deducting proposed dividends</u>			
CET I capital ratio	11.058%	11.013%	93.448%
Tier I capital ratio	11.058%	11.013%	93.448%
Total capital ratio	<u>11.518%</u>	<u>11.731%</u>	<u>93.448%</u>

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

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Credit risk	<b>31,914,713</b>	32,011,298
Market risk	<b>187,250</b>	125,778
Operational risk	<b>2,797,291</b>	2,770,484
Total RWA and capital requirements	<u><b>34,899,254</b></u>	<u>34,907,560</u>

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**C18. Commitments And Contingencies**

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

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
<u>Credit-related exposures</u>		
Direct credit substitutes	<b>793,012</b>	789,038
Transaction-related contingent items	<b>698,312</b>	653,199
Short-term self-liquidating trade-related contingencies	<b>185,508</b>	164,832
Irrevocable commitments to extend credit:		
- maturity exceeding one year	<b>3,645,665</b>	4,189,365
- maturity not exceeding one year	<b>6,769,484</b>	6,634,666
Unutilised credit card lines	<b>1,526,438</b>	1,457,307
	<b>13,618,419</b>	<b>13,888,407</b>
<u>Derivative financial instruments</u>		
Foreign exchange related contracts:		
- one year or less	<b>5,595,226</b>	4,794,524
- over one year to three years	<b>75,460</b>	69,675
- over three years	<b>37,730</b>	31,515
Interest rate related contracts:		
- one year or less	<b>1,635,000</b>	2,085,000
- over one year to three years	<b>827,923</b>	828,153
- over three years	<b>1,011,039</b>	1,012,269
Equity related contracts:		
- one year or less	<b>8,112</b>	23,460
- over one year to three years	<b>65,860</b>	12,780
	<b>9,256,350</b>	<b>8,857,376</b>
	<b>22,874,769</b>	<b>22,745,783</b>

**C19. Fair Value Measurements**

(a) Determination of fair value and fair value hierarchy

MFRS 13 Fair Value Measurements require disclosure of financial instruments measured at fair value to be categorised 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:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. This includes listed equities and corporate debt securities which are actively traded.

(ii) Financial instruments in Level 2

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.

(iii) Financial instruments in Level 3

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 net tangible assets, discounted cash flows, and other appropriate valuation models. These includes private equity investments.

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**C19. Fair Value Measurements (contd.)**

(b) Financial instruments measured at fair value and the fair value hierarchy

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:

<b>Group</b>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>30 June 2015</b>	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	<b>95,941</b>	-	<b>95,941</b>
Financial investments available-for-sale				
- Money market instruments	-	<b>6,548,967</b>	-	<b>6,548,967</b>
- Quoted securities in Malaysia	-	-	11	11
- Unquoted securities	-	<b>2,795,230</b>	<b>140,164</b>	<b>2,935,394</b>
Derivative financial assets	-	<b>113,877</b>	-	<b>113,877</b>
<u>Liabilities</u>				
Derivative financial liabilities	-	<b>143,148</b>	-	<b>143,148</b>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>31 March 2015</b>	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>				
Financial assets held-for-trading	-	10,037	-	10,037
Financial investments available-for-sale				
- Money market instruments	-	6,872,324	-	6,872,324
- Quoted securities in Malaysia	-	-	11	11
- Unquoted securities	-	2,741,310	140,211	2,881,521
Derivative financial assets	-	132,460	-	132,460
<u>Liabilities</u>				
Derivative financial liabilities	-	115,224	-	115,224

Reconciliation of movements in level 3 financial instruments:

	<b>Group</b>	
	<b>30.06.2015</b>	<b>31.03.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of year	<b>140,222</b>	141,111
Total (losses)/gains recognised in:		
- Statement of comprehensive income		
(Loss)/Gain arising from sales financial		
investments available-for-sale	<b>(549)</b>	11,224
- Other comprehensive income		
Revaluation reserves	<b>528</b>	1,976
Disposal	<b>(26)</b>	(14,089)
At end of period/year	<b>140,175</b>	140,222

The Group's exposure to financial instruments measured using unobservable inputs (level 3) constitutes a small component of the Group's portfolio of financial instruments. Changing one or more of the inputs to reasonable alternative assumptions would not change the value significantly for the financial assets and liabilities of level 3 of the fair value hierarchy.

**By Order of the Board**

**LEE WEI YEN (MAICSA 7001798)**

Group Company Secretary

Kuala Lumpur

18 August 2015