

Company No. 818444-T

OCBC AL-AMIN BANK BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012**

Company No. 818444-T

OCBC AL-AMIN BANK BERHAD
(Incorporated in Malaysia)

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

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OCBC AL-AMIN BANK BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

| | | 31 March 2012 RM'000 | 31 December 2011 RM'000 | 1 January 2011 RM'000 |
|---|-------------|----------------------------|-------------------------------|-----------------------------|
| ASSETS | Note | | | |
| Cash and cash equivalents | | 976,455 | 412,739 | 604,280 |
| Deposits and placements with banks and other financial institutions | | 200,000 | - | 4,624 |
| Financial assets available-for-sale | 12 | 2,251,034 | 1,892,691 | 1,111,552 |
| Financing and advances | 13 | 3,337,700 | 3,186,092 | 2,497,379 |
| Derivative assets | 15 | 13,106 | 13,450 | 7,640 |
| Other assets | 16 | 43,816 | 46,619 | 45,833 |
| Statutory deposits with Bank Negara Malaysia | | 169,400 | 159,400 | 26,750 |
| Property, plant and equipment | | 5,986 | 6,092 | 7,822 |
| Deferred tax assets | | 1,613 | 2,009 | 4,790 |
| Current tax assets | | - | 1,190 | 1,992 |
| Total assets | | <u>6,999,110</u> | <u>5,720,282</u> | <u>4,312,662</u> |
| LIABILITIES | | | | |
| Deposits from customers | 17 | 5,511,479 | 4,447,096 | 2,920,890 |
| Deposits and placements of banks and other financial institutions | 18 | 806,358 | 606,651 | 799,846 |
| Bills and acceptances payable | | 28,536 | 36,550 | 11,107 |
| Subordinated bond | 19 | 200,000 | 200,000 | 200,000 |
| Derivative liabilities | 15 | 13,101 | 13,430 | 7,628 |
| Other liabilities | 20 | 96,324 | 87,658 | 69,505 |
| Current tax liabilities and zakat | | 1,959 | 20 | - |
| Total liabilities | | <u>6,657,757</u> | <u>5,391,405</u> | <u>4,008,976</u> |
| EQUITY | | | | |
| Share capital | | 85,000 | 85,000 | 85,000 |
| Reserves | | 256,353 | 243,877 | 218,686 |
| Total equity | | <u>341,353</u> | <u>328,877</u> | <u>303,686</u> |
| Total liabilities and equity | | <u>6,999,110</u> | <u>5,720,282</u> | <u>4,312,662</u> |
| Commitments and contingencies | | <u>2,653,218</u> | <u>1,892,647</u> | <u>1,061,806</u> |

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2011 and the accompanying explanatory notes on pages 5 to 25 of these unaudited condensed interim financial statements.

OCBC AL-AMIN BANK BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

| | Note | Quarter Ended | | Year-To-Date Ended | |
|--|------|----------------------------|----------------------------|----------------------------|----------------------------|
| | | 31 March 2012 RM'000 | 31 March 2011 RM'000 | 31 March 2012 RM'000 | 31 March 2011 RM'000 |
| Income derived from investment of depositors' funds | 21 | 79,625 | 51,486 | 79,625 | 51,486 |
| Allowance for impairment loss on financing and advances | 22 | (5,003) | (6,238) | (5,003) | (6,238) |
| Total attributable income | | 74,622 | 45,248 | 74,622 | 45,248 |
| Income attributable to depositors | 23 | (39,604) | (23,419) | (39,604) | (23,419) |
| Income attributable to shareholder | | 35,018 | 21,829 | 35,018 | 21,829 |
| Income derived from the investment of shareholder's funds | 24 | 11,098 | 8,737 | 11,098 | 8,737 |
| Total net income | | 46,116 | 30,566 | 46,116 | 30,566 |
| Personnel and operating expenses | 25 | (30,457) | (24,547) | (30,457) | (24,547) |
| Profit before income tax expense and zakat | | 15,659 | 6,019 | 15,659 | 6,019 |
| Income tax expense | 26 | (3,795) | (1,602) | (3,795) | (1,602) |
| Zakat | | (6) | (5) | (6) | (5) |
| Profit for the period | | 11,858 | 4,412 | 11,858 | 4,412 |
| Other comprehensive income, net of tax : | | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | | |
| Fair value of financial assets available-for-sale: | | | | | |
| - change in fair value | | 1,478 | (136) | 1,478 | (136) |
| - amount transferred to profit or loss on disposal | | (654) | (259) | (654) | (259) |
| Income tax relating to components of other comprehensive income | | (206) | 98 | (206) | 98 |
| Other comprehensive income/(expense) for the period, net of tax | | 618 | (297) | 618 | (297) |
| Total comprehensive income for the period | | 12,476 | 4,115 | 12,476 | 4,115 |
| Profit attributable to Shareholder of the Bank | | 11,858 | 4,412 | 11,858 | 4,412 |
| Total comprehensive income attributable to Shareholder of the Bank | | 12,476 | 4,115 | 12,476 | 4,115 |
| Basic earnings per ordinary share (sen) | | 13.95 | 5.19 | 13.95 | 5.19 |

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2011 and the accompanying explanatory notes on pages 5 to 25 of these unaudited condensed interim financial statements.

OCBC AL-AMIN BANK BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

| | <i>Non-distributable</i> | | | <i>Distributable</i> | | Total Equity |
|---|--------------------------|----------------------|--------------------------|---------------------------|--------------------------|---------------------|
| | Share Capital | Share Premium | Statutory Reserve | Fair value Reserve | Retained Earnings | |
| 2012 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance at 1 January 2012 | | | | | | |
| - as previously stated | 85,000 | 170,000 | 30,596 | 4,302 | 28,833 | 318,731 |
| - effect of adopting MFRS 139 | - | - | - | - | 10,146 | 10,146 |
| Balance at 1 January 2012, as restated | 85,000 | 170,000 | 30,596 | 4,302 | 38,979 | 328,877 |
| Profit for the period | - | - | - | - | 11,858 | 11,858 |
| Net gain on revaluation of financial assets available-for-sale | - | - | - | 824 | - | 824 |
| Income tax relating to components of other comprehensive income | - | - | - | (206) | - | (206) |
| Total comprehensive income for the period | - | - | - | 618 | 11,858 | 12,476 |
| Balance at 31 March 2012 | 85,000 | 170,000 | 30,596 | 4,920 | 50,837 | 341,353 |

| | <i>Non-distributable</i> | | | <i>Distributable</i> | | Total Equity |
|---|--------------------------|----------------------|--------------------------|---------------------------|--------------------------|---------------------|
| | Share Capital | Share Premium | Statutory Reserve | Fair value Reserve | Retained Earnings | |
| 2011 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance at 1 January 2011 | | | | | | |
| - as previously stated | 85,000 | 170,000 | 20,582 | 103 | 18,819 | 294,504 |
| - effect of adopting MFRS 139 | - | - | - | - | 9,182 | 9,182 |
| Balance at 1 January 2011, as restated | 85,000 | 170,000 | 20,582 | 103 | 28,001 | 303,686 |
| Profit for the period | - | - | - | - | 4,412 | 4,412 |
| Net gain on revaluation of financial assets available-for-sale | - | - | - | (395) | - | (395) |
| Income tax relating to components of other comprehensive income | - | - | - | 98 | - | 98 |
| Total comprehensive (expense)/income for the period | - | - | - | (297) | 4,412 | 4,115 |
| Balance at 31 March 2011 | 85,000 | 170,000 | 20,582 | (194) | 32,413 | 307,801 |

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2011 and the accompanying explanatory notes on pages 5 to 25 of these unaudited condensed interim financial statements.

OCBC AL-AMIN BANK BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

| | 31 March 2012 RM'000 | 31 March 2011 RM'000 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income tax expense and zakat | 15,659 | 6,019 |
| Adjustments for: | | |
| Net (gains)/losses from disposal of: | | |
| - securities available-for-sale | (654) | (259) |
| - property, plant and equipment | 6 | - |
| Depreciation of property, plant and equipment | 558 | 650 |
| Impairment allowance on financing and advances | 5,003 | 6,238 |
| Unrealised losses/(gains) on revaluation of derivatives | 861 | (52) |
| Operating profit before changes in working capital | <u>21,433</u> | <u>12,596</u> |
| <i>(Increase)/Decrease in Operating Assets and Increase/(Decrease) in Operating Liabilities:</i> | | |
| Deposits and placements with banks and other financial institutions | (200,000) | 4,624 |
| Financing and advances | (156,611) | (78,425) |
| Derivative assets | 344 | 2,984 |
| Statutory deposits with Bank Negara Malaysia | (8,058) | 9,059 |
| Deposits from customers | 1,064,383 | 380,542 |
| Deposits and placements of banks and other financial institutions | 199,707 | 53,216 |
| Bills and acceptances payable | (8,014) | 1,889 |
| Derivative liabilities | (329) | (2,995) |
| Other liabilities | 8,666 | 12,883 |
| Cash generated from operations | <u>921,521</u> | <u>396,373</u> |
| Income tax and zakat paid | (482) | (662) |
| Net cash generated from operating activities | <u>921,039</u> | <u>395,711</u> |
| Cash flows from investing activities | | |
| Proceeds from financial assets available-for-sale (net) | (356,865) | (284,011) |
| Proceeds from disposal of property, plant and equipment | 2 | - |
| Acquisition of property, plant and equipment (net) | (460) | (137) |
| Net cash used in investing activities | <u>(357,323)</u> | <u>(284,148)</u> |
| Net increase in cash and cash equivalents | 563,716 | 111,563 |
| Cash and cash equivalents at beginning of the period | <u>412,739</u> | <u>604,280</u> |
| Cash and cash equivalents at end of the period | <u>976,455</u> | <u>715,843</u> |

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2011 and the accompanying explanatory notes on pages 5 to 25 of these unaudited condensed interim financial statements.

OCBC AL-AMIN BANK BERHAD
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EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2012

1. GENERAL INFORMATION

The Bank is a licensed Islamic Bank under the Islamic Banking Act, 1983 and principally engaged in all aspects of Islamic Banking business. There have been no significant changes to these activities during the financial period.

2. REVIEW OF PERFORMANCE

The Bank recorded a net profit of RM11.9 million for the financial period ended 31 March 2012, an increase of RM7.4 million as compared to the corresponding period last year. The increase was mainly due to higher net income of RM15.5 million offset by higher personnel and operating expenses of RM5.9 million and tax of RM2.2 million. Net income was higher mainly due to higher net finance income of RM12.5 million, other operating income of RM1.8 million and lower allowance for impairment loss of RM1.2 million.

The increase in personnel and operating expenses is attributable mainly to higher personnel expenses and shared service fees.

Net financing and advances increased by RM151.6 million to RM3.3 billion in the first quarter of 2012 while deposits from customers increased by RM1.1 billion to RM5.5 billion. The Bank is well capitalised with a core capital ratio of 8.48% and risk weighted capital ratio of 12.77%.

3. ECONOMIC PERFORMANCE AND PROSPECTS

The Malaysian economy expanded by 5.1% in 2011, a slower rate compared to the 7.2% achieved in 2010. Viewed against the backdrop of the ongoing uncertainties in economic development overseas, this growth, which was supported by higher domestic demand, is an achievement in itself. Moving into 2012, growth is expected to be further fueled by the sustained 10MP spending and the implementation of ETP projects.

Based on the positive outlook for the country's economic growth in 2012, the Bank will continue to focus on its consumer financial services and SME lending portfolios to grow even more significantly than before. We will introduce several new and innovative Islamic and Treasury products to meet rising customer demand, especially in the fast-growing mass affluent market. The Bank will continue to expand customer reach by improving product capabilities and the effectiveness of its delivery channels while opening more branches, with an aim to build capability infrastructure.

In carrying out our plans for the year, we will maintain a prudent stance and preserve the quality of our assets by further enhancing our risk management capabilities, and managing and strengthening the quality of our capital.

4. BASIS OF PREPARATION

The unaudited interim financial statements for the financial period ended 31 March 2012 have been prepared in accordance with MFRS 134, Interim Financial Reporting in Malaysia and IAS 34, Interim Financial Reporting.

The Bank's unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011. The explanatory notes attached in the unaudited interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2011.

Since the previous annual audited financial statements as at 31 December 2011 were issued, the Bank has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2012 in preparing the unaudited condensed interim financial statements. MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain FRSs. An explanation of the impact of the transition to MFRSs on the reported financial position, financial performance and cash flows of the Bank is provided in note 30.

OCBC AL-AMIN BANK BERHAD
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EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2012
(continued)

4. BASIS OF PREPARATION (continued)

The following MFRS, IC Interpretation and Amendments to MFRSs have been adopted by the Bank during the current period:

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to MFRS 1)
Disclosures - Transfers of Financial Assets (Amendments to MFRS 7)
Deferred tax : Recovery of Underlying Assets (Amendments to MFRS 112)

The adoption of the above mentioned applicable IC interpretation and Amendments to MFRSs is not expected to have any material impact on the financial statements of the Bank.

The Bank has not applied the following standards, amendments and interpretations that have been issued by MASB but are not yet effective for the Bank.

Effective for annual periods beginning on or after 1 January 2013

| | |
|--|---|
| MFRS 10 | Consolidated Financial Statements |
| MFRS 11 | Joint Arrangements |
| MFRS 12 | Disclosure of Interest in Other Entities |
| MFRS 13 | Fair Value Measurement |
| MFRS 119 | Employee Benefits (as amended in June 2011) |
| MFRS 127 | Separate Financial Statements (as amended by IASB in May 2011) |
| MFRS 128 | Investments in Associates and Joint Ventures (as amended by IASB in May 2011) |
| IC Interpretation 20 | Stripping Costs in the Production Phase of a Surface Mine |
| Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) | |

Effective for annual periods beginning on or after 1 January 2014

Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)

Effective for annual periods beginning on or after 1 January 2015

| | |
|--------|--|
| MFRS 9 | Financial Instruments (IFRS 9 issued by IASB in November 2009) |
| MFRS 9 | Financial Instruments (IFRS 9 issued by IASB in October 2010) |

IC Interpretation 20 will not have any financial impact to the Bank as it is not relevant to the Bank's operations. The financial effects of the above MFRSs and Amendments to MFRSs are still being assessed due to the complexity of these new MFRSs and Amendments to MFRSs, and their proposed changes.

The Bank has early adopted the amendments to MFRS 101, Presentation of Financial Statements which is originally effective for the annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the unaudited financial statements other than the presentation format of the unaudited statement of comprehensive income.

Except as described below, the accounting policies applied by the Bank in these unaudited condensed interim financial statements are the same as those applied by the Bank in its annual financial statements as at and for the year ended 31 December 2011.

With effect from 1 January 2012, the Bank has ceased to adopt the transitional provision as allowed by BNM pursuant to the guidelines on Classification and Impairment Provisions for Loans/Financing issued by BNM for the collectively assessed impairment allowance of at least 1.5% of total outstanding loans, advances and financing, net of individually assessed impairment allowance as at the reporting date.

The Bank has adopted MFRS 139, Financial Instruments: Recognition and Measurement on collectively assessed impairment loss. Under MFRS 139, Financial assets that have not been individually assessed are grouped together and collectively assessed for impairment allowance. These financing are grouped according to their credit risk characteristics for purposes of calculating an estimated collective loss.

This change in accounting policy has been accounted for retrospectively as disclosed in Note 30.

5. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditor's report on the financial statements for the financial year ended 31 December 2011 was not qualified.

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EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2012
(continued)

6. SEASONAL OR CYCLICAL FACTORS

The business operations of the Bank have not been affected by any material seasonal or cyclical factors.

The Transition of FRS to MFRS has not had any impact in the reported revenue and profit before tax of the Bank for the financial period ended 31 March 2012 other than the effect of adopting MFRS 139, *Financial Instruments: Recognition and Measurement* on collectively assessed impairment allowance.

7. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting the assets, liabilities, equity, net income or cashflows of the Bank for the financial period ended 31 March 2012.

8. CHANGE IN ACCOUNTING ESTIMATES

There were no material changes in estimates of amounts reported that have a material effect on the unaudited condensed interim financial statements for the financial period ended 31 March 2012.

9. DEBT AND EQUITIES SECURITIES

There were no issuances, cancellations, repurchases, resale and repayment of debt securities during the financial period ended 31 March 2012.

10. DIVIDEND

No dividend was paid in respect of the financial period ended 31 March 2012.

11. SUBSEQUENT EVENTS

There were no material events subsequent to the balance sheet date that requires disclosure or adjustments to the unaudited condensed interim financial statements.

12. FINANCIAL ASSETS AVAILABLE-FOR-SALE

| | 31 March 2012 RM'000 | 31 December 2011 RM'000 |
|--|-------------------------------------|--|
| <u>At fair value</u> | | |
| Malaysian Government Investment Issues | 1,097,825 | 1,016,684 |
| Bank Negara Malaysia Monetary Notes | 98,679 | 99,876 |
| Islamic Private Debt Securities | 452,369 | 433,092 |
| Islamic Negotiable Instruments of Deposits | 602,161 | 343,039 |
| | <u>2,251,034</u> | <u>1,892,691</u> |

13. FINANCING AND ADVANCES

| | 31 March 2012 RM'000 | 31 December 2011 RM'000 |
|---|-------------------------------------|--|
| <u>At amortised cost</u> | | |
| i) By type | | |
| Cash financing | 875,050 | 866,761 |
| Term financing: | | |
| - House financing | 171,122 | 162,431 |
| - Syndicated term financing | 191,649 | 201,402 |
| - Hire purchase receivables | 643,562 | 624,848 |
| - Other term financing | 1,030,428 | 920,621 |
| Bills receivables | 33,313 | 30,503 |
| Revolving credits | 622,397 | 593,888 |
| Claims on customer under acceptance credits | 189,917 | 203,725 |
| Other financing | 27,190 | 29,610 |
| Less : Unearned income | (381,170) | (384,101) |
| Gross financing and advances | <u>3,403,458</u> | <u>3,249,688</u> |
| Impairment Allowance: | | |
| - Individually assessed | (29,317) | (28,811) |
| - Collectively assessed | (36,441) | (34,785) |
| Net financing and advances | <u>3,337,700</u> | <u>3,186,092</u> |

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EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2012
(continued)
13. FINANCING AND ADVANCES (continued)

| | 31 March 2012 RM'000 | 31 December 2011 RM'000 |
|---|-------------------------------------|--|
| ii) By concept | | |
| Ijarah Thumma Al Bai | 585,461 | 567,789 |
| Bai' Bithaman Ajil | 925,145 | 909,782 |
| Bai' Inah | 651,940 | 643,302 |
| Murabahah | 254,378 | 256,403 |
| Ijarah Muntahiah Bi Al-Tamlik | 664,377 | 572,301 |
| Musharakah | 198,274 | 173,314 |
| Other principles | 123,883 | 126,797 |
| | 3,403,458 | 3,249,688 |
| | 31 March 2012 RM'000 | 31 December 2011 RM'000 |
| iii) By type of customer | | |
| - Others | 106 | - |
| Domestic business enterprises | | |
| - Small and medium enterprises | 658,059 | 579,072 |
| - Others | 1,904,851 | 1,853,036 |
| Individuals | 825,526 | 800,760 |
| Foreign entities | 14,916 | 16,820 |
| | 3,403,458 | 3,249,688 |
| | 31 March 2012 RM'000 | 31 December 2011 RM'000 |
| iv) By profit rate sensitivity | | |
| Fixed rate | | |
| - House financing | 39,028 | 37,647 |
| - Hire purchase receivables | 585,461 | 567,789 |
| - Other fixed rate financing | 1,285,406 | 1,292,623 |
| Variable rate | | |
| - BFR plus | 198,274 | 173,314 |
| - Cost plus | 1,295,289 | 1,178,315 |
| | 3,403,458 | 3,249,688 |
| | 31 March 2012 RM'000 | 31 December 2011 RM'000 |
| v) By sector | | |
| Agriculture | 305,602 | 364,130 |
| Mining and quarrying | 357,310 | 294,597 |
| Manufacturing | 890,397 | 845,094 |
| Electricity, gas and water | 100,336 | 100,317 |
| Construction | 113,303 | 99,276 |
| Real Estate | 292,853 | 251,133 |
| Wholesale & retail trade and restaurants & hotels | 219,413 | 205,292 |
| Transport, storage and communication | 179,938 | 181,447 |
| Finance, insurance and business services | 68,827 | 58,739 |
| Community, social and personal services | 41,625 | 46,341 |
| Household, of which: | | |
| i. Purchase of residential properties | 161,562 | 142,884 |
| ii. Purchase of non-residential properties | 6,523 | 5,326 |
| iii. Others | 658,580 | 655,079 |
| Others | 7,189 | 33 |
| | 3,403,458 | 3,249,688 |

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EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2012
(continued)
13. FINANCING AND ADVANCES (continued)

| | 31 March 2012 RM'000 | 31 December 2011 RM'000 |
|---------------------------------------|-------------------------------------|--|
| vi) By geographical distribution | | |
| Malaysia | 3,389,681 | 3,235,397 |
| Other ASEAN | 13,777 | 14,291 |
| | <u>3,403,458</u> | <u>3,249,688</u> |
| | 31 March 2012 RM'000 | 31 December 2011 RM'000 |
| vii) By residual contractual maturity | | |
| Maturity within one year | 1,717,359 | 1,612,560 |
| One to five years | 1,023,602 | 1,091,422 |
| Over five years | 662,497 | 545,706 |
| | <u>3,403,458</u> | <u>3,249,688</u> |

14. IMPAIRED FINANCING AND ADVANCES
(a) Movements in impaired financing and advances

| | 31 March 2012 RM'000 | 31 December 2011 RM'000 |
|--|-------------------------------------|--|
| Balance at 1 January | 47,484 | 45,444 |
| Classified as impaired | 13,620 | 49,985 |
| Reclassified as performing | (2,154) | (8,353) |
| Amount recovered | (4,054) | (13,582) |
| Amount written off | (4,791) | (26,010) |
| Balance at 31 March / 31 December | <u>50,105</u> | <u>47,484</u> |
| Individually assessed impairment allowance | (29,317) | (28,811) |
| Net impaired financing and advances | <u>20,788</u> | <u>18,673</u> |

| | 31 March 2012 RM'000 | 31 December 2011 RM'000 |
|--|-------------------------------------|--|
| (i) Impaired financing and advances analysed by sector | | |
| Agriculture | 161 | 126 |
| Manufacturing | 20,578 | 21,386 |
| Construction | 3,913 | 4,468 |
| Real estate | 1 | - |
| Wholesale & retail trade and restaurants & hotels | 5,186 | 4,955 |
| Transport, storage and communication | 798 | 353 |
| Finance, insurance and business services | 1,915 | 1,641 |
| Community, social and personal services | 1,034 | 1,033 |
| Household, of which: | | |
| - Purchase of residential properties | 2,957 | 2,087 |
| - Others | 13,562 | 11,435 |
| | <u>50,105</u> | <u>47,484</u> |

| | 31 March 2012 RM'000 | 31 December 2011 RM'000 |
|---|-------------------------------------|--|
| (ii) Impaired financing and advances by geographical distribution | | |
| Malaysia | <u>50,105</u> | <u>47,484</u> |

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EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2012
(continued)

14. IMPAIRED FINANCING AND ADVANCES (continued)

(b) Movements in allowance for impaired financing and advances

| | 31 March 2012 RM'000 | 31 December 2011 RM'000 |
|--|-------------------------------------|--|
| <u>Individually assessed impairment allowance</u> | | |
| Balance at 1 January | 28,811 | 31,088 |
| Made during the period/year | 9,857 | 37,580 |
| Amount written back | (4,559) | (13,801) |
| Amount written off | (4,792) | (26,010) |
| Profit income recognised on impaired financing | - | (46) |
| Balance at 31 March / 31 December | <u>29,317</u> | <u>28,811</u> |
| | | |
| | 31 March 2012 RM'000 | 31 December 2011 RM'000 |
| <u>Collectively assessed impairment allowance</u> | | |
| Balance at 1 January | 34,785 | 27,266 |
| Made during the period/year | 1,656 | 7,519 |
| Balance at 31 March / 31 December | <u>36,441</u> | <u>34,785</u> |
| | | |
| As % of gross financing and advances less individually assessed impairment allowance | <u>1.08%</u> | <u>1.08%</u> |

15. DERIVATIVE ASSETS AND LIABILITIES

| | <u>31 March 2012</u> | | | <u>31 December 2011</u> | | |
|------------------------------|--|-----------------|---------------------|--|-----------------|---------------------|
| | Contract or underlying principal amount RM'000 | Fair value | | Contract or underlying principal amount RM'000 | Fair value | |
| | | Asset RM'000 | Liability RM'000 | | Asset RM'000 | Liability RM'000 |
| Financial derivatives | | | | | | |
| Trading: | | | | | | |
| Foreign exchange derivatives | | | | | | |
| - forwards | 1,820,192 | 12,977 | 12,973 | 1,005,936 | 12,217 | 12,203 |
| - swaps | - | - | - | 59 | 3 | - |
| - options | 12,018 | 129 | 128 | 88,363 | 1,230 | 1,227 |
| | <u>1,832,210</u> | <u>13,106</u> | <u>13,101</u> | <u>1,094,358</u> | <u>13,450</u> | <u>13,430</u> |

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16. OTHER ASSETS

| | 31 March 2012 RM'000 | 31 December 2011 RM'000 |
|--|-------------------------------------|--|
| Profit receivable | 13,068 | 13,315 |
| Other debtors, deposits and prepayments | 2,957 | 5,590 |
| Shared service fee receivable from holding company | 113 | 110 |
| Amount due from holding company | 27,678 | 27,604 |
| | <u>43,816</u> | <u>46,619</u> |

17. DEPOSITS FROM CUSTOMERS

| | 31 March 2012 RM'000 | 31 December 2011 RM'000 |
|--|-------------------------------------|--|
| i) By type of deposit | | |
| Non-Mudharabah Fund: | | |
| Demand deposits | 1,382,347 | 1,352,875 |
| Savings deposits | 371,212 | 328,745 |
| General investment deposits | 8,288 | 7,224 |
| Negotiable instruments of deposits | 70,980 | 68,546 |
| Structured investments | 46,684 | 47,228 |
| Wakala short term investments | 303,001 | 145,712 |
| | <u>2,182,512</u> | <u>1,950,330</u> |
| Mudharabah Fund: | | |
| General investment deposits | 3,325,949 | 2,358,312 |
| Islamic short term Mudharabah Investment | 3,018 | 138,454 |
| | <u>3,328,967</u> | <u>2,496,766</u> |
| Total deposits from customers | <u>5,511,479</u> | <u>4,447,096</u> |

| | 31 March 2012 RM'000 | 31 December 2011 RM'000 |
|---------------------------------|-------------------------------------|--|
| ii) By type of customer | | |
| Government and statutory bodies | 799,212 | 784,332 |
| Business enterprises | 2,715,797 | 2,709,068 |
| Individuals | 1,374,029 | 553,041 |
| Foreign entities | 16,261 | 11,585 |
| Others | 606,180 | 389,070 |
| | <u>5,511,479</u> | <u>4,447,096</u> |

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17. DEPOSITS FROM CUSTOMERS (continued)

| | 31 March 2012 RM'000 | 31 December 2011 RM'000 |
|----------------------------|-------------------------------------|--|
| iii) By maturity structure | | |
| Within 6 months | 4,138,587 | 3,653,106 |
| 6 months to 1 year | 1,274,998 | 696,812 |
| 1 to 3 years | 42,183 | 42,059 |
| 3 to 5 years | 167 | 166 |
| More than 5 years | 55,544 | 54,953 |
| | <u>5,511,479</u> | <u>4,447,096</u> |

18. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

| | 31 March 2012 RM'000 | 31 December 2011 RM'000 |
|---|-------------------------------------|--|
| Non-Mudharabah Fund: | | |
| Licensed banks | 321,216 | 330,536 |
| Mudharabah Fund: | | |
| Licensed banks | 485,142 | 276,115 |
| Total deposits and placements of banks and other financial institutions | <u>806,358</u> | <u>606,651</u> |

19. SUBORDINATED BONDS

On 1 December 2008, the Bank issued RM200 million non-tradeable non-transferable redeemable Islamic subordinated bonds due in 2021 and non-callable until 2016 under the principle of Mudharabah (profit sharing contract) at a projected constant rate of 5.45% for the period from the issue date up to 23 November 2016 and a step up of 100 basis points commencing from 24 November 2016 and ending on the date of full redemption of the subordinated bonds, subject to the availability of profits and the investors' entitlement under the profit sharing ratio. Unless the call option is exercised by the Bank, the subordinated bonds shall be redeemed in full by five equal and consecutive annual payments. The call option is subject to prior approval from Bank Negara Malaysia and Monetary Authority of Singapore (MAS), redeemable in whole but not in part on 24 November 2016 and on every Profit Payment Date thereafter. The subordinated bond was fully subscribed by its parent company.

The restricted subordinated bonds qualify as Tier 2 capital for the purpose of determining the capital adequacy ratio of the Bank subject to up to a maximum of 50% of total Tier 1 capital.

20. OTHER LIABILITIES

| | 31 March 2012 RM'000 | 31 December 2011 RM'000 |
|---|-------------------------------------|--|
| Profit payable | 33,255 | 18,465 |
| Other accruals and charges* | 58,877 | 64,272 |
| Shared service fee payable to holding company | 4,192 | 4,921 |
| | <u>96,324</u> | <u>87,658</u> |

* Includes accruals for personnel costs.

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21. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

| | Quarter Ended | | Year-To-Date Ended | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31 March 2012 RM'000 | 31 March 2011 RM'000 | 31 March 2012 RM'000 | 31 March 2011 RM'000 |
| Income derived from investment of: | | | | |
| (i) General investment deposits | 42,022 | 10,463 | 42,022 | 10,463 |
| (ii) Other funds | 37,603 | 41,023 | 37,603 | 41,023 |
| | <u>79,625</u> | <u>51,486</u> | <u>79,625</u> | <u>51,486</u> |
| (i) Income derived from investment of general investment deposits | | | | |
| <u>Finance income and hibah</u> | | | | |
| Financing and advances | 30,092 | 7,495 | 30,092 | 7,495 |
| Financial assets available-for-sale | 8,833 | 2,145 | 8,833 | 2,145 |
| Deposits and placements with banks and other financial institutions | 2,745 | 705 | 2,745 | 705 |
| | <u>41,670</u> | <u>10,345</u> | <u>41,670</u> | <u>10,345</u> |
| <u>Other operating income</u> | | | | |
| Net gain from sale of financial assets available-for-sale | 327 | 49 | 327 | 49 |
| Others | 25 | 69 | 25 | 69 |
| | <u>42,022</u> | <u>10,463</u> | <u>42,022</u> | <u>10,463</u> |
| Of which: | | | | |
| Financing income earned on impaired financing | - | 6 | - | 6 |

| | Quarter Ended | | Year-To-Date Ended | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31 March 2012 RM'000 | 31 March 2011 RM'000 | 31 March 2012 RM'000 | 31 March 2011 RM'000 |
| (ii) Income derived from investment of other funds | | | | |
| <u>Finance income and hibah</u> | | | | |
| Financing and advances | 26,927 | 29,381 | 26,927 | 29,381 |
| Financial assets available-for-sale | 7,904 | 8,412 | 7,904 | 8,412 |
| Deposits and placements with banks and other financial institutions | 2,457 | 2,764 | 2,457 | 2,764 |
| | <u>37,288</u> | <u>40,557</u> | <u>37,288</u> | <u>40,557</u> |
| <u>Other operating income</u> | | | | |
| Net gain from sale of financial assets available-for-sale | 293 | 193 | 293 | 193 |
| Others | 22 | 273 | 22 | 273 |
| | <u>37,603</u> | <u>41,023</u> | <u>37,603</u> | <u>41,023</u> |
| Of which: | | | | |
| Financing income earned on impaired financing | - | 25 | - | 25 |

22. ALLOWANCE FOR IMPAIRMENT LOSS ON FINANCING AND ADVANCES

| | Quarter Ended | | Year-To-Date Ended | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31 March 2012 RM'000 | 31 March 2011 RM'000 | 31 March 2012 RM'000 | 31 March 2011 RM'000 |
| Individually assessed impairment allowances | | | | |
| - Made during the period | 9,857 | 11,305 | 9,857 | 11,305 |
| - Written back | (4,559) | (4,448) | (4,559) | (4,448) |
| Collectively assessed impairment allowances | | | | |
| - Made during the period | 1,656 | 788 | 1,656 | 788 |
| Impaired financing recovered | (1,951) | (1,407) | (1,951) | (1,407) |
| | <u>5,003</u> | <u>6,238</u> | <u>5,003</u> | <u>6,238</u> |

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23. INCOME ATTRIBUTABLE TO DEPOSITORS

| | Quarter Ended | | Year-To-Date Ended | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31 March 2012 RM'000 | 31 March 2011 RM'000 | 31 March 2012 RM'000 | 31 March 2011 RM'000 |
| Deposits from customers | | | | |
| - Mudharabah Fund | 28,465 | 12,815 | 28,465 | 12,815 |
| - Non Mudharabah Fund | 7,618 | 5,229 | 7,618 | 5,229 |
| Deposits and placements of banks and other financial institutions | | | | |
| - Mudharabah Fund | 2,962 | 2,380 | 2,962 | 2,380 |
| - Non Mudharabah Fund | 559 | 2,995 | 559 | 2,995 |
| | <u>39,604</u> | <u>23,419</u> | <u>39,604</u> | <u>23,419</u> |

24. INCOME DERIVED FROM THE INVESTMENT OF SHAREHOLDER'S FUNDS

| | Quarter Ended | | Year-To-Date Ended | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31 March 2012 RM'000 | 31 March 2011 RM'000 | 31 March 2012 RM'000 | 31 March 2011 RM'000 |
| <u>Finance income and hibah</u> | | | | |
| Financing and advances | 3,080 | 2,649 | 3,080 | 2,649 |
| Financial assets available-for-sale | 904 | 758 | 904 | 758 |
| Deposits and placements with banks and other financial institutions | 281 | 249 | 281 | 249 |
| | <u>4,265</u> | <u>3,656</u> | <u>4,265</u> | <u>3,656</u> |
| <u>Other operating income</u> | | | | |
| Net gain from sale of financial assets available-for-sale | 34 | 17 | 34 | 17 |
| Others | 3 | 25 | 3 | 25 |
| <u>Other trading income</u> | | | | |
| Net gain/(loss) on instruments held-for-trading | | | | |
| - foreign currency | 1,657 | 859 | 1,657 | 859 |
| - trading derivatives | 1,121 | (125) | 1,121 | (125) |
| - revaluation of derivatives | (861) | 52 | (861) | 52 |
| <u>Fee and commission income:</u> | | | | |
| Commission | 3,057 | 2,735 | 3,057 | 2,735 |
| Service charges and fees | 1,822 | 1,518 | 1,822 | 1,518 |
| | <u>11,098</u> | <u>8,737</u> | <u>11,098</u> | <u>8,737</u> |
| Of which: | | | | |
| Financing income earned on impaired financing | - | 2 | - | 2 |

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25. PERSONNEL AND OPERATING EXPENSES

| | Quarter Ended | | Year-To-Date Ended | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31 March 2012 RM'000 | 31 March 2011 RM'000 | 31 March 2012 RM'000 | 31 March 2011 RM'000 |
| Personnel expenses | 10,628 | 7,023 | 10,628 | 7,023 |
| Establishment expenses | 1,495 | 1,227 | 1,495 | 1,227 |
| Marketing expenses | 381 | 248 | 381 | 248 |
| Administrative and general expenses | 17,953 | 16,049 | 17,953 | 16,049 |
| | <u>30,457</u> | <u>24,547</u> | <u>30,457</u> | <u>24,547</u> |
| | | | | |
| | Quarter Ended | | Year-To-Date Ended | |
| | 31 March 2012 RM'000 | 31 March 2011 RM'000 | 31 March 2012 RM'000 | 31 March 2011 RM'000 |
| (i) Personnel expenses | 10,628 | 7,023 | 10,628 | 7,023 |
| Wages, salaries and bonus | 7,913 | 5,546 | 7,913 | 5,546 |
| Defined contribution plan (EPF) | 1,857 | 898 | 1,857 | 898 |
| Equity compensation benefit | 43 | 54 | 43 | 54 |
| Other personnel costs | 815 | 525 | 815 | 525 |
| (ii) Establishment expenses | 1,495 | 1,227 | 1,495 | 1,227 |
| Rental of premises | 389 | 380 | 389 | 380 |
| Depreciation of property, plant and equipment | 558 | 650 | 558 | 650 |
| Repair and maintenance | 103 | 47 | 103 | 47 |
| Others | 445 | 150 | 445 | 150 |
| (iii) Marketing expenses | 381 | 248 | 381 | 248 |
| Transport and travelling | 102 | 73 | 102 | 73 |
| Advertising and business promotion | 266 | 166 | 266 | 166 |
| Others | 13 | 9 | 13 | 9 |
| (iv) Administration and general expenses | 17,953 | 16,049 | 17,953 | 16,049 |
| Printing and stationery | 131 | 133 | 131 | 133 |
| Postage and courier | 68 | 108 | 68 | 108 |
| Telephone, telex and fax | 174 | 133 | 174 | 133 |
| Legal and consultancy fees | 157 | 92 | 157 | 92 |
| Shared service fees paid/payable to holding company | 13,359 | 11,677 | 13,359 | 11,677 |
| Transaction processing fees | 3,659 | 3,371 | 3,659 | 3,371 |
| Other administrative and general expenses | 405 | 535 | 405 | 535 |
| Total Expenses | <u>30,457</u> | <u>24,547</u> | <u>30,457</u> | <u>24,547</u> |

26. INCOME TAX EXPENSE

| | Quarter Ended | | Year-To-Date Ended | |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31 March 2012 RM'000 | 31 March 2011 RM'000 | 31 March 2012 RM'000 | 31 March 2011 RM'000 |
| Malaysian income tax: | | | | |
| - current period | 3,605 | 1,251 | 3,605 | 1,251 |
| Deferred tax: | | | | |
| - origination and reversal of temporary differences | 190 | 351 | 190 | 351 |
| | <u>3,795</u> | <u>1,602</u> | <u>3,795</u> | <u>1,602</u> |

27. CAPITAL COMMITMENTS

| | 31 March 2012 RM'000 | 31 December 2011 RM'000 |
|--|----------------------------|-------------------------------|
| Capital expenditure in respect of property, plant and equipment: | | |
| - authorised and contracted for | 4,068 | 1,091 |
| - authorised but not contracted for | 14,314 | 11,240 |
| | <u>18,382</u> | <u>12,331</u> |

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28. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to their customers. There were no material losses anticipated as a result of these transactions.

| | 31 March 2012 | | | | 31 December 2011 | | | |
|---|----------------------------|--|---------------------------------------|-----------------------------------|----------------------------|--|---------------------------------------|-----------------------------------|
| | Principal Amount RM'000 | Positive Fair Value of Derivative Contracts RM'000 | Credit Equivalent Amount RM'000 | Risk Weighted Amount RM'000 | Principal Amount RM'000 | Positive Fair Value of Derivative Contracts RM'000 | Credit Equivalent Amount RM'000 | Risk Weighted Amount RM'000 |
| Direct credit substitutes | 13,124 | | 13,124 | 5,484 | - | | - | - |
| Transaction-related contingent items | 88,142 | | 44,071 | 32,040 | 100,171 | | 50,086 | 38,660 |
| Short-term self-liquidating trade-related contingencies | 68,034 | | 13,607 | 10,005 | 29,245 | | 5,849 | 3,263 |
| Forward asset purchases | - | | - | - | 30,000 | | 30,000 | 27,887 |
| Foreign exchange related contracts: | | | | | | | | |
| - less than one year | 1,826,241 | 13,658 | 29,816 | 8,709 | 1,050,322 | 17,255 | 29,334 | 9,951 |
| - one year or less than five years | 562 | 434 | 485 | 485 | 3,806 | 2,579 | 2,921 | 2,922 |
| Formal standby facilities and credit lines: | | | | | | | | |
| - maturity not exceeding one year | 637 | | 637 | 349 | 1,894 | | 1,894 | 984 |
| - maturity exceeding one year | 41,842 | | 41,842 | 13,540 | 27,099 | | 27,099 | 7,360 |
| Other unconditionally cancellable commitments | 614,636 | | 3,655 | 1,746 | 650,110 | | 13,693 | 6,869 |
| | 2,653,218 | 14,092 | 147,237 | 72,358 | 1,892,647 | 19,834 | 160,876 | 97,896 |

The credit equivalent and risk weighted amounts were computed using the credit conversion factors and risk weights as defined in Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks Basel II - Internal Ratings Approach.

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29. CAPITAL ADEQUACY

| | 31 March 2012 RM'000 | 31 December 2011 RM'000 |
|---|-------------------------------------|--|
| <u>Tier-1 capital</u> | | |
| Paid-up share capital | 85,000 | 85,000 |
| Share premium | 170,000 | 170,000 |
| Retained profit | 28,833 | 28,833 |
| Other reserves | 30,596 | 30,596 |
| | <u>314,429</u> | <u>314,429</u> |
| Less: Deferred tax assets | (4,157) | (4,157) |
| Eligible Tier-1 capital | <u>310,272</u> | <u>310,272</u> |
| <u>Tier-2 capital</u> | | |
| Collectively assessed allowance on impaired financing and advances under standardised approach | 7,455 | 7,370 |
| Subordinated bond | 155,136 | 155,136 |
| Collectively assessed impairment allowance (CIP) reserve | 10,859 | 10,859 |
| Excess of Expected Loss over Eligible Provisions under IRB Approach | (16,181) | (14,410) |
| Eligible Tier-2 capital | <u>157,269</u> | <u>158,955</u> |
| Capital base | <u>467,541</u> | <u>469,227</u> |
| <u>Capital Ratios before the effects of PSIA</u> | | |
| Core-capital ratio | 7.89% | 8.39% |
| Risk-weighted capital ratio | 11.89% | 12.69% |
| <u>Capital Ratios after the effects of PSIA</u> | | |
| Core-capital ratio | 8.48% | 8.88% |
| Risk-weighted capital ratio | 12.77% | 13.43% |

The capital adequacy ratios of the Bank is computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Bank (CAFIB-Basel II). The Bank has adopted the Internal Ratings Based Approach for Credit Risk for the major credit portfolios whilst the other credit portfolios are on Standardised Approach. For Market and Operational risk, the Bank has adopted the Standardised Approach and the Basic Indicator Approach, respectively.

The comparative capital adequacy ratios and components of the capital base have been restated due to the effects of the change in accounting policy on collectively assessed impairment allowance for financing and advances. Please refer to Note 30 for a summary of the changes.

Breakdown of risk-weighted assets in the various categories of risk weights:

| | 31 March 2012 RM'000 | 31 December 2011 RM'000 |
|------------------|-------------------------------------|--|
| Credit risk | 3,383,644 | 3,229,929 |
| Market risk | 10,690 | 8,498 |
| Operational risk | 266,348 | 254,471 |
| | <u>3,660,682</u> | <u>3,492,898</u> |

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30. TRANSITION TO MFRS

As stated in note 4, these are the Bank's first condensed interim financial statements prepared in accordance with MFRSs.

In preparing its opening MFRS statement of financial position, the Bank has adjusted amounts reported previously in financial statements prepared in accordance with the FRS. An explanation of the impact of the transition from the previous FRSs to the new MFRSs on the Bank's financial position, financial performance and cash flows are set out in the following tables and the accompanying notes.

(i) Statement of Financial Position

| | Note | 1 January 2011 | | | 31 March 2011 | | | 31 December 2011 | | |
|---|------------|------------------|--|------------------|------------------|--|------------------|------------------|--|------------------|
| | | FRS RM'000 | Effect of transition to MFRS RM'000 | MFRS RM'000 | FRS RM'000 | Effect of transition to MFRS RM'000 | MFRS RM'000 | FRS RM'000 | Effect of transition to MFRS RM'000 | MFRS RM'000 |
| ASSETS | | | | | | | | | | |
| Cash and cash equivalents | | 604,280 | - | 604,280 | 715,843 | - | 715,843 | 412,739 | - | 412,739 |
| Deposits and placements with banks and other financial institutions | | 4,624 | - | 4,624 | - | - | - | - | - | - |
| Financial assets available-for-sale | | 1,111,552 | - | 1,111,552 | 1,395,427 | - | 1,395,427 | 1,892,691 | - | 1,892,691 |
| Financing and advances | 30 (iv)(a) | 2,486,706 | 10,673 | 2,497,379 | 2,558,656 | 10,910 | 2,569,566 | 3,172,564 | 13,528 | 3,186,092 |
| Derivative assets | | 7,640 | - | 7,640 | 4,656 | - | 4,656 | 13,450 | - | 13,450 |
| Other assets | | 45,833 | - | 45,833 | 33,656 | - | 33,656 | 46,619 | - | 46,619 |
| Current tax assets | | - | 1,992 | 1,992 | - | 1,418 | 1,418 | 3,858 | (2,668) | 1,190 |
| Statutory deposits with Bank Negara Malaysia | | 26,750 | - | 26,750 | 29,920 | - | 29,920 | 159,400 | - | 159,400 |
| Property, plant and equipment | | 7,822 | - | 7,822 | 7,309 | - | 7,309 | 6,092 | - | 6,092 |
| Deferred tax assets | 30 (iv)(b) | 10,171 | (5,381) | 4,790 | 9,977 | (5,440) | 4,537 | 2,723 | (714) | 2,009 |
| Total assets | | 4,305,378 | 7,284 | 4,312,662 | 4,755,444 | 6,888 | 4,762,332 | 5,710,136 | 10,146 | 5,720,282 |

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30. TRANSITION TO MFRS (continued)

(i) Statement of Financial Position (continued)

| Note | 1 January 2011 | | | 31 March 2011 | | | 31 December 2011 | | |
|---|------------------|--|------------------|------------------|--|------------------|------------------|--|------------------|
| | FRS RM'000 | Effect of transition to MFRS RM'000 | MFRS RM'000 | FRS RM'000 | Effect of transition to MFRS RM'000 | MFRS RM'000 | FRS RM'000 | Effect of transition to MFRS RM'000 | MFRS RM'000 |
| LIABILITIES | | | | | | | | | |
| Deposits from customers | 2,920,890 | - | 2,920,890 | 3,301,432 | - | 3,301,432 | 4,447,096 | - | 4,447,096 |
| Deposits and placements of banks and other financial institutions | 799,846 | - | 799,846 | 853,062 | - | 853,062 | 606,651 | - | 606,651 |
| Bills and acceptances payable | 11,107 | - | 11,107 | 12,996 | - | 12,996 | 36,550 | - | 36,550 |
| Subordinated bond | 200,000 | - | 200,000 | 200,000 | - | 200,000 | 200,000 | - | 200,000 |
| Derivative liabilities | 7,628 | - | 7,628 | 4,633 | - | 4,633 | 13,430 | - | 13,430 |
| Other liabilities | 69,505 | - | 69,505 | 82,388 | - | 82,388 | 87,658 | - | 87,658 |
| Current tax liabilities and zakat | 1,898 | (1,898) | - | 2,492 | (2,472) | 20 | 20 | - | 20 |
| Total liabilities | 4,010,874 | (1,898) | 4,008,976 | 4,457,003 | (2,472) | 4,454,531 | 5,391,405 | - | 5,391,405 |
| EQUITY | | | | | | | | | |
| Share capital | 85,000 | - | 85,000 | 85,000 | - | 85,000 | 85,000 | - | 85,000 |
| Share premium | 170,000 | - | 170,000 | 170,000 | - | 170,000 | 170,000 | - | 170,000 |
| Statutory reserve | 20,582 | - | 20,582 | 20,582 | - | 20,582 | 30,596 | - | 30,596 |
| Fair value reserve | 103 | - | 103 | (194) | - | (194) | 4,302 | - | 4,302 |
| Retained earnings | 18,819 | 9,182 | 28,001 | 23,053 | 9,360 | 32,413 | 28,833 | 10,146 | 38,979 |
| Total equity | 294,504 | 9,182 | 303,686 | 298,441 | 9,360 | 307,801 | 318,731 | 10,146 | 328,877 |
| Total liabilities and equity | 4,305,378 | 7,284 | 4,312,662 | 4,755,444 | 6,888 | 4,762,332 | 5,710,136 | 10,146 | 5,720,282 |

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EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2012 (continued)

30. TRANSITION TO MFRS (continued)

(ii) Statement of Comprehensive Income

| | Note | Quarter Ended 31 March 2011 | | | Year-To-Date Ended 31 December 2011 | | |
|---|------------|-----------------------------|--|----------------|-------------------------------------|--|----------------|
| | | FRS RM'000 | Effect of transition to MFRS RM'000 | MFRS RM'000 | FRS RM'000 | Effect of transition to MFRS RM'000 | MFRS RM'000 |
| Income derived from investment of depositors' funds | | 51,486 | - | 51,486 | 231,686 | - | 231,686 |
| Allowance for impairment loss on financing and advances | 30 (iv)(d) | (6,475) | 237 | (6,238) | (27,661) | 2,855 | (24,806) |
| Total attributable income | | 45,011 | 237 | 45,248 | 204,025 | 2,855 | 206,880 |
| Income attributable to depositors | | (23,419) | - | (23,419) | (105,402) | - | (105,402) |
| Income attributable to shareholders | | 21,592 | 237 | 21,829 | 98,623 | 2,855 | 101,478 |
| Income derived from the investment of shareholder's funds | | 8,737 | - | 8,737 | 38,664 | - | 38,664 |
| Total net income | | 30,329 | 237 | 30,566 | 137,287 | 2,855 | 140,142 |
| Personnel and operating expenses | | (24,547) | - | (24,547) | (113,516) | - | (113,516) |
| Profit before income tax expense and zakat | | 5,782 | 237 | 6,019 | 23,771 | 2,855 | 26,626 |
| Income tax expense | 30 (iv)(e) | (1,543) | (59) | (1,602) | (3,723) | (1,891) | (5,614) |
| Zakat | | (5) | - | (5) | (20) | - | (20) |
| Profit for the period/year | | 4,234 | 178 | 4,412 | 20,028 | 964 | 20,992 |
| Other comprehensive income, net of tax : | | | | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | | | | |
| Fair value of financial assets available-for-sale | | | | | | | |
| - change in fair value | | (136) | - | (136) | 8,702 | - | 8,702 |
| - amount transferred to profit or loss on disposal | | (259) | - | (259) | (3,103) | - | (3,103) |
| Income tax expense relating to components of other comprehensive income | | 98 | - | 98 | (1,400) | - | (1,400) |
| Other comprehensive income/(expense) for the period/year, net of tax | | (297) | - | (297) | 4,199 | - | 4,199 |
| Total comprehensive income for the period/year | | 3,937 | 178 | 4,115 | 24,227 | 964 | 25,191 |
| Profit attributable to Shareholder of the Bank | | 4,234 | 178 | 4,412 | 20,028 | 964 | 20,992 |
| Total comprehensive income attributable to Shareholder of the Bank | | 3,937 | 178 | 4,115 | 24,227 | 964 | 25,191 |
| Basic earnings per ordinary share (sen) | | 4.98 | - | 5.19 | 23.56 | - | 24.70 |

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30. TRANSITION TO MFRS (continued)

(iii) There are no material differences between the statement of cash flows presented under MFRS and the statement of cash flows presented under FRS.

(iv) Explanatory Notes

(a) Financing and advances

| | 1 January 2011 | | | 31 March 2011 | | | 31 December 2011 | | |
|------------------------------|----------------|--|----------------|---------------|--|----------------|------------------|--|----------------|
| | FRS RM'000 | Effect of transition to MFRS RM'000 | MFRS RM'000 | FRS RM'000 | Effect of transition to MFRS RM'000 | MFRS RM'000 | FRS RM'000 | Effect of transition to MFRS RM'000 | MFRS RM'000 |
| Gross financing and advances | 2,555,733 | - | 2,555,733 | 2,632,179 | - | 2,632,179 | 3,249,688 | - | 3,249,688 |
| Impairment allowance: | | | | | | | | | |
| - Individually assessed | (31,088) | - | (31,088) | (34,559) | - | (34,559) | (28,811) | - | (28,811) |
| - Collectively assessed | (37,939) | 10,673 | (27,266) | (38,964) | 10,910 | (28,054) | (48,313) | 13,528 | (34,785) |
| Net financing and advances | 2,486,706 | 10,673 | 2,497,379 | 2,558,656 | 10,910 | 2,569,566 | 3,172,564 | 13,528 | 3,186,092 |

Movements in allowance for impaired financing and advances are as follows:

| | 31 March 2011 | | | 31 December 2011 | | |
|---|---------------|--|----------------|------------------|--|----------------|
| | FRS RM'000 | Effect of transition to MFRS RM'000 | MFRS RM'000 | FRS RM'000 | Effect of transition to MFRS RM'000 | MFRS RM'000 |
| <u>Collectively assessed impairment allowance</u> | | | | | | |
| Balance at 1 January 2011 | 37,939 | (10,673) | 27,266 | 37,939 | (10,673) | 27,266 |
| Made/(written back) during the period/year | 1,025 | (237) | 788 | 10,374 | (2,855) | 7,519 |
| Balance at 31 March/31 December | 38,964 | (10,910) | 28,054 | 48,313 | (13,528) | 34,785 |

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EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2012 (continued)

30. TRANSITION TO MFRS (continued)

(iv) Explanatory Notes (continued)

(b) Deferred tax assets

| | 1 January 2011 | | | 31 March 2011 | | | 31 December 2011 | | |
|--|----------------|--|----------------|---------------|--|----------------|------------------|--|----------------|
| | FRS RM'000 | Effect of transition to MFRS RM'000 | MFRS RM'000 | FRS RM'000 | Effect of transition to MFRS RM'000 | MFRS RM'000 | FRS RM'000 | Effect of transition to MFRS RM'000 | MFRS RM'000 |
| Excess of capital allowance over depreciation | (1,008) | (2) | (1,010) | (951) | (2) | (953) | (840) | - | (840) |
| Collectively assessed impairment allowance on financing and advances | 9,485 | (9,485) | - | 9,741 | (9,544) | 197 | 2,594 | (714) | 1,880 |
| Changes in fair value of financial instruments | (34) | - | (34) | 64 | - | 64 | (1,434) | - | (1,434) |
| Other temporary differences | 1,728 | 4,106 | 5,834 | 1,123 | 4,106 | 5,229 | 2,403 | - | 2,403 |
| | 10,171 | (5,381) | 4,790 | 9,977 | (5,440) | 4,537 | 2,723 | (714) | 2,009 |

Movements in deferred tax assets are as follows:

| | 31 March 2011 | | | 31 December 2011 | | |
|---|---------------|--|----------------|------------------|--|----------------|
| | FRS RM'000 | Effect of transition to MFRS RM'000 | MFRS RM'000 | FRS RM'000 | Effect of transition to MFRS RM'000 | MFRS RM'000 |
| <u>Collectively assessed impairment allowance on financing and advances</u> | | | | | | |
| At 1 January | 9,485 | (9,485) | - | 9,485 | - | 9,485 |
| Recognised in profit or loss | 256 | (59) | 197 | (6,891) | (714) | (7,605) |
| At 31 March/31 December | 9,741 | (9,544) | 197 | 2,594 | (714) | 1,880 |

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EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2012 (continued)

30. TRANSITION TO MFRS (continued)

(iv) Explanatory Notes (continued)

(c) Retained earnings

The effect of transition to MFRSs on retained earnings are as follows:

| | 1 January 2011 RM'000 | 31 March 2011 RM'000 | 31 December 2011 RM'000 |
|---|--------------------------------------|-------------------------------------|--|
| Collectively assessed impairment loss on financing and advances | 10,673 | 10,910 | 13,528 |
| Tax effect of collectively assessed impairment loss on financing and advances | (2,668) | (2,727) | (3,382) |
| Adjustment of under provision of deferred tax in prior year provided in 2011 | (5,381) | (5,381) | - |
| Adjustment of over provision of current tax in prior year provided in 2011 | 6,558 | 6,558 | - |
| | <u>9,182</u> | <u>9,360</u> | <u>10,146</u> |

(d) Allowances for impairment loss on financing and advances

| | 31 March 2011 | | | 31 December 2011 | | |
|--|-----------------------|--|------------------------|-------------------------|--|------------------------|
| | FRS RM'000 | Effect of transition to MFRS RM'000 | MFRS RM'000 | FRS RM'000 | Effect of transition to MFRS RM'000 | MFRS RM'000 |
| Individually assessed impairment allowances | | | | | | |
| - Made during the period/year | 11,305 | - | 11,305 | 37,580 | - | 37,580 |
| - Written back | (4,448) | - | (4,448) | (13,801) | - | (13,801) |
| Collectively assessed impairment allowances | | | | | | |
| - Made/(written back) during the period/year | 1,025 | (237) | 788 | 10,374 | (2,855) | 7,519 |
| Impaired financing recovered | (1,407) | - | (1,407) | (6,492) | - | (6,492) |
| | <u>6,475</u> | <u>(237)</u> | <u>6,238</u> | <u>27,661</u> | <u>(2,855)</u> | <u>24,806</u> |

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30. TRANSITION TO MFRS (continued)

(iv) Explanatory Notes (continued)

(e) Income tax expense

| | 31 March 2011 | | | 31 December 2011 | | |
|---|---------------|--|----------------|------------------|--|----------------|
| | FRS RM'000 | Effect of transition to MFRS RM'000 | MFRS RM'000 | FRS RM'000 | Effect of transition to MFRS RM'000 | MFRS RM'000 |
| Malaysian income tax: | | | | | | |
| - current period/year | 1,251 | - | 1,251 | 4,233 | - | 4,233 |
| - over provision in prior years | - | - | - | (6,558) | 6,558 | - |
| | 1,251 | - | 1,251 | (2,325) | 6,558 | 4,233 |
| Deferred tax: | | | | | | |
| - origination and reversal of temporary differences | 292 | 59 | 351 | 667 | 714 | 1,381 |
| - under provision in prior years | - | - | - | 5,381 | (5,381) | - |
| | 292 | 59 | 351 | 6,048 | (4,667) | 1,381 |
| | 1,543 | 59 | 1,602 | 3,723 | 1,891 | 5,614 |

(f) Capital adequacy

| | 31 December 2011 | | |
|--|------------------|--|----------------|
| | FRS RM'000 | Effect of transition to MFRS RM'000 | MFRS RM'000 |
| Tier 1 capital | 310,272 | - | 310,272 |
| <u>Tier 2 capital</u> | | | |
| Collectively assessed allowance on impaired financing and advances under standardised approach | 10,236 | (2,866) | 7,370 |
| Subordinated bond | 155,136 | - | 155,136 |
| Collectively assessed impairment allowance (CIP) reserve | - | 10,859 | 10,859 |
| Excess of Expected Loss over Eligible Provisions under IRB Approach | (3,764) | (10,646) | (14,410) |
| Eligible Tier-2 capital | 161,608 | (2,653) | 158,955 |
| Capital base | 471,880 | (2,653) | 469,227 |

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EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2012 (continued)

30. TRANSITION TO MFRS (continued)

(iv) Explanatory Notes (continued)

(f) Capital adequacy

| | 31 December 2011 | | |
|--|-------------------------|---|---------------|
| | FRS | Effect of transition to MFRS | MFRS |
| | RM'000 | RM'000 | RM'000 |
| <u>Capital Ratios before the effects of PSIA</u> | | | |
| Core-capital ratio | 8.39% | - | 8.39% |
| Risk-weighted capital ratio | 12.76% | -0.07% | 12.69% |
| <u>Capital Ratios after the effects of PSIA</u> | | | |
| Core-capital ratio | 8.88% | - | 8.88% |
| Risk-weighted capital ratio | 13.51% | -0.08% | 13.43% |