

Company No. 295400-W

**OCBC BANK (MALAYSIA) BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

Domiciled in Malaysia  
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50050 Kuala Lumpur

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014**

	Note	Group		Bank	
		31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
<b>ASSETS</b>					
Cash and cash equivalents		8,551,411	8,926,484	8,809,467	9,102,977
Deposits and placements with banks and other financial institutions		2,399,539	1,849,809	3,065,625	2,716,940
Financial assets held-for-trading	13	887,613	354,973	887,613	354,973
Financial investments available-for-sale	14	12,933,076	11,659,590	10,806,907	9,679,761
Loans, advances and financing	15	57,951,899	55,698,871	50,678,360	48,935,917
Derivative financial assets	17	714,263	818,196	714,223	818,186
Other assets	18	213,913	326,848	420,838	523,579
Statutory deposits with Bank Negara Malaysia		1,998,392	1,867,892	1,715,092	1,597,092
Investments in subsidiary companies			-	376,617	376,617
Property, plant and equipment		246,220	252,529	238,889	244,480
Prepaid lease payments		883	892	883	892
Investment properties		8,641	12,082	8,641	12,082
Non-current assets held for sale		7,011	3,191	7,011	3,191
Deferred tax assets		11,022	29,050	9,988	26,041
Current tax assets		3,379	1,682	-	-
<b>Total assets</b>		<b>85,927,262</b>	<b>81,802,089</b>	<b>77,740,154</b>	<b>74,392,728</b>
<b>LIABILITIES</b>					
Deposits from customers	19	66,691,866	63,011,206	59,185,413	56,429,044
Deposits and placements of banks and other financial institutions	20	9,930,223	9,623,764	9,507,399	9,075,490
Bills and acceptances payable		206,679	243,459	188,945	229,780
Subordinated term loan/bonds	21	1,693,418	1,693,720	1,693,418	1,693,720
Derivative financial liabilities	17	654,612	728,533	654,598	728,531
Other liabilities	22	1,237,110	783,476	1,252,118	748,865
Current tax liabilities and zakat		60,382	55,584	60,330	55,532
<b>Total Liabilities</b>		<b>80,474,290</b>	<b>76,139,742</b>	<b>72,542,221</b>	<b>68,960,962</b>
<b>EQUITY</b>					
Share capital		291,500	291,500	291,500	291,500
Reserves		5,161,472	5,370,847	4,906,433	5,140,266
<b>Total equity</b>		<b>5,452,972</b>	<b>5,662,347</b>	<b>5,197,933</b>	<b>5,431,766</b>
<b>Total liabilities and equity</b>		<b>85,927,262</b>	<b>81,802,089</b>	<b>77,740,154</b>	<b>74,392,728</b>
<b>Commitments and contingencies</b>	32	<b>94,602,188</b>	<b>83,123,255</b>	<b>92,730,749</b>	<b>81,601,403</b>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2013 and the accompanying explanatory notes on pages 9 to 36 of these unaudited condensed interim financial statements.*

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

	Note	Group		Bank	
		Year to date ended		Year to date ended	
		31 March 2014 RM'000	31 March 2013 RM'000 Restated	31 March 2014 RM'000	31 March 2013 RM'000 Restated
Interest income	23	755,828	682,531	768,664	693,994
Interest expense	23	(427,680)	(363,798)	(431,438)	(366,545)
Net interest income	23	328,148	318,733	337,226	327,449
Income from Islamic banking operations	24	105,844	83,228	-	-
Net fee and commission income	25	76,717	60,279	76,717	60,279
Net trading income	26	38,179	35,572	38,179	35,572
Other operating income	27	3,826	7,079	26,844	23,161
<b>Operating income</b>		<b>552,714</b>	<b>504,891</b>	<b>478,966</b>	<b>446,461</b>
Operating expenses	28	(214,684)	(199,832)	(198,093)	(185,640)
<b>Operating profit before impairment allowance and provision</b>		<b>338,030</b>	<b>305,059</b>	<b>280,873</b>	<b>260,821</b>
(Impairment)/Write back of allowance on loans, advances and financing	29	(49,522)	6,871	(18,665)	14,656
Write back of impairment allowance on investment properties		427	-	427	-
Provision for commitments and contingencies		(1,717)	-	(1,717)	-
<b>Profit before income tax expense and zakat</b>		<b>287,218</b>	<b>311,930</b>	<b>260,918</b>	<b>275,477</b>
Income tax expense	30	(71,116)	(77,469)	(65,647)	(69,743)
Zakat		(9)	(8)	-	-
<b>Profit for the period</b>		<b>216,093</b>	<b>234,453</b>	<b>195,271</b>	<b>205,734</b>
<b>Other comprehensive income, net of income tax expense</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Fair value (available-for-sale) reserve					
- Change in fair value		29,256	7,025	24,409	5,611
- Amount transferred to profit or loss		(1,087)	(7,411)	(1,087)	(2,692)
Income tax expense relating to components of other comprehensive income		(6,991)	819	(5,780)	(7)
<b>Other comprehensive income for the period, net of tax</b>		<b>21,178</b>	<b>433</b>	<b>17,542</b>	<b>2,912</b>
<b>Total comprehensive income for the period</b>		<b>237,271</b>	<b>234,886</b>	<b>212,813</b>	<b>208,646</b>
<b>Profit attributable to shareholder of the Bank</b>		<b>216,093</b>	<b>234,453</b>	<b>195,271</b>	<b>205,734</b>
<b>Total comprehensive income attributable to shareholder of the Bank</b>		<b>237,271</b>	<b>234,886</b>	<b>212,813</b>	<b>208,646</b>
<b>Basic earnings per ordinary share (sen)</b>		<b>72.1</b>	<b>78.4</b>	<b>64.8</b>	<b>68.4</b>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2013 and the accompanying explanatory notes on pages 9 to 36 of these unaudited condensed interim financial statements.

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

	<i>Non-distributable</i>				<i>Distributable</i>		<b>Total equity</b> <b>RM'000</b>
	<b>Share capital</b> <b>RM'000</b>	<b>Share premium</b> <b>RM'000</b>	<b>Statutory reserve</b> <b>RM'000</b>	<b>Capital reserve</b> <b>RM'000</b>	<b>Fair value reserve</b> <b>RM'000</b>	<b>Retained earnings</b> <b>RM'000</b>	
<b>Group</b>							
Balance at 1 January 2014	291,500	858,500	429,390	56,619	29,610	3,996,728	5,662,347
Fair value (available-for-sale) reserve							
- Change in fair value	-	-	-	-	29,256	-	29,256
- Amount transferred to profit or loss	-	-	-	-	(1,087)	-	(1,087)
Income tax expense relating to components of other comprehensive income	-	-	-	-	(6,991)	-	(6,991)
<b>Total other comprehensive income for the period</b>	-	-	-	-	21,178	-	21,178
Profit for the period	-	-	-	-	-	216,093	216,093
<b>Total comprehensive income for the period</b>	-	-	-	-	21,178	216,093	237,271
<i>Contributions by and distributions to owners of the Bank</i>							
Dividends paid/payable							
- Final 2013 ordinary	-	-	-	-	-	(437,700)	(437,700)
- Preference	-	-	-	-	-	(8,946)	(8,946)
Balance at 31 March 2014	<u>291,500</u>	<u>858,500</u>	<u>429,390</u>	<u>56,619</u>	<u>50,788</u>	<u>3,766,175</u>	<u>5,452,972</u>
Balance at 1 January 2013	291,500	858,500	375,643	56,619	142,702	3,532,204	5,257,168
Fair value (available-for-sale) reserve							
- Change in fair value	-	-	-	-	7,025	-	7,025
- Amount transferred to profit or loss	-	-	-	-	(7,411)	-	(7,411)
Income tax expense relating to components of other comprehensive income	-	-	-	-	819	-	819
<b>Total other comprehensive income for the period</b>	-	-	-	-	433	-	433
Profit for the period	-	-	-	-	-	234,453	234,453
<b>Total comprehensive income for the period</b>	-	-	-	-	433	234,453	234,886
<i>Contributions by and distributions to owners of the Bank</i>							
Dividends paid							
- Preference	-	-	-	-	-	(8,946)	(8,946)
Balance at 31 March 2013	<u>291,500</u>	<u>858,500</u>	<u>375,643</u>	<u>56,619</u>	<u>143,135</u>	<u>3,757,711</u>	<u>5,483,108</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2013 and the accompanying explanatory notes on pages 9 to 36 of these unaudited condensed interim financial statements.

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

	<i>Non-distributable</i>			<i>Distributable</i>		<b>Total equity</b> <b>RM'000</b>
	<b>Share capital</b> <b>RM'000</b>	<b>Share premium</b> <b>RM'000</b>	<b>Statutory reserve</b> <b>RM'000</b>	<b>Fair value reserve</b> <b>RM'000</b>	<b>Retained earnings</b> <b>RM'000</b>	
<b>Bank</b>						
Balance at 1 January 2014	291,500	858,500	322,000	36,308	3,923,458	5,431,766
Fair value (available-for-sale) reserve						
- Change in fair value	-	-	-	24,409	-	24,409
- Amount transferred to profit or loss	-	-	-	(1,087)	-	(1,087)
Income tax expense relating to components of other comprehensive income	-	-	-	(5,780)	-	(5,780)
<b>Total other comprehensive income for the period</b>	-	-	-	17,542	-	17,542
Profit for the period	-	-	-	-	195,271	195,271
<b>Total comprehensive income for the period</b>	-	-	-	17,542	195,271	212,813
<i>Contributions by and distributions to owners of the Bank</i>						
Dividends paid/payable						
- Final 2013 ordinary	-	-	-	-	(437,700)	(437,700)
- Preference	-	-	-	-	(8,946)	(8,946)
Balance at 31 March 2014	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>53,850</u>	<u>3,672,083</u>	<u>5,197,933</u>
Balance at 1 January 2013	291,500	858,500	322,000	137,027	3,512,908	5,121,935
Fair value (available-for-sale) reserve						
- Change in fair value	-	-	-	5,611	-	5,611
- Amount transferred to profit or loss	-	-	-	(2,692)	-	(2,692)
Income tax expense relating to components of other comprehensive income	-	-	-	(7)	-	(7)
<b>Total other comprehensive income for the period</b>	-	-	-	2,912	-	2,912
Profit for the period	-	-	-	-	205,734	205,734
<b>Total comprehensive income for the period</b>	-	-	-	2,912	205,734	208,646
<i>Contributions by and distributions to owners of the Bank</i>						
Dividends paid						
- Preference	-	-	-	-	(8,946)	(8,946)
Balance at 31 March 2013	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>139,939</u>	<u>3,709,696</u>	<u>5,321,635</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2013 and the accompanying explanatory notes on pages 9 to 36 of these unaudited condensed interim financial statements.

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

	Group		Bank	
	Year to date ended		Year to date ended	
	31 March	31 March	31 March	31 March
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
<b>Cash flows from operating activities</b>				
Profit before income tax expense and zakat	287,218	311,930	260,918	275,477
<i>Adjustments for:</i>				
Net (gain)/loss from disposal of:				
- Financial investments available-for-sale	(1,087)	(7,411)	(1,087)	(2,692)
- Property, plant and equipment	109	(1,151)	88	(1,227)
Dividends on financial investments available-for-sale	(450)	(36)	(450)	(36)
Depreciation of property, plant and equipment	11,814	12,761	11,117	11,879
Depreciation of investment properties	47	43	47	43
Amortisation of prepaid lease payments	9	9	9	9
Write back of allowance on investment properties	(427)	-	(427)	-
Impairment allowance/(write back) on				
loans, advances and financing	49,522	(6,871)	18,665	(14,656)
Share-based expenses	1,802	1,757	1,758	1,702
Unrealised (gain)/loss on:				
- Financial assets held-for-trading	(4,724)	(457)	(4,724)	(457)
- Trading derivatives	24,569	(82,994)	24,569	(82,994)
- Hedging derivatives	213	(185)	213	(185)
Operating profit before changes in working capital	368,615	227,395	310,696	186,863
<i>(Increase)/Decrease in operating assets and</i>				
<i>Increase/(Decrease) in operating liabilities:</i>				
Deposits and placements with banks and other				
financial institutions	(549,730)	(1,101,729)	(348,685)	(1,059,599)
Financial assets held-for-trading	(527,916)	(459,533)	(527,916)	(459,533)
Loans, advances and financing	(2,302,550)	(1,626,531)	(1,761,108)	(1,267,110)
Other assets	84,269	58,648	74,075	49,639
Statutory deposits with Bank Negara Malaysia	(130,500)	(127,100)	(118,000)	(121,000)
Derivative financial assets and liabilities	5,096	2,728	5,114	2,732
Deposits from customers	3,680,660	2,114,331	2,756,369	764,855
Deposits and placements of banks and other				
financial institutions	306,459	(3,728,943)	431,909	(3,740,894)
Bills and acceptances payable	(36,780)	14,938	(40,835)	2,069
Recourse obligation on loans sold to Cagamas				
Berhad	-	(492)	-	(492)
Other liabilities	451,866	(46,186)	501,529	(63,313)
<b>Cash generated from/(used in) operations</b>	1,349,489	(4,672,474)	1,283,148	(5,705,783)
Income tax and zakat paid	(56,987)	(63,763)	(50,576)	(59,512)
<b>Net cash generated from/(used in)</b>				
<b>  operating activities</b>	1,292,502	(4,736,237)	1,232,572	(5,765,295)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014 (CONTINUED)**

	<b>Group</b>		<b>Bank</b>	
	<b>Year to date ended</b>		<b>Year to date ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated</b>		<b>Restated</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of financial investments available-for-sale	2,792,338	3,284,924	2,195,496	2,579,757
Acquisition of financial investments available-for-sale	(4,036,770)	(2,855,271)	(3,298,435)	(2,047,761)
Acquisition of property, plant and equipment	(5,624)	(25,032)	(5,626)	(24,282)
Proceeds from disposal of investment properties	28,667	2,822	28,667	2,822
Proceeds from disposal of property, plant and equipment	10	2,048	12	2,645
Dividends received from financial investments available-for-sale	450	36	450	36
<b>Net cash (used in)/generated from investing activities</b>	<b>(1,220,929)</b>	<b>409,527</b>	<b>(1,079,436)</b>	<b>513,217</b>
<b>Cash flows from financing activities</b>				
Dividends paid to preference shareholders	(8,946)	(8,946)	(8,946)	(8,946)
Dividends paid to shareholder of the Bank	(437,700)	-	(437,700)	-
<b>Net cash used in financing activities</b>	<b>(446,646)</b>	<b>(8,946)</b>	<b>(446,646)</b>	<b>(8,946)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(375,073)</b>	<b>(4,335,656)</b>	<b>(293,510)</b>	<b>(5,261,024)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>8,926,484</b>	<b>11,250,208</b>	<b>9,102,977</b>	<b>11,850,982</b>
<b>Cash and cash equivalents at 31 March</b>	<b>8,551,411</b>	<b>6,914,552</b>	<b>8,809,467</b>	<b>6,589,958</b>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2013 and the accompanying explanatory notes on pages 9 to 36 of these unaudited condensed interim financial statements.*



## **NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014**

### **1 GENERAL INFORMATION**

The principal activities of the Group and of the Bank are banking and other related financial services which also include Islamic Banking ("IB") business. The subsidiaries of the Bank are principally engaged in the businesses of IB and the provision of nominee services. There were no significant changes in the nature of these activities during the financial period.

The unaudited condensed interim financial statements of the Bank as at and for the first quarter ended 31 March 2014 comprise the Bank and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

### **2 REVIEW OF PERFORMANCE**

The Bank and its subsidiary companies ("the Group") recorded a net profit of RM216 million for the first three months of 2014, registering a decrease of RM18 million or 8% compared to the corresponding period for 2013. Whilst operating profit rose by RM33 million or 11% to RM338 million, higher allowances on loans, advances and financing was recorded in tandem with loan growth and on account of lower bad debt recoveries.

Compared to the corresponding quarter in 2013, total income grew by RM48 million or 9% to RM553 million contributed by better income from Islamic banking operations (+RM23 million or 27%) and improved non-interest income (+RM16 million or 14%) and higher net interest income (+RM9 million or 3%). Operating expenses increased by RM15 million or 7% to RM215 million as a result of continued investments in people and infrastructure to support business growth.

The Group's total assets grew by RM4 billion to RM85.9 billion mainly contributed by loans, advances and financing which grew by RM2.3 billion or 4% to 58.0 billion. Loans growth continue to be from housing loans (+RM1.0 billion) and corporate lending in particular to SMEs (+RM0.8 billion) funded mainly from higher customer deposits of RM3.7 billion.

The Group and Bank remain well capitalised with Tier 1 Capital ratios of 12.926% and 14.209% and risk weighted capital ratios of 15.557% and 15.788% respectively.

### **3 ECONOMIC PERFORMANCE AND PROSPECTS**

Following the gradual improvement in the global economy in 2013, the Malaysian economy is expected to grow steadily between 4.5% – 5.5% for 2014. Domestic demand is expected to remain as a key contributor of growth, albeit at a moderate pace. Although there are signs of improvement in external demand, we remain mindful of the downside risks affecting global growth in terms of excess capacity in the labour and product markets of advanced economies. Volatility in the global financial markets could also see fluctuation in large capital flows.

Coupled with the strong growth in domestic demand and improvements in external demand, the Bank will continue to focus on the commercial banking and SME businesses in selected sectors. On the consumer front, the Bank will increase its market share in wealth management products as well as its mortgage portfolio. The Bank will continue to manage its assets prudently and strengthen its capital. It will also invest and build more infrastructure capabilities and expand its existing branch network with an aim to improve customer experience and expand customer reach.

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)

### 4 BASIS OF PREPARATION

The unaudited condensed interim financial statements of the Group and the Bank for the period ended 31 March 2014 have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB"), and the International Accounting Standards ("IAS") 34, *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB").

The Group's and the Bank's unaudited condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013. The explanatory notes attached in the unaudited condensed 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 Group and the Bank since the financial year ended 31 December 2013.

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

Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities

Amendments to MFRS 12, Disclosure of Interests in Other Entities: Investment Entities

Amendments to MFRS 127, Separate Financial Statements (2011): Investment Entities

Amendments to MFRS 132, Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 136, Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets

Amendments to MFRS 139, Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21 Levies is not applicable to the Group and the Bank as it is not relevant to the business of the Group and of the Bank.

The initial application of the above Amendments to MFRS and IC Interpretations do not have any impact on the financial statements upon their first time adoption, as they mainly provide clarification on the requirements of or provide further explanations to existing MFRS.

The Group and the Bank have not applied the following MFRS, Amendments to MFRS and IC Interpretations that have been issued by the MASB as they are not yet effective:

#### Effective for annual periods commencing on or after 1 July 2014

Amendments to MFRS 1, MFRS 3, MFRS 13 and MFRS 140 contained in the documents entitled "Annual Improvements 2011 - 2013 Cycle"

Amendments to MFRS 2, MFRS 3, MFRS 8, MFRS 13, MFRS 116, MFRS 124 and MFRS 138 contained in the documents entitled "Annual Improvements 2010 - 2012 Cycle"

Amendments to MFRS 119, Employee Benefits - Defined Benefit Plans: Employee Contributions

#### Effective for annual periods commencing on a date to be confirmed

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)

MFRS 9 Financial Instruments - Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139

Amendments to MFRS 7, Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures

The initial application of the above MFRS and Amendments to MFRS is not expected to have any material impact to the financial statements upon their first time adoption, except for those discussed below.

## **NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)**

### **4 BASIS OF PREPARATION (continued)**

#### MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group and Bank are currently assessing the financial impact that may arise from the adoption of MFRS 9.

### **5 AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditor's report on the financial statements for the financial year ended 31 December 2013 was not subject to any qualification.

### **6 SEASONAL OR CYCLICAL FACTORS**

The business operations of the Group and the Bank are not materially affected by any seasonal or cyclical factors.

### **7 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank for the financial period ended 31 March 2014.

### **8 CHANGES IN ACCOUNTING ESTIMATES**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Group and the Bank for the financial period ended 31 March 2014.

### **9 DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale or repayment of debt and equity securities during the financial period ended 31 March 2014.

### **10 DIVIDEND**

A net cash dividend of 4.51% (on issue price) amounting to RM8.9 million was paid to preference shareholders on 20 March 2014. The final dividend amounting to RM437.7 million was paid on 15 April 2014 in respect of the financial year ended 31 December 2013.

### **11 SUBSEQUENT EVENTS**

There were no material events subsequent to the statement of financial position that require disclosure or adjustments to the unaudited condensed interim financial statements.

### **12 CHANGES IN THE COMPOSITION OF THE GROUP**

There were no significant changes in the composition of the Group during the financial period ended 31 March 2014.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)****13 FINANCIAL ASSETS HELD-FOR-TRADING**

	<b>Group and Bank</b>	
	<b>31 March</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
Malaysian Government Treasury Bills	45,118	19,462
Malaysian Government Securities	545,859	236,637
Bank Negara Malaysia Monetary Notes	119,763	68,827
Malaysian State Government Securities	30,181	-
Private Debt Securities	87,370	17,832
Quoted shares in Malaysia	59,322	12,215
	<u>887,613</u>	<u>354,973</u>

**14 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	<b>Group</b>		<b>Bank</b>	
	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>				
Malaysian Government Securities	3,949,021	3,649,859	3,949,021	3,649,859
Malaysian Government Investment Issues	1,975,779	1,836,604	754,588	586,366
Bank Negara Malaysia Monetary Notes	-	361,255	-	361,255
Private Debt Securities	3,420,782	3,324,684	3,023,284	2,852,601
Negotiable Instruments of Deposit	2,866,507	1,768,104	2,525,445	1,676,053
Malaysian Government Debt Securities	225,024	212,856	107,971	97,037
Foreign Government Debt Securities	387,239	397,504	337,874	347,866
Unquoted shares in Malaysia*	108,546	108,546	108,546	108,546
Debentures	190	190	190	190
	<u>12,933,088</u>	<u>11,659,602</u>	<u>10,806,919</u>	<u>9,679,773</u>
Impairment allowance				
- Debentures	(12)	(12)	(12)	(12)
	<u>12,933,076</u>	<u>11,659,590</u>	<u>10,806,907</u>	<u>9,679,761</u>

\* Stated at cost due to the lack of quoted prices in an active market or/and the fair value of the investments cannot be reliably measured.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)****15 LOANS, ADVANCES AND FINANCING**

	<u>Group</u>		<u>Bank</u>	
	<u>31 March 2014 RM'000</u>	<u>31 December 2013 RM'000</u>	<u>31 March 2014 RM'000</u>	<u>31 December 2013 RM'000</u>
<b>At amortised cost</b>				
Overdrafts	3,044,436	3,045,594	3,044,436	3,045,594
Term loans/financing:				
- Housing loans/financing	20,911,952	19,869,714	20,100,382	19,210,090
- Syndicated term loans/financing	2,220,636	2,139,506	2,067,377	1,989,469
- Hire purchase receivables	815,473	763,753	54	73
- Lease receivables	2	25	2	25
- Other term loans/financing	23,369,766	22,556,349	19,614,660	19,159,242
Credit card receivable/charge card	496,614	522,861	496,614	522,861
Bills receivable	819,166	797,385	802,766	755,053
Trust receipts	41,052	35,911	32,832	25,354
Claims on customers under acceptance credits	2,029,749	1,913,405	1,792,173	1,722,195
Revolving credit	4,388,639	4,199,311	2,818,870	2,569,642
Staff loans/financing	90,770	94,085	90,770	94,085
Other loans/financing	541,744	548,621	510,955	524,886
Gross loans, advances and financing	<u>58,769,999</u>	<u>56,486,520</u>	<u>51,371,891</u>	<u>49,618,569</u>
Allowance for loans, advances and financing				
- Individual impairment	(250,432)	(254,480)	(202,303)	(209,634)
- Collective impairment	(567,668)	(533,169)	(491,228)	(473,018)
Net loans, advances and financing	<u>57,951,899</u>	<u>55,698,871</u>	<u>50,678,360</u>	<u>48,935,917</u>
i) By type of customer				
Domestic banking institutions	-	30,589	-	-
Domestic non-bank financial institutions				
- Stockbroking companies	406	1,046	406	1,046
- Others	270,033	391,232	269,715	261,024
Domestic business enterprises				
- Small medium enterprises	13,162,724	12,351,356	10,730,323	10,089,620
- Others	16,841,423	16,465,434	14,427,160	14,337,629
Individuals	25,875,979	24,807,729	24,294,341	23,455,451
Foreign entities	2,619,434	2,439,134	1,649,946	1,473,799
	<u>58,769,999</u>	<u>56,486,520</u>	<u>51,371,891</u>	<u>49,618,569</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)****15 LOANS, ADVANCES AND FINANCING (continued)**

	Group		Bank	
	31 March 2014 RM'000	31 December 2013 RM'000	31 March 2014 RM'000	31 December 2013 RM'000
ii) By interest/profit rate sensitivity				
Fixed rate				
- Housing loans/financing	242,795	299,301	190,030	264,658
- Hire purchase receivables	669,090	632,476	54	73
- Other fixed rate loans/financing	6,065,262	5,982,050	3,628,320	3,702,697
Variable rate				
- BLR/BFR plus	37,488,897	35,952,582	36,429,890	35,050,732
- Cost plus	13,555,554	12,882,306	10,375,196	9,862,604
- Other variable rates	748,401	737,805	748,401	737,805
	58,769,999	56,486,520	51,371,891	49,618,569
iii) By sector				
Agriculture, hunting, forestry and fishing	2,955,474	3,072,686	2,724,248	2,855,765
Mining and quarrying	818,074	849,687	689,141	670,815
Manufacturing	7,378,661	6,833,798	5,986,503	5,524,200
Electricity, gas and water	430,084	384,030	331,870	312,490
Construction	964,270	957,138	728,797	742,074
Real estate	6,379,578	6,276,489	5,717,974	5,618,142
Wholesale & retail trade and restaurants & hotels	7,040,159	6,613,232	5,783,327	5,562,355
Transport, storage and communication	1,824,303	1,729,924	1,521,876	1,494,994
Finance, insurance and business services	1,799,642	1,863,703	1,535,144	1,464,464
Community, social and personal services	1,364,925	1,316,031	1,098,256	1,053,661
Household				
- Purchase of residential properties	22,053,285	21,075,756	21,251,143	20,423,903
- Purchase of non-residential properties	1,450,453	1,419,972	1,423,144	1,394,843
- Others	2,986,601	2,856,423	2,191,305	2,140,926
Others	1,324,490	1,237,651	389,163	359,937
	58,769,999	56,486,520	51,371,891	49,618,569
iv) By geographical distribution				
Malaysia	56,265,280	54,189,884	49,722,085	48,144,415
Singapore	225,631	185,746	211,061	180,409
Other ASEAN	230,538	81,184	227,039	81,184
Rest of the world	2,048,550	2,029,706	1,211,706	1,212,561
	58,769,999	56,486,520	51,371,891	49,618,569

The analysis by geography is determined based on where the credit risk resides.

## v) By residual contractual maturity

Within one year	13,128,488	12,777,072	11,129,794	10,699,686
One year to five years	9,136,067	9,104,383	6,463,994	6,447,431
Over five years	36,505,444	34,605,065	33,778,103	32,471,452
	58,769,999	56,486,520	51,371,891	49,618,569

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)****16 IMPAIRED LOANS, ADVANCES AND FINANCING**

## a) Movements in impaired loans, advances and financing

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 March 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Balance at 1 January	1,307,531	952,805	1,200,172	897,867
Impaired during the period/year	329,497	1,158,157	275,206	987,346
Reclassified as unimpaired	(55,535)	(204,424)	(49,653)	(186,102)
Amount recovered	(232,814)	(487,309)	(200,911)	(420,638)
Amount written off	(28,263)	(114,171)	(14,549)	(80,774)
Effect of foreign exchange difference	(226)	2,473	(226)	2,473
Balance at 31 March/31 December	<u>1,320,190</u>	<u>1,307,531</u>	<u>1,210,039</u>	<u>1,200,172</u>
Individual impairment allowance	(250,432)	(254,480)	(202,303)	(209,634)
Collective impairment allowance	<u>(10,319)</u>	<u>(10,034)</u>	<u>(9,674)</u>	<u>(9,483)</u>
Net impaired loans, advances and financing	<u>1,059,439</u>	<u>1,043,017</u>	<u>998,062</u>	<u>981,055</u>

## i) By sector

Agriculture, hunting, forestry and fishing	18,402	20,880	17,927	20,356
Manufacturing	585,746	597,083	530,617	542,151
Construction	56,176	57,612	54,450	55,663
Real estate	72,728	68,491	71,427	67,151
Wholesale & retail trade and restaurants & hotels	142,585	144,806	125,110	130,332
Transport, storage and communication	78,100	74,352	75,874	72,083
Finance, insurance and business services	11,578	14,144	8,977	11,330
Community, social and personal services	10,677	10,085	9,533	8,735
Household				
- Purchase of residential properties	246,683	221,893	244,642	219,604
- Purchase of non-residential propertie	22,291	22,320	22,217	22,246
- Others	70,395	68,815	45,073	44,121
Others	4,829	7,050	4,192	6,400
	<u>1,320,190</u>	<u>1,307,531</u>	<u>1,210,039</u>	<u>1,200,172</u>

## ii) By geographical distribution

Malaysia	1,316,506	1,303,989	1,206,355	1,196,630
Singapore	298	416	298	416
Rest of the world	3,386	3,126	3,386	3,126
	<u>1,320,190</u>	<u>1,307,531</u>	<u>1,210,039</u>	<u>1,200,172</u>

The analysis by geography is determined based on where the credit risk resides.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)****16 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)**

b) Movements in impairment allowance for loans, advances and financing

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2014</b>	<b>31 December 2013</b>	<b>31 March 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Individual impairment allowance</u>				
Balance at 1 January	254,480	264,575	209,634	232,242
Made during the period/year	53,034	205,850	27,991	131,178
Amount written back	(28,198)	(100,676)	(20,176)	(72,026)
Amount written off	(28,262)	(113,724)	(14,549)	(80,353)
Discount unwind	(622)	(2,044)	(597)	(1,906)
Effect of foreign exchange difference	-	499	-	499
Balance at 31 March/31 December	<u>250,432</u>	<u>254,480</u>	<u>202,303</u>	<u>209,634</u>
<u>Collective impairment allowance</u>				
Balance at 1 January	533,169	508,247	473,018	467,056
Made during the period/year	34,499	24,922	18,210	5,962
Balance at 31 March/31 December	<u>567,668</u>	<u>533,169</u>	<u>491,228</u>	<u>473,018</u>

**17 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES**

<b>Group</b>	<b>31 March 2014</b>			<b>31 December 2013</b>		
	<b>Contract or underlying principal amount RM'000</b>	<b>Fair value</b>		<b>Contract or underlying principal amount RM'000</b>	<b>Fair value</b>	
		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
<b>Trading</b>						
Foreign exchange derivative						
- Forward	6,133,664	24,053	31,898	4,589,792	52,912	25,732
- Swaps	25,890,980	389,154	326,224	21,354,263	444,615	385,818
- Options	2,049,801	16,305	9,976	1,873,332	20,477	12,385
- Others	800,678	10,618	10,603	1,061,451	28,023	27,998
Interest rate derivatives						
- Swaps	34,884,435	219,830	209,509	30,220,841	224,902	224,107
- Options	1,161,583	-	3,413	1,763,793	-	5,141
- Futures	104,899	5	101	84,457	1,692	-
- Swaptions	200,000	-	1,245	300,000	-	1,755
- Others	23,076	383	-	42,885	727	-
Equity and other derivatives						
- Swaps	1,163,980	22,960	22,960	725,780	7,058	7,058
- Exchange traded futures	42,346	-	112	922	-	11
- Options	2,998	11	-	1,000	12	-
- Commodity futures	15,245	661	570	73,260	1,561	1,642
- Bond forward	1,090,000	10,303	-	1,090,000	10,303	-
- Credit linked notes	2,492,300	17,964	22,910	2,598,100	23,190	21,434
	<u>76,055,985</u>	<u>712,247</u>	<u>639,521</u>	<u>65,779,876</u>	<u>815,472</u>	<u>713,081</u>
<b>Hedging</b>						
Interest rate derivatives						
- Swaps	1,541,804	2,016	15,091	1,493,141	2,724	15,452
	<u>77,597,789</u>	<u>714,263</u>	<u>654,612</u>	<u>67,273,017</u>	<u>818,196</u>	<u>728,533</u>



**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)****17 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (continued)**

<b>Bank</b>	<b>31 March 2014</b>			<b>31 December 2013</b>		
	<b>Contract or underlying principal amount RM'000</b>	<b>Fair value</b>		<b>Contract or underlying principal amount RM'000</b>	<b>Fair value</b>	
		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
<b>Trading</b>						
Foreign exchange derivatives						
- Forward	6,131,436	24,011	31,884	4,587,987	52,902	25,702
- Swaps	25,558,415	389,156	326,224	21,355,077	444,615	385,846
- Options	2,049,801	16,305	9,976	1,873,332	20,477	12,385
- Others	800,678	10,618	10,603	1,061,451	28,023	27,998
Interest rate derivatives						
- Swaps	34,884,435	219,830	209,509	30,220,841	224,902	224,107
- Options	1,161,583	-	3,413	1,763,793	-	5,141
- Futures	104,899	5	101	84,457	1,692	-
- Swaptions	200,000	-	1,245	300,000	-	1,755
- Others	23,076	383	-	42,885	727	-
Equity and other derivatives						
- Swaps	1,163,980	22,960	22,960	725,780	7,058	7,058
- Exchange traded futures	42,346	-	112	922	-	11
- Options	2,998	11	-	1,000	12	-
- Commodity futures	15,245	661	570	73,260	1,561	1,642
- Bond forward	1,090,000	10,303	-	1,090,000	10,303	-
- Credit linked notes	2,492,300	17,964	22,910	2,598,100	23,190	21,434
	<b>75,721,192</b>	<b>712,207</b>	<b>639,507</b>	<b>65,778,885</b>	<b>815,462</b>	<b>713,079</b>
<b>Hedging</b>						
Interest rate derivatives						
- Swaps	1,541,804	2,016	15,091	1,493,141	2,724	15,452
	<b>77,262,996</b>	<b>714,223</b>	<b>654,598</b>	<b>67,272,026</b>	<b>818,186</b>	<b>728,531</b>

**18 OTHER ASSETS**

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 March 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Interest/Profit receivable	97,177	110,905	97,193	103,387
Amount due from subsidiary	-	-	7,960	5,409
Unquoted Islamic subordinated bond of subsidiary	-	-	200,000	200,000
Other receivables, deposits and prepayments	116,736	215,943	115,685	214,783
	<b>213,913</b>	<b>326,848</b>	<b>420,838</b>	<b>523,579</b>

Included in other receivables, deposits and prepayments are receivables arising from disposal of investment properties of Nil (31 December 2013: RM28.7 million).

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)****19 DEPOSITS FROM CUSTOMERS**

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 March 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
i) By type of deposit				
Demand deposits	11,214,553	10,878,995	8,928,148	8,650,041
Saving deposits	5,770,961	5,676,866	5,448,042	5,362,734
Fixed/Investment deposits	42,158,592	38,366,908	37,998,066	35,041,048
Negotiable instruments of deposit	7,577	8,724	11,754	12,484
Short-term money market deposits	2,833,164	3,687,903	2,092,384	2,970,927
Structured investments	4,707,019	4,391,810	4,707,019	4,391,810
	<u>66,691,866</u>	<u>63,011,206</u>	<u>59,185,413</u>	<u>56,429,044</u>
ii) By type of customer				
Government and statutory bodies	11,591	11,635	2,011	1,993
Business enterprises	25,760,557	23,889,485	22,146,593	20,498,641
Individuals	28,788,445	27,502,927	27,263,844	26,420,986
Foreign entities	1,920,254	2,066,521	1,877,313	2,032,529
Others	10,211,019	9,540,638	7,895,652	7,474,895
	<u>66,691,866</u>	<u>63,011,206</u>	<u>59,185,413</u>	<u>56,429,044</u>
iii) By maturity structure				
Within six months	54,980,485	51,852,481	48,657,676	46,076,438
Six months to one year	9,088,450	8,063,607	7,908,851	7,259,368
One year to three years	576,069	871,375	572,029	869,499
Three years to five years	1,211,860	1,373,743	1,211,856	1,373,739
Over five years	835,002	850,000	835,001	850,000
	<u>66,691,866</u>	<u>63,011,206</u>	<u>59,185,413</u>	<u>56,429,044</u>

**20 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 March 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Licensed banks	9,807,242	9,470,945	9,384,418	8,922,671
Other financial institutions	122,981	152,819	122,981	152,819
	<u>9,930,223</u>	<u>9,623,764</u>	<u>9,507,399</u>	<u>9,075,490</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)****21 SUBORDINATED TERM LOAN/BONDS**

	<b>Group and Bank</b>	
	<b>31 March 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>
RM200 million Redeemable Islamic Subordinated Bond 2006/2021	200,000	200,000
RM400 million Innovative Tier 1 Capital Securities	400,000	400,000
RM500 million Redeemable Subordinated Bonds 2010/2020	501,629	502,377
RM600 million Redeemable Subordinated Bonds 2012/2022	591,789	591,343
	<u>1,693,418</u>	<u>1,693,720</u>

**22 OTHER LIABILITIES**

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2014</b>	<b>31 December 2013</b>	<b>31 March 2014</b>	<b>31 December 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Equity compensation benefits	11,487	9,569	11,487	9,569
Provision for commitments and contingencies	6,526	4,809	6,526	4,809
Interest/Profit payable	435,749	378,718	404,975	352,670
Other accruals and charges	345,647	390,380	306,485	346,678
Amount due to subsidiary companies	1	-	84,945	35,139
Dividend payable	437,700	-	437,700	-
	<u>1,237,110</u>	<u>783,476</u>	<u>1,252,118</u>	<u>748,865</u>

**23 NET INTEREST INCOME**

	<b>Group</b>		<b>Bank</b>	
	<b>Year to date ended</b>		<b>Year to date ended</b>	
	<b>31 March 2014</b>	<b>31 March 2013</b>	<b>31 March 2014</b>	<b>31 March 2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Interest income</b>				
Loans, advances and financing				
- Interest income other than recoveries	584,733	531,429	584,733	531,429
- Recoveries from impaired loans, advances and financing	14,924	23,448	14,924	23,448
- Discount unwind from impaired loans, advances and financing	597	339	597	339
Money at call and deposit placements with banks and other financial institutions	55,591	55,198	64,939	63,361
Financial assets held-for-trading	5,864	4,432	5,864	4,432
Financial investments available-for-sale	91,183	64,709	91,983	65,321
Unquoted Islamic subordinated bond of subsidiary	-	-	2,688	2,688
Others	2,936	2,976	2,936	2,976
	<u>755,828</u>	<u>682,531</u>	<u>768,664</u>	<u>693,994</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)****23 NET INTEREST INCOME (continued)**

	<b>Group</b>		<b>Bank</b>	
	<b>Year to date ended</b>		<b>Year to date ended</b>	
	<b>31 March 2014 RM'000</b>	<b>31 March 2013 RM'000</b>	<b>31 March 2014 RM'000</b>	<b>31 March 2013 RM'000</b>
<b>Interest expense</b>				
Deposits from customers	372,548	322,311	372,548	322,311
Deposits and placements of banks and other financial institutions	30,208	17,016	33,966	19,763
Recourse obligation on loans sold to Cagamas Berhad	-	261	-	261
Subordinated term loan/bonds	19,600	19,472	19,600	19,472
Others	5,324	4,738	5,324	4,738
	<u>427,680</u>	<u>363,798</u>	<u>431,438</u>	<u>366,545</u>
<b>Net interest income</b>	<u>328,148</u>	<u>318,733</u>	<u>337,226</u>	<u>327,449</u>

**24 INCOME FROM ISLAMIC BANKING OPERATIONS**

	<b>Group</b>	
	<b>Year to date ended</b>	
	<b>31 March 2014 RM'000</b>	<b>31 March 2013 RM'000</b>
Income derived from investment of depositors' funds and others	137,806	101,032
Income derived from investment of shareholder's funds	16,801	15,303
Income attributable to depositors	(48,763)	(33,107)
	<u>105,844</u>	<u>83,228</u>

**25 NET FEE AND COMMISSION INCOME**

	<b>Group</b>		<b>Bank</b>	
	<b>Year to date ended</b>		<b>Year to date ended</b>	
	<b>31 March 2014 RM'000</b>	<b>31 March 2013 RM'000</b>	<b>31 March 2014 RM'000</b>	<b>31 March 2013 RM'000</b>
		<b>Restated</b>		<b>Restated</b>
Commission	29,047	24,254	29,047	24,254
Service charges and fees	37,048	26,451	37,048	26,451
Guarantee fees	8,071	6,658	8,071	6,658
Other fee income	2,551	2,916	2,551	2,916
	<u>76,717</u>	<u>60,279</u>	<u>76,717</u>	<u>60,279</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)****26 NET TRADING INCOME**

	<b>Group and Bank</b>	
	<b>Year to date ended</b>	
	<b>31 March 2014 RM'000</b>	<b>31 March 2013 RM'000</b>
Gain on foreign exchange	14,128	10,996
Realised gain on financial assets held-for-trading	3,632	4,087
Realised gain/(loss) on trading derivatives	40,264	(62,962)
Unrealised gain on financial assets held-for-trading	4,724	457
Unrealised (loss)/gain on trading derivatives	<u>(24,569)</u>	<u>82,994</u>
	<b><u>38,179</u></b>	<b><u>35,572</u></b>

**27 OTHER OPERATING INCOME**

	<b>Group</b>		<b>Bank</b>	
	<b>Year to date ended</b>		<b>Year to date ended</b>	
	<b>31 March 2014 RM'000</b>	<b>31 March 2013 RM'000</b>	<b>31 March 2014 RM'000</b>	<b>31 March 2013 RM'000</b>
Unrealised (loss)/gain on hedging derivatives	(213)	185	(213)	185
Gross dividends from financial investments available-for-sale				
- Malaysia	450	-	450	-
- Outside Malaysia	-	36	-	36
Gross dividends from financial assets held-for-trading				
- Malaysia	41	9	41	9
Rental of premises	1,845	1,844	1,859	1,854
Rental of safe deposit box	1,343	1,215	1,343	1,215
Realised gain on disposal of financial investments available-for-sale	1,087	2,692	1,087	2,692
(Loss)/Gain from disposal of property, plant and equipment	(88)	1,227	(88)	1,227
Shared services income received from subsidiary	-	-	23,004	16,072
Others	<u>(639)</u>	<u>(129)</u>	<u>(639)</u>	<u>(129)</u>
	<b><u>3,826</u></b>	<b><u>7,079</u></b>	<b><u>26,844</u></b>	<b><u>23,161</u></b>

**28 OPERATING EXPENSES**

	Note	<b>Group</b>		<b>Bank</b>	
		<b>Year to date ended</b>		<b>Year to date ended</b>	
		<b>31 March 2014 RM'000</b>	<b>31 March 2013 RM'000</b>	<b>31 March 2014 RM'000</b>	<b>31 March 2013 RM'000</b>
Personnel expenses	(i)	105,570	100,054	97,264	93,139
Establishment expenses	(ii)	21,301	23,327	19,410	20,795
Marketing expenses	(iii)	8,689	5,928	8,304	6,000
General administrative expenses	(iv)	79,124	70,523	73,115	65,706
		<u>214,684</u>	<u>199,832</u>	<u>198,093</u>	<u>185,640</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)****28 OPERATING EXPENSES (continued)**

	<b>Group</b>		<b>Bank</b>	
	<b>Year to date ended</b>		<b>Year to date ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated</b>		<b>Restated</b>
<b>(i) Personnel expenses</b>				
Wages, salaries and bonus	84,236	81,656	77,533	75,825
Employees Provident Fund Contributions	13,298	13,020	12,213	12,086
Share-based expenses	1,802	1,757	1,758	1,702
Others	6,234	3,621	5,760	3,526
	<u>105,570</u>	<u>100,054</u>	<u>97,264</u>	<u>93,139</u>
<b>(ii) Establishment expenses</b>				
Depreciation of property, plant and equipment	11,814	12,761	11,117	11,879
Rental of premises	3,962	4,153	3,385	3,469
Repair and maintenance	1,684	1,184	1,604	1,105
Information technology costs	1,101	318	1,083	318
Hire of equipment	220	197	220	197
Depreciation of investment properties	47	43	47	43
Amortisation of prepaid lease payments	9	9	9	9
Others	2,464	4,662	1,945	3,775
	<u>21,301</u>	<u>23,327</u>	<u>19,410</u>	<u>20,795</u>
<b>(iii) Marketing expenses</b>				
Advertisement and business promotion	6,610	4,330	6,432	4,548
Transport and travelling	1,291	1,174	1,103	1,044
Others	788	424	769	408
	<u>8,689</u>	<u>5,928</u>	<u>8,304</u>	<u>6,000</u>
<b>(iv) General administrative expenses</b>				
Intercompany expenses	64,828	55,727	59,360	51,601
Others	14,296	14,796	13,755	14,105
	<u>79,124</u>	<u>70,523</u>	<u>73,115</u>	<u>65,706</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)****29 IMPAIRMENT/(WRITE BACK) OF ALLOWANCE ON LOANS, ADVANCES AND FINANCING**

	<b>Group</b>		<b>Bank</b>	
	<b>Year to date ended</b>		<b>Year to date ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Impairment allowance on loan, advances and financing				
Individual impairment allowance				
- Made during the period	53,034	40,516	27,991	24,310
- Written back	(28,198)	(25,976)	(20,176)	(19,749)
Collective impairment allowance				
- Made during the period	34,499	13,871	18,210	13,871
Impaired loans, advances and financing				
- Recovered during the period	(9,825)	(35,314)	(7,372)	(33,120)
Others	12	32	12	32
	<u>49,522</u>	<u>(6,871)</u>	<u>18,665</u>	<u>(14,656)</u>

**30 INCOME TAX EXPENSE**

	<b>Group</b>		<b>Bank</b>	
	<b>Year to date ended</b>		<b>Year to date ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax				
- Current period	60,079	69,608	55,374	62,702
Deferred tax				
- Origination and reversal of temporary differences	11,037	7,861	10,273	7,041
	<u>71,116</u>	<u>77,469</u>	<u>65,647</u>	<u>69,743</u>

**31 CAPITAL COMMITMENTS**

	<b>Group</b>		<b>Bank</b>	
	<b>Year to date ended</b>		<b>Year to date ended</b>	
	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Capital expenditure in respect of property, plant and equipment				
- Authorised and contracted for	15,361	20,486	14,646	19,778
- Authorised but not contracted for	47,570	48,087	38,592	39,097
	<u>62,931</u>	<u>68,573</u>	<u>53,238</u>	<u>58,875</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)****32 COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to their customers. Apart from the provision for commitments and contingencies already made in the unaudited condensed interim financial statements, no material losses are anticipated as a result of these transactions.

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

	31 March 2014			31 December 2013		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
<b>Group</b>						
Direct credit substitutes	956,713	956,713	726,786	982,350	982,350	761,856
Transaction-related contingent items	1,797,790	898,895	647,069	1,882,814	941,407	670,805
Short-term self-liquidating trade-related contingencies	590,313	118,063	51,964	582,864	116,573	59,588
Commitments with certain drawdowns	10,000	10,000	5,999	-	-	-
Foreign exchange related contracts						
- Less than one year	26,605,924	468,826	80,621	19,668,042	463,469	126,183
- One year to less than five years	5,334,923	782,855	332,763	5,996,485	867,425	387,360
- Five years and above	1,337,823	302,150	222,800	1,546,402	361,752	248,990
Interest rate contracts						
- Less than one year	9,695,284	19,428	4,045	7,587,913	15,273	3,411
- One year to less than five years	22,751,493	621,886	279,850	19,062,504	530,479	246,260
- Five years and above	2,510,185	198,134	120,287	2,431,310	206,115	154,141
Credit derivative contracts	991,150	91,621	44,173	1,044,050	98,292	67,499
Equity and commodity related contracts	591,481	59,171	6,567	398,551	41,254	6,455
Formal standby facilities and credit lines						
- Maturity not exceeding one year	21,268	21,268	6,538	19,499	19,499	6,161
- Maturity exceeding one year	5,617,976	5,188,042	837,781	5,230,602	4,870,726	812,658
Other unconditionally cancellable commitments	15,789,865	2,026,272	480,547	16,689,869	1,974,074	473,255
<b>Total</b>	<b>94,602,188</b>	<b>11,763,324</b>	<b>3,847,790</b>	<b>83,123,255</b>	<b>11,488,688</b>	<b>4,024,622</b>



**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)****32 COMMITMENTS AND CONTINGENCIES (continued)**

	31 March 2014			31 December 2013		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
<b>Bank</b>						
Direct credit substitutes	904,278	904,278	673,159	937,864	937,864	714,073
Transaction-related contingent items	1,582,078	791,039	555,438	1,692,148	846,074	593,809
Short-term self-liquidating trade-related contingencies	547,812	109,562	47,571	529,412	105,882	53,466
Commitments with certain drawdowns	10,000	10,000	5,999	-	-	-
Foreign exchange related contracts						
- Less than one year	26,259,987	463,335	79,941	19,661,953	463,413	126,173
- One year to less than five years	5,334,923	782,855	332,763	5,996,485	867,425	387,360
- Five years and above	1,337,823	302,150	222,800	1,546,402	361,752	248,990
Interest rate contracts						
- Less than one year	9,695,284	19,428	4,045	7,587,913	15,273	3,411
- One year to less than five years	22,751,493	621,886	279,850	19,062,504	530,479	246,260
- Five years and above	2,510,185	198,134	120,287	2,431,310	206,115	154,141
Credit derivative contracts	991,150	91,621	44,173	1,044,050	98,292	67,499
Equity and commodity related contracts	591,481	59,173	6,568	398,552	41,255	6,454
Formal standby facilities and credit lines						
- Maturity not exceeding one year	18,779	18,779	5,313	17,579	17,579	5,125
- Maturity exceeding one year	5,189,167	4,821,162	737,533	4,847,169	4,544,116	724,281
Other unconditionally cancellable commitments	15,006,309	2,022,258	478,235	15,848,062	1,971,165	471,630
<b>Total</b>	<b>92,730,749</b>	<b>11,215,660</b>	<b>3,593,675</b>	<b>81,601,403</b>	<b>11,006,684</b>	<b>3,802,672</b>

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)

### 33 FAIR VALUES OF FINANCIAL INSTRUMENTS

#### Fair values

Financial instruments comprise financial assets, financial liabilities and off-statement of financial position financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

Quoted and observable market prices, where available, are used as the measure of fair values. However, for a significant portion of the Group's and the Bank's financial instruments, including loans, advances and financing to customers, such market prices do not exist as there is currently no ready market wherein exchanges between willing parties occur.

The Group and the Bank use various methodologies to estimate the fair values of such instruments. These methodologies involve uncertainties and are significantly affected by the assumptions used and judgments made regarding risk characteristics of various financial instruments, discount rates, estimated future cash flows, future expected loss experience and other factors. Changes in the uncertainties and assumptions could significantly affect these estimates and the resulting fair value estimates. Therefore, for a significant portion of the Group's and the Bank's financial instruments, including loans, advances and financing to customers, their respective fair value estimates do not purport to represent, nor should they be construed to represent, the amounts that the Group and the Bank could realise in a sales transaction at the reporting date. The fair value information presented herein should also in no way be construed as representative of the underlying value of the Group and the Bank as going concerns.

In addition, fair value information is not provided for non-financial instruments and financial instruments that are excluded from the scope of MFRS 132 which requires fair value information to be disclosed. These include property, plant and equipment, investment properties, prepaid lease payments and investments in subsidiary companies.

For financial assets and liabilities not carried at fair value on the financial statements, the Group and the Bank have determined that their fair values were not materially different from the carrying amounts at the reporting date.

#### A) Fair value measurement

##### i) Financial assets and financial liabilities

###### a) Short term financial instruments

The carrying amounts approximate the fair values of cash and cash equivalents, deposits and placements with banks and other financial institutions with maturity less than one year, interest/profit and other short-term receivables due to their short tenor or frequent re-pricing.

###### b) Deposits and placements with/to banks and other financial institutions with maturity of one year or more

For deposits and placements with maturity of one year or more, the fair value is estimated based on discounted cash flows using prevailing money market interest/profit rates for deposits and placements with similar remaining period to maturity.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)**

**33 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**

**A) Fair value measurement (continued)**

**i) Financial assets and financial liabilities (continued)**

c) Financial assets held-for-trading and financial investments available-for-sale

The fair value of financial assets that are actively traded is determined by quoted bid prices. For non-actively traded financial investments, independent broker quotations are obtained or valuation techniques are used to fair value the financial investments.

d) Loans, advances and financing

Loans, advances and financing are carried at amortised cost on the statement of financial position, net of individual and collective impairment allowances. The fair values of loans, advances and financing with maturity of less than one year are estimated to approximate their carrying amounts. For loan, advances and financing with maturity of one year or more, the fair values are estimated based on discounted cash flows using market rates of loan, advances and financing of similar credit risks and maturity.

e) Deposits from customers

For deposits with maturity of less than one year, the carrying amount is a reasonable estimate of the fair value. For deposits with maturity of one year or more, the fair value is estimated using discounted cash flows based on market rates for similar products and maturity.

f) Bills and acceptances payable

Bills and acceptances payable are substantially with maturity of less than one year. The carrying amount of bills and acceptances payable is a reasonable estimate of the fair value.

g) Subordinated term loan / bonds

Fair value for the subordinated bond is determined using quoted market prices and where available, or by reference to quoted market prices of similar instruments.

**ii) Off-statements of financial position**

The fair value of off-statements of financial position is the estimated amount of the Group or the Bank would receive or pay to terminate the contracts at the reporting date. The fair value of the off-statements of financial position are disclosed in Note 17 of the financial statements.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)****33 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)****B) Fair value hierarchy of financial assets and liabilities (continued)**

The Group and the Bank measure the fair value of financial assets and liabilities using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Group</b>				
<b>31 March 2014</b>				
<b>Financial assets at fair value</b>				
Held-for-trading	800,455	87,158	-	887,613
Available-for-sale	4,001,547	4,822,983	108,546	12,933,076
Derivative assets	2,756	687,985	23,522	714,263
	<u>8,804,758</u>	<u>5,598,126</u>	<u>132,068</u>	<u>14,534,952</u>
<b>Financial liabilities at fair value</b>				
Derivative liabilities	<u>2,775</u>	<u>618,723</u>	<u>33,114</u>	<u>654,612</u>
<b>31 December 2013</b>				
<b>Financial assets at fair value</b>				
Held-for-trading	337,218	17,755	-	354,973
Available-for-sale	7,683,970	3,867,074	108,546	11,659,590
Derivative assets	2,831	774,133	41,232	818,196
	<u>8,024,019</u>	<u>4,658,962</u>	<u>149,778</u>	<u>12,832,759</u>
<b>Financial liabilities at fair value</b>				
Derivative liabilities	<u>2,632</u>	<u>679,542</u>	<u>46,359</u>	<u>728,533</u>
<b>Bank</b>				
<b>31 March 2014</b>				
<b>Financial assets at fair value</b>				
Held-for-trading	800,455	87,158	-	887,613
Available-for-sale	6,441,511	4,256,850	108,546	10,806,907
Derivative assets	2,736	687,965	23,522	714,223
	<u>7,244,702</u>	<u>5,031,973</u>	<u>132,068</u>	<u>12,408,743</u>
<b>Financial liabilities at fair value</b>				
Derivative liabilities	<u>2,774</u>	<u>618,710</u>	<u>33,114</u>	<u>654,598</u>
<b>31 December 2013</b>				
<b>Financial assets at fair value</b>				
Held-for-trading	337,218	17,755	-	354,973
Available-for-sale	6,137,360	3,433,855	108,546	9,679,761
Derivative assets	2,833	774,121	41,232	818,186
	<u>6,477,411</u>	<u>4,225,731</u>	<u>149,778</u>	<u>10,852,920</u>
<b>Financial liabilities at fair value</b>				
Derivative liabilities	<u>2,632</u>	<u>679,540</u>	<u>46,359</u>	<u>728,531</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)****33 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)****B) Fair value hierarchy of financial assets and liabilities (continued)**

Movements in the Group's and Bank's Level 3 financial assets and liabilities are as follows:

	<b>Group and Bank</b>		
	<b>Held for Trading RM'000</b>	<b>Available for-sale RM'000</b>	<b>Total RM'000</b>
<b>31 March 2014</b>			
<b>Financial assets at fair value</b>			
At 1 January	41,232	108,546	149,778
Purchases	21	-	21
Settlements/disposals	(12)	-	(12)
Recognised in profit or loss		-	
- Realised loss	(9,520)	-	(9,520)
- Unrealised loss	(8,199)	-	(8,199)
	<u>23,522</u>	<u>108,546</u>	<u>132,068</u>
<b>Financial liabilities at fair value</b>			
At 1 January	46,359	-	46,359
Issues	1,175	-	1,175
Settlements/disposals	(3,595)	-	(3,595)
Recognised in profit or loss		-	
- Realised loss	(8,351)	-	(8,351)
- Unrealised loss	(2,474)	-	(2,474)
	<u>33,114</u>	<u>-</u>	<u>33,114</u>
<b>31 December 2013</b>			
<b>Financial assets at fair value</b>			
At 1 January	103,177	108,546	211,723
Purchases	12	-	12
Settlements/disposals	(51,515)	-	(51,515)
Recognised in profit or loss		-	
- Realised gain	(14,295)	-	(14,295)
- Unrealised gain	3,853	-	3,853
	<u>41,232</u>	<u>108,546</u>	<u>149,778</u>
<b>Financial liabilities at fair value</b>			
At 1 January	86,182	-	86,182
Issues	1,675	-	1,675
Reclassified to other liabilities	(55,115)	-	(55,115)
Recognised in profit or loss		-	
- Realised loss	12,106	-	12,106
- Unrealised gain	1,511	-	1,511
	<u>46,359</u>	<u>-</u>	<u>46,359</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)****33 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)****B) Fair value hierarchy of financial assets and liabilities (continued)****Policy on transfer between levels**

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.

**Level 1 fair value**

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets and financial liabilities that the entity can access at the measurement date.

**Level 2 fair value**

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets and liabilities, either directly or indirectly.

**Transfer between Level 1 and 2 fair values**

During the year, financial investments available-for-sale with a carrying amount of RM38,847,000 (2013: RM44,368,000) were transferred from Level 2 to Level 1 because active market price is available.

**Level 3 fair value**

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

**Valuation techniques and unobservable parameters for Level 3 financial assets and liabilities**

<b>Group and Bank</b>	<b>31 March 2014 Fair value RM'000</b>	<b>31 December 2013 Fair value RM'000</b>	<b>Classification</b>	<b>Valuation technique</b>	<b>Unobservable input</b>
<b>Assets</b>					
Derivative assets	23,522	41,232	Hedge for trading	Option pricing model	Standard deviation
<b>Liabilities</b>					
Derivative liabilities	33,114	46,359	Hedge for trading	Option pricing model	Standard deviation

Management considers that any reasonably possible changes to the unobservable input will not result in a significant financial impact.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)****33 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)****B) Fair value hierarchy of financial assets and liabilities (continued)****Valuation control framework**

The Group has an established control framework with respect to the measurement of fair values, which includes formalised processes for the review and validation of fair values independent of the businesses entering into the transactions.

The Market Risk Management (“MRM”) function within the Group Risk Management Division is responsible for market data validation, initial model validation and ongoing performance monitoring.

The Treasury Financial Control – Valuation Control function within the Finance Division is responsible for the establishment of the overall valuation control framework. This includes, but is not limited to, reviewing and recommending appropriate valuation reserves, methodologies and adjustments, independent price testing, and identifying valuation gaps.

Valuation related policies are reviewed annually by the MRM and Finance functions. Any material change to the framework requires the approval of the Chief Executive Officer and concurrence from the Board Risk Management Committee. Group Audit provides independent assurance on the respective divisions’ compliance with the policy.

**(C) Fair value of financial assets and liabilities not carried at fair value**

The table below is a comparison of the carrying amounts and fair values of the financial instruments of the Group and the Bank which are not measured at fair value in the financial statements. The table does not include those short term/on demand financial assets and financial liabilities where the carrying amounts are reasonable approximation of their fair values.

In terms of fair value hierarchy, the financial instruments not carried at fair value are classified under Level 3.

	Group		Bank	
	Carrying amount RM'000	Fair value (Level 3) RM'000	Carrying amount RM'000	Fair value (Level 3) RM'000
<b>31 March 2014</b>				
<b>Financial assets</b>				
Loans, advances and financing	57,951,899	58,671,798	50,678,360	51,398,259
<b>31 December 2013</b>				
<b>Financial assets</b>				
Loans, advances and financing	55,698,871	55,783,734	48,935,917	48,936,533

The following is the method and assumption used to estimate the fair value of the above category of financial instruments:

The fair values of variable rate loans, advances and financing are carried approximately to their carrying values. For fixed rate loans, advances and financing, the fair values are valued on expected future discounted cash flows using market rates loan, advances and financing of similar credit riskd and maturity. For impaired loans, advances and financing, the fair values are carried at amortised costs net of individual and collective impairment

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)

### 34 SEGMENT INFORMATION

#### Operating Segment

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. It is prepared on the basis of the 'management approach', which requires presentation of the segments on the basis of internal reports about the components of the entity which are regularly reviewed by the chief operating decision-maker in order to allocate resources to a segment and to assess its performance. The Group's businesses are organised into the following four segments based on the types of products and services that it provides:

#### (i) Business Banking

Business Banking has 3 principal customer segments namely Large Corporate, Commercial Banking and Emerging Business structured along its customer base. Business Banking also serves financial institutions referencing to banks and non-bank financial institutions, including international financial institutions, for which OCBC Malaysia provides correspondent banking services, payments and trade-related services.

#### (ii) Consumer Financial Services

Consumer Financial Services is responsible for individual customers, who are broadly categorised under the mass market, mass affluent and premier banking segments. Consumer Financial Services offers an array of consumer products and services, including savings and fixed deposits, checking and savings accounts, consumer loans such as housing loans and other personal loans, unit trusts, bancassurance products, structured investments and credit cards.

#### (iii) Treasury

Global Treasury offers treasury financial solutions to customers with products ranging from foreign exchange ("FX") spot and forwards to currency options as well as liabilities hedging tools using interest rate swaps and interest rate options. Global Treasury also offers both conventional and Islamic structured investments, denominated in Ringgit Malaysia as well as foreign currencies that build on amongst others, interest rates, FX, equities and its indices, and commodities.

Global Treasury manages the gapping and investment book of OCBC Malaysia, execution of Asset Liability Management Committee ("ALCO") decisions, compliance of liquidity requirements and facilitates money market operations.

#### (iv) Others

The other segments include property-related activities and income/expenses not attributable to other operating segments.

#### Measurement and Evaluation of Segment Performance

The Board evaluates operating segments' performance on the basis of revenue, profit, cost-to-income ratio, loans and deposits growth and asset quality. Expenses directly associated with each operating segment are included in determining their respective profit. Transactions between operating segments are based on mutually agreed allocation bases. Funds 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 internal service providers (head office), which operate a non-profit basis, and inter-segment eliminations.



**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)****34 SEGMENT INFORMATION (continued)****Major Customers**

Revenues from no single customer amounted to greater than 10% of the Group's revenues for the current financial year (2012: Nil).

**Geographical Segment**

The financial information by geographical segment is not presented as the Group's activities are principally conducted in Malaysia.

<b>Group</b>	<b>Consumer</b>				<b>Total RM'000</b>
	<b>Business Banking RM'000</b>	<b>Financial Services RM'000</b>	<b>Global Treasury RM'000</b>	<b>Others RM'000</b>	
<b>31 March 2014</b>					
Net interest/finance income	234,828	119,223	40,345	31,439	425,835
Non Interest/finance income	29,566	27,294	62,737	7,282	126,879
Operating income	264,394	146,517	103,082	38,721	552,714
Operating expenses	(81,895)	(108,814)	(18,108)	(5,867)	(214,684)
Operating profit before impairment allowance and provision	182,499	37,703	84,974	32,854	338,030
(Impairment)/Write back of allowances and provision for commitments and contingencies	(26,127)	(25,111)	-	426	(50,812)
Profit before income tax expense and zakat	156,372	12,592	84,974	33,280	287,218
Income tax expense and zakat	(62,140)	(9,669)	(21,259)	21,943	(71,125)
Profit for the period	94,232	2,923	63,715	55,223	216,093
Gross loans, advances and financing	34,620,907	24,058,253	-	90,839	58,769,999
Deposits from customers	35,114,793	27,278,284	4,298,789	-	66,691,866
Gross impaired loans, advances and financing	1,021,687	298,503	-	-	1,320,190
<b>31 March 2013</b>					
Net interest/finance income	213,972	115,641	38,061	20,947	388,621
Non Interest/finance income	29,963	21,255	59,372	5,680	116,270
Operating income	243,935	136,896	97,433	26,627	504,891
Operating expenses	(77,489)	(94,620)	(19,272)	(8,451)	(199,832)
Operating profit before impairment allowance and provision	166,446	42,276	78,161	18,176	305,059
Write back/(Impairment) of allowances and provision for commitments and contingencies	26,085	(19,160)	-	(54)	6,871
Profit before income tax expense and zakat	192,531	23,116	78,161	18,122	311,930
Income tax expense and zakat	(64,900)	(10,091)	(19,540)	17,054	(77,477)
Profit for the period	127,631	13,025	58,621	35,176	234,453
<b>31 December 2013</b>					
Gross loans, advances and financing	33,421,500	22,970,757	-	94,263	56,486,520
Deposits from customers	32,626,969	26,400,416	3,983,821	-	63,011,206
Gross impaired loans, advances and financing	1,033,383	274,148	-	-	1,307,531

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)****35 CAPITAL ADEQUACY**

With effect from 1 January 2013, the capital ratios is computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components). Recognition of the Group's and the Bank's Tier 2 capital instruments is subject to gradual phase out as required by the BNM Capital Adequacy Framework (Capital Components).

	<b>Group</b>	
	<b>31 March 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
<u>Common Equity Tier 1 ("CET 1") Capital</u>		
Paid-up ordinary share capital	287,500	287,500
Ordinary share premium	462,500	462,500
Retained earnings	3,550,082	3,996,728
Unrealised gains on financial investments available-for-sale	50,788	29,610
Other reserves	429,390	429,390
Capital reserves	56,619	56,619
CET 1 capital	4,836,879	5,262,347
Regulatory adjustment for CET 1	(278,618)	(316,452)
Eligible CET 1 capital	4,558,261	4,945,895
<u>Additional Tier 1 Capital</u>		
Paid-up non-cumulative, non-convertible perpetual preference shares	3,200	3,600
Preference share premium	316,800	356,400
Innovative Tier 1 capital	320,000	360,000
Eligible Tier 1 capital	5,198,261	5,665,895
<u>Tier 2 capital</u>		
Collective impairment allowance under the Standardised Approach*	18,268	19,124
Subordinated term loan/bonds	1,040,000	1,170,000
Eligible Tier 2 capital	1,058,268	1,189,124
<b>Capital base</b>	<b>6,256,529</b>	<b>6,855,019</b>
* Excluding the collective impairment allowance on impaired loans, advances and financing		
<u>Before deducting proposed dividend</u>		
CET 1 capital ratio	11.334%	12.773%
Tier 1 capital ratio	12.926%	14.632%
Risk-weighted capital ratio	15.557%	17.703%
<u>After deducting proposed dividend</u>		
CET 1 capital ratio	11.334%	11.619%
Tier 1 capital ratio	12.926%	13.478%
Risk-weighted capital ratio	15.557%	16.549%

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)****35 CAPITAL ADEQUACY (continued)**

	<b>Bank</b>	
	<b>31 March 2014 RM'000</b>	<b>31 March 2013 RM'000</b>
<u>Common Equity Tier 1 ("CET 1") Capital</u>		
Paid-up ordinary share capital	287,500	287,500
Ordinary share premium	462,500	462,500
Retained earnings	3,476,812	3,923,458
Unrealised gains on financial investments available-for-sale	53,850	36,308
Other reserves	322,000	322,000
Capital reserves	-	-
CET 1 capital	<u>4,602,662</u>	<u>5,031,766</u>
Regulatory adjustment for CET 1	<u>(311,316)</u>	<u>(270,760)</u>
Eligible CET 1 capital	4,291,346	4,761,006
<u>Additional Tier 1 Capital</u>		
Paid-up non-cumulative, non-convertible perpetual preference shares	3,200	3,600
Preference share premium	316,800	356,400
Innovative Tier 1 capital	320,000	360,000
Eligible Tier 1 capital	<u>4,931,346</u>	<u>5,481,006</u>
<u>Tier 2 capital</u>		
Collective impairment allowance under the Standardised Approach*	9,322	10,519
Subordinated term loan/bonds	1,040,000	1,170,000
	<u>1,049,322</u>	<u>1,180,519</u>
Regulatory adjustment for Tier 2 capital	<u>(501,293)</u>	<u>(576,617)</u>
Eligible Tier 2 capital	<u>548,029</u>	<u>603,902</u>
<b>Capital base</b>	<u><b>5,479,375</b></u>	<u><b>6,084,908</b></u>
* Excluding the collective impairment allowance on impaired loans, advances and financing		
<u>Before deducting proposed dividend</u>		
CET 1 capital ratio	12.365%	14.158%
Tier 1 capital ratio	14.209%	16.299%
Risk-weighted capital ratio	<u>15.788%</u>	<u>18.095%</u>
<u>After deducting proposed dividend</u>		
CET 1 capital ratio	12.365%	12.830%
Tier 1 capital ratio	14.209%	14.971%
Risk-weighted capital ratio	<u>15.788%</u>	<u>16.767%</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2014 (continued)****35 CAPITAL ADEQUACY (continued)**

Breakdown of risk-weighted assets ("RWA") in the various categories of risk-weights:

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2014 RM'000</b>	<b>31 December 2013 RM'000</b>	<b>31 March 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
Credit risk RWA	35,041,664	34,148,404	29,980,687	29,473,684
Market risk RWA	1,283,407	737,026	1,287,414	737,031
Operational risk RWA	3,888,089	3,837,567	3,435,101	3,416,725
Large Exposure risk	3,546	-	3,546	-
	<b>40,216,706</b>	<b>38,722,997</b>	<b>34,706,748</b>	<b>33,627,440</b>

The capital adequacy ratios of OCBC Al-Amin Bank Berhad, the banking subsidiary company of the Group, are as follows:

	<b>31 March 2014 RM'000</b>	<b>31 December 2013 RM'000</b>
CET 1 capital ratio	9.815%	10.549%
Tier 1 capital ratio	9.815%	10.549%
Risk-weighted capital ratio	<b>12.762%</b>	<b>14.125%</b>

**36 COMPARATIVE FIGURES**

The following comparative figures have been restated to conform with current year's presentation.

	<b>Group</b>		<b>Bank</b>	
	<b>Year to date ended 31 March 2013</b>		<b>Year to date ended 31 March 2013</b>	
	<b>As restated RM'000</b>	<b>As previously stated RM'000</b>	<b>As restated RM'000</b>	<b>As previously stated RM'000</b>
Net fee and commission income	60,279	61,212	60,279	61,212
Personnel and operating expenses	<b>(199,832)</b>	<b>(200,765)</b>	<b>(185,640)</b>	<b>(186,573)</b>