

Company No. 295400-W

**OCBC BANK (MALAYSIA) BERHAD  
AND ITS SUBSIDIARY COMPANIES**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

Domiciled in Malaysia  
Registered office:  
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18 Jalan Tun Perak  
50050 Kuala Lumpur

Company No. 295400-W

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AND ITS SUBSIDIARY COMPANIES  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

<b>CONTENTS</b>	<b>PAGE</b>
STATEMENTS OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	4
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	5
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	6 - 7
STATEMENT OF CHANGES IN EQUITY	8 - 9
STATEMENTS OF CASH FLOWS	10 - 11
NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS	12 - 48

OCBC BANK (MALAYSIA) BERHAD  
AND ITS SUBSIDIARY COMPANIES  
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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017**

	Note	Group		Bank	
		30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
<b>ASSETS</b>					
Cash and cash equivalents	9	6,870,974	8,293,096	7,188,704	7,669,764
Deposits and placements with banks and other financial institutions	10	1,145,632	1,447,920	2,095,308	2,015,307
Financial assets held-for-trading	11	1,597,398	1,528,361	1,597,398	1,528,361
Financial investments available-for-sale	12	13,531,428	11,253,505	9,733,221	8,077,528
Loans, advances and financing	13	68,200,954	67,421,623	58,232,866	57,799,889
Derivative financial assets	15	1,432,817	1,995,516	1,432,693	1,995,481
Other assets	16	294,631	280,597	496,147	464,465
Statutory deposits with Bank Negara Malaysia		1,736,435	2,000,966	1,433,435	1,673,966
Investments in subsidiaries		-	-	558,492	558,492
Property and equipment		172,824	188,201	161,496	174,785
Prepaid lease payments		766	784	766	784
Tax recoverable		501	28,321	-	-
Deferred tax assets		13,253	8,867	12,388	22,977
<b>Total assets</b>		<b>94,997,613</b>	<b>94,447,757</b>	<b>82,942,914</b>	<b>81,981,799</b>
<b>LIABILITIES</b>					
Deposits from customers	17	70,962,035	70,934,813	60,237,544	59,700,547
Deposits and placements of banks and other financial institutions	18	9,599,559	9,462,112	9,159,027	8,977,185
Bills and acceptances payable		132,197	153,888	109,714	123,405
Recourse obligation on loans sold to Cagamas Berhad		1,431,694	1,328,516	1,431,694	1,328,516
Derivative financial liabilities	15	1,402,773	1,820,414	1,402,685	1,820,044
Other liabilities	20	2,867,797	2,236,749	2,688,072	2,111,137
Tax payable and zakat		42,372	11,090	42,753	11,045
Subordinated bonds	19	2,030,221	2,075,852	2,030,221	2,075,852
<b>Total liabilities</b>		<b>88,468,648</b>	<b>88,023,434</b>	<b>77,101,710</b>	<b>76,147,731</b>
<b>EQUITY</b>					
Share capital		754,000	287,500	754,000	287,500
Reserves		5,773,669	6,135,427	5,087,204	5,546,568
Non-controlling interest		1,296	1,396	-	-
<b>Total equity</b>		<b>6,528,965</b>	<b>6,424,323</b>	<b>5,841,204</b>	<b>5,834,068</b>
<b>Total liabilities and equity</b>		<b>94,997,613</b>	<b>94,447,757</b>	<b>82,942,914</b>	<b>81,981,799</b>
<b>Commitments and contingencies</b>	30	<b>102,443,628</b>	<b>99,396,990</b>	<b>99,536,055</b>	<b>96,678,130</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 2016 and the accompanying explanatory notes to the unaudited condensed interim financial statements.*

OCBC BANK (MALAYSIA) BERHAD  
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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

Group	Note	Quarter ended		Year to date ended	
		30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Interest income	21	872,564	892,376	1,726,235	1,782,595
Interest expense	21	(527,835)	(557,963)	(1,035,301)	(1,116,968)
Net interest income	21	344,729	334,413	690,934	665,627
Income from Islamic banking operations	22	114,656	118,997	225,335	245,491
Net fee and commission income	23	90,271	60,645	175,981	127,159
Net trading income	24	64,490	46,394	100,779	107,063
Other operating income	25	9,517	37,310	15,086	47,705
<b>Operating income</b>		<b>623,663</b>	<b>597,759</b>	<b>1,208,115</b>	<b>1,193,045</b>
Operating expenses	26	(284,200)	(275,363)	(540,051)	(537,151)
<b>Operating profit before impairment allowance and provision</b>		<b>339,463</b>	<b>322,396</b>	<b>668,064</b>	<b>655,894</b>
Impairment allowance on loans, advances and financing	27	(28,570)	(29,342)	(56,445)	(68,262)
(Charge)/write back of impairment allowance on other receivables		(11)	115	(29)	1,733
<b>Profit before income tax and zakat</b>		<b>310,882</b>	<b>293,169</b>	<b>611,590</b>	<b>589,365</b>
Income tax expense	29	(76,411)	(71,052)	(150,101)	(143,444)
Zakat		(13)	(11)	(25)	(22)
<b>Profit for the period</b>		<b>234,458</b>	<b>222,106</b>	<b>461,464</b>	<b>445,899</b>
<b>Other comprehensive income, net of income tax</b>					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Fair value (available-for-sale) reserve					
- Change in fair value		22,724	38,590	50,831	92,724
- Amount transferred to profit or loss		(3,174)	(29,656)	(3,090)	(31,818)
Income tax expense relating to components of other comprehensive income		(4,692)	(2,911)	(11,463)	(17,978)
<b>Other comprehensive income for the period, net of tax</b>		<b>14,858</b>	<b>6,023</b>	<b>36,278</b>	<b>42,928</b>
<b>Total comprehensive income for the period</b>		<b>249,316</b>	<b>228,129</b>	<b>497,742</b>	<b>488,827</b>
<b>Profit attributable to:</b>					
Owner of the Bank		234,480	222,130	461,564	445,923
Non-controlling interest		(22)	(24)	(100)	(24)
		<b>234,458</b>	<b>222,106</b>	<b>461,464</b>	<b>445,899</b>
<b>Total comprehensive income attributable to:</b>					
Owner of the Bank		249,338	228,153	497,842	488,851
Non-controlling interest		(22)	(24)	(100)	(24)
		<b>249,316</b>	<b>228,129</b>	<b>497,742</b>	<b>488,827</b>
<b>Basic earnings per ordinary share (sen)</b>		<b>81.5</b>	<b>77.3</b>	<b>160.5</b>	<b>155.1</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 2016 and the accompanying explanatory notes to the unaudited condensed interim financial statements.

OCBC BANK (MALAYSIA) BERHAD  
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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

<b>Bank</b>	Note	<b>Quarter ended</b>		<b>Year to date ended</b>	
		<b>30 June 2017 RM'000</b>	<b>30 June 2016 RM'000</b>	<b>30 June 2017 RM'000</b>	<b>30 June 2016 RM'000</b>
Interest income	21	893,502	906,063	1,766,387	1,814,510
Interest expense	21	(543,784)	(565,759)	(1,065,259)	(1,132,799)
Net interest income	21	349,718	340,304	701,128	681,711
Net fee and commission income	23	90,071	60,645	175,730	127,159
Net trading income	24	64,490	46,394	100,779	107,063
Other operating income	25	34,534	66,026	63,002	104,222
<b>Operating income</b>		<b>538,813</b>	<b>513,369</b>	<b>1,040,639</b>	<b>1,020,155</b>
Operating expenses	26	(263,921)	(251,490)	(497,875)	(491,185)
<b>Operating profit before impairment allowance and provision</b>		<b>274,892</b>	<b>261,879</b>	<b>542,764</b>	<b>528,970</b>
Impairment allowance on loans, advances and financing	27	13,147	(11,077)	1,130	(33,184)
Impairment allowance on Restricted Profit Sharing Investment Accounts	28	(42,834)	-	(42,834)	-
(Charge)/write back of impairment allowance on other receivables		(11)	115	(29)	1,733
<b>Profit before income tax and zakat</b>		<b>245,194</b>	<b>250,917</b>	<b>501,031</b>	<b>497,519</b>
Income tax expense	29	(61,356)	(62,554)	(124,973)	(124,060)
<b>Profit for the period</b>		<b>183,838</b>	<b>188,363</b>	<b>376,058</b>	<b>373,459</b>
<b>Other comprehensive income/(expense), net of income tax</b>					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Fair value (available-for-sale) reserve					
- Change in fair value		16,950	29,205	35,285	70,409
- Amount transferred to profit or loss		(3,460)	(30,693)	(3,471)	(33,467)
Income tax expense relating to components of other comprehensive income		(3,236)	(409)	(7,636)	(12,183)
<b>Other comprehensive income/(expense) for the period, net of income tax</b>		<b>10,254</b>	<b>(1,897)</b>	<b>24,178</b>	<b>24,759</b>
<b>Total comprehensive income for the period</b>		<b>194,092</b>	<b>186,466</b>	<b>400,236</b>	<b>398,218</b>
<b>Profit attributable to owner of the Bank</b>		<b>183,838</b>	<b>188,363</b>	<b>376,058</b>	<b>373,459</b>
<b>Total comprehensive income attributable to owner of the Bank</b>		<b>194,092</b>	<b>186,466</b>	<b>400,236</b>	<b>398,218</b>
<b>Basic earnings per ordinary share (sen)</b>		<b>63.9</b>	<b>65.5</b>	<b>130.8</b>	<b>129.9</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 2016 and the accompanying explanatory notes to the unaudited condensed interim financial statements.

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

<u>Group</u>	<i>Non-distributable</i>					<i>Distributable</i>				<b>Total equity RM'000</b>
	<b>Share capital RM'000</b>	<b>Share premium RM'000</b>	<b>Statutory reserve** RM'000</b>	<b>Regulatory reserve* RM'000</b>	<b>Capital redemption reserve RM'000</b>	<b>Capital reserve RM'000</b>	<b>Fair value reserve RM'000</b>	<b>Retained earnings RM'000</b>	<b>Non-controlling interest RM'000</b>	
At 1 January 2017	287,500	462,500	507,000	375,000	4,000	56,619	79,050	4,651,258	1,396	6,424,323
Fair value (available-for-sale) reserve										
- Change in fair value	-	-	-	-	-	-	50,831	-	-	50,831
- Amount transferred to profit or loss	-	-	-	-	-	-	(3,090)	-	-	(3,090)
Income tax expense relating to components of other comprehensive income	-	-	-	-	-	-	(11,463)	-	-	(11,463)
<b>Total other comprehensive income for the period</b>	-	-	-	-	-	-	36,278	-	-	36,278
Profit for the period	-	-	-	-	-	-	-	461,564	(100)	461,464
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	36,278	461,564	(100)	497,742
Transfer pursuant to Companies Act 2016	466,500	(462,500)	-	-	(4,000)	-	-	-	-	-
Transfer to/from retained earnings	-	-	(507,000)	56,000	-	-	-	451,000	-	-
<i>Contributions by and distributions to owner of the Bank</i>										
Dividend payable										
- Final 2016 ordinary	-	-	-	-	-	-	-	(393,100)	-	(393,100)
At 30 June 2017	754,000	-	-	431,000	-	56,619	115,328	5,170,722	1,296	6,528,965

\* The Group maintains a regulatory reserve to meet local regulatory requirements, which restricts the amount of reserves that can be distributed to the shareholder.

\*\* During the financial period ended 30 June 2017, the Group transferred RM507 million from statutory reserve account to retained earnings pursuant to Bank Negara Malaysia's (BNM) revised policy document on Capital Funds which is effective from 3 May 2017.

*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 2016 and the accompanying explanatory notes to the unaudited condensed interim financial statements.*

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017 (continued)**

<u>Group</u>	<i>Non-distributable</i>					<i>Distributable</i>				<b>Total equity RM'000</b>
	<b>Share capital RM'000</b>	<b>Share premium RM'000</b>	<b>Statutory reserve RM'000</b>	<b>Regulatory reserve* RM'000</b>	<b>Capital redemption reserve RM'000</b>	<b>Capital reserve RM'000</b>	<b>Fair value reserve RM'000</b>	<b>Retained earnings RM'000</b>	<b>Non-controlling interest RM'000</b>	
At 1 January 2016	287,500	462,500	507,000	155,000	4,000	56,619	96,457	4,501,313	-	6,070,389
Fair value (available-for-sale) reserve										
- Change in fair value	-	-	-	-	-	-	92,724	-	-	92,724
- Amount transferred to profit or loss	-	-	-	-	-	-	(31,818)	-	-	(31,818)
Income tax expense relating to components of other comprehensive income	-	-	-	-	-	-	(17,978)	-	-	(17,978)
<b>Total other comprehensive income for the period</b>	-	-	-	-	-	-	42,928	-	-	42,928
Profit for the period	-	-	-	-	-	-	-	445,923	(24)	445,899
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	42,928	445,923	(24)	488,827
Acquisition by non-controlling interest	-	-	-	-	-	-	-	-	804	804
<i>Contributions by and distributions to owner of the Bank</i>										
Dividends paid										
- Final 2015 ordinary	-	-	-	-	-	-	-	(437,700)	-	(437,700)
At 30 June 2016	<u>287,500</u>	<u>462,500</u>	<u>507,000</u>	<u>155,000</u>	<u>4,000</u>	<u>56,619</u>	<u>139,385</u>	<u>4,509,536</u>	<u>780</u>	<u>6,122,320</u>

\* The Group maintains a regulatory reserve to meet local regulatory requirements, which restricts the amount of reserves that can be distributed to the shareholder.

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

	<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>Regulatory reserve*</b> <b>RM'000</b>	<b>Capital redemption 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>								
At 1 January 2017	287,500	462,500	322,000	375,000	4,000	88,558	4,294,510	5,834,068
Fair value (available-for-sale) reserve								
- Change in fair value	-	-	-	-	-	35,285	-	35,285
- Amount transferred to profit or loss	-	-	-	-	-	(3,471)	-	(3,471)
Income tax credit relating to components of other comprehensive income	-	-	-	-	-	(7,636)	-	(7,636)
<b>Total other comprehensive income for the period</b>	-	-	-	-	-	24,178	-	24,178
Profit for the period	-	-	-	-	-	-	376,058	376,058
<b>Total comprehensive income for the period</b>	-	-	-	-	-	24,178	376,058	400,236
Transfer pursuant to Companies Act 2016	466,500	(462,500)	-	-	(4,000)	-	-	-
Transfer to retained earnings	-	-	(322,000)	-	-	-	322,000	-
<i>Contributions by and distributions to owners of the Bank</i>								
Dividend payable								
- Final 2016 ordinary	-	-	-	-	-	-	(393,100)	(393,100)
At 30 June 2017	754,000	-	-	375,000	-	112,736	4,599,468	5,841,204

\* The Bank maintains a regulatory reserve to meet local regulatory requirements, which restricts the amount of reserves that can be distributed to the shareholder.

\*\* During the financial period ended 30 June 2017, the Bank transferred RM322 million from statutory reserve account to retained earnings pursuant to BNM's revised policy document on Capital Funds which is effective from 3 May 2017.

*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 2016 and the accompanying explanatory notes to the unaudited condensed interim financial statements.*



**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017 (continued)**

	<i>Non-distributable</i>					<i>Distributable</i>		<b>Total equity RM'000</b>
	<b>Share capital RM'000</b>	<b>Share premium RM'000</b>	<b>Statutory reserve RM'000</b>	<b>Regulatory reserve* RM'000</b>	<b>Capital redemption reserve RM'000</b>	<b>Fair value reserve RM'000</b>	<b>Retained earnings RM'000</b>	
<b>Bank</b>								
At 1 January 2016	287,500	462,500	322,000	155,000	4,000	99,719	4,296,938	5,627,657
Fair value (available-for-sale) reserve								
- Change in fair value	-	-	-	-	-	70,409	-	70,409
- Amount transferred to profit or loss	-	-	-	-	-	(33,467)	-	(33,467)
Income tax expense relating to components of other comprehensive income	-	-	-	-	-	(12,183)	-	(12,183)
<b>Total other comprehensive income for the period</b>	-	-	-	-	-	24,759	-	24,759
Profit for the period	-	-	-	-	-	-	373,459	373,459
<b>Total comprehensive income for the period</b>	-	-	-	-	-	24,759	373,459	398,218
<i>Contributions by and distributions to owners of the Bank</i>								
Dividends paid								
- Final 2015 ordinary	-	-	-	-	-	-	(437,700)	(437,700)
At 30 June 2016	287,500	462,500	322,000	155,000	4,000	124,478	4,232,697	5,588,175

\* The Bank maintains a regulatory reserve to meet local regulatory requirements, which restricts the amount of reserves that can be distributed to the shareholder.

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OCBC BANK (MALAYSIA) BERHAD  
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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

	Group		Bank	
	Year to date ended 30 June 2017 RM'000	30 June 2016 RM'000	Year to date ended 30 June 2017 RM'000	30 June 2016 RM'000
<b>Cash flows from operating activities</b>				
Profit before income tax and zakat	611,590	589,365	501,031	497,519
<i>Adjustments for:</i>				
Amortisation of prepaid lease payments	18	18	18	18
Depreciation of property, plant and equipment	17,252	20,208	14,936	17,551
Dividends received from financial assets held-for-trading	-	(999)	-	(999)
Dividends received from financial investments available-for-sale	(752)	(450)	(752)	(450)
Impairment/(Write back of) allowance on:				
- Loans, advances and financing	56,445	68,262	(1,130)	33,184
- Restricted Profit Sharing Investment Accounts	-	-	42,834	-
- Other receivables	29	(1,733)	29	(1,733)
Net (gain)/loss on disposal of:				
- Financial investments available-for-sale	(3,090)	(31,818)	(3,471)	(33,467)
- Investment properties	-	(478)	-	(478)
- Property and equipment	267	(40)	259	(40)
Share-based expenses	2,512	2,835	2,407	2,747
Unrealised (gain)/loss on:				
- Financial assets held-for-trading	(685)	5,166	(685)	5,166
- Hedging derivatives	288	(595)	288	(595)
- Trading derivatives	189,592	58,162	189,961	58,162
- Subordinated bonds	(46,219)	(62,750)	(46,219)	(62,750)
Operating profit before changes in working capital	827,247	645,153	699,506	513,835
<i>Changes in operating assets and operating liabilities:</i>				
Deposits and placements with banks and other financial institutions	302,288	(2,532,531)	(102,445)	(2,207,084)
Financial assets held-for-trading	(68,352)	268,688	(68,352)	268,688
Loans, advances and financing	(835,776)	349,689	(431,847)	30,231
Other assets	(14,063)	46,514	(31,711)	16,124
Statutory deposits with Bank Negara Malaysia	264,531	234,140	240,531	186,440
Derivative financial assets and liabilities	(45,738)	93,087	(45,736)	93,724
Deposits from customers	(1,260,689)	2,399,324	(750,914)	482,775
Deposits and placements of banks and other financial institutions	137,447	1,868,945	181,842	2,465,367
Bills and acceptances payable	(21,691)	16,312	(13,691)	17,283
Other liabilities	1,523,675	(35,605)	1,469,377	(50,250)
<b>Cash generated from operations</b>	808,879	3,353,716	1,146,560	1,817,133
Income tax and zakat paid	(107,163)	(153,070)	(90,313)	(133,332)
<b>Net cash generated from operating activities</b>	701,716	3,200,646	1,056,247	1,683,801

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017 (continued)**

	<b>Group</b>		<b>Bank</b>	
	<b>Year to date ended 30 June 2017 RM'000</b>	<b>Year to date ended 30 June 2016 RM'000</b>	<b>Year to date ended 30 June 2017 RM'000</b>	<b>Year to date ended 30 June 2016 RM'000</b>
<b>Cash flows from investing activities</b>				
Acquisition of financial investments available-for-sale	(7,282,804)	(7,260,828)	(3,343,804)	(4,491,896)
Acquisition of property and equipment	(2,260)	(6,858)	(2,024)	(2,711)
Dividends received from financial investments available-for-sale	752	450	752	450
Acquisition of a subsidiary, net of cash and cash equivalents acquired	-	(345)	-	(1,875)
Proceeds from disposal of financial investments available-for-sale	5,057,178	8,657,736	1,724,862	6,445,079
Proceeds from disposal of investment properties	-	2,073	-	2,073
Proceeds from disposal of property and equipment	118	193	119	159
<b>Net cash (used in)/generated from investing activities</b>	<b>(2,227,016)</b>	<b>1,392,421</b>	<b>(1,620,095)</b>	<b>1,951,279</b>
<b>Cash flows from financing activities</b>				
Dividends paid to owner of the Bank	-	(437,700)	-	(437,700)
Recourse obligation on loans sold to Cagamas Berhad	103,178	190,346	103,178	190,346
<b>Net cash generated from/(used in) financing activities</b>	<b>103,178</b>	<b>(247,354)</b>	<b>103,178</b>	<b>(247,354)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,422,122)</b>	<b>4,345,713</b>	<b>(460,670)</b>	<b>3,387,726</b>
<b>Cash and cash equivalents at 1 January</b>	<b>8,293,096</b>	<b>5,443,390</b>	<b>7,669,764</b>	<b>4,862,227</b>
<b>Cash and cash equivalents at 30 June</b>	<b>6,870,974</b>	<b>9,789,103</b>	<b>7,209,094</b>	<b>8,249,953</b>

Details of cash and cash equivalents are disclosed in Note 9 to the unaudited condensed interim financial statements.

*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 2016 and the accompanying explanatory notes to the unaudited condensed interim financial statements.*

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017

### GENERAL INFORMATION

The unaudited condensed consolidated interim financial statements of the Bank as at and for the financial period ended 30 June 2017 comprise the Bank and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”).

The Bank is principally engaged in banking and related financial services, whilst the subsidiaries are principally engaged in the businesses of Islamic Banking, corporate finance and related advisory services, and the provision of nominee services. There has been no significant change in the nature of these activities during the financial period.

### FINANCIAL PERFORMANCE

The Group achieved net profit after tax of RM461 million for the financial period ended 30 June 2017; a growth of RM16 million or 3.5% compared to the same period last year. The profit growth was mainly attributable to higher operating income of RM15 million or 1.3%. Net interest income was recorded at RM691 million; a RM25 million or 3.8% increase against last year driven mainly by lower deposit expense of RM87 million offset by lower loan interest of RM78 million following the drop in BNM's Overnight Policy Rate by 25 basis point in July last year. Income from Islamic banking operations registered lower income of RM225 million, a RM20 million or 8.2% decrease against last year as deposits growth outpaced financing growth. Net fee and commission income rose by RM49 million or 38.4% contributed mainly by customers' renewed appetite for unit trusts. The Group's impairment allowances reduced by RM10.1 million or 15.1%.

Total assets grew by RM0.5 billion or 0.6% to RM95 billion, mainly from higher holdings of financial investments available-for-sale (+RM2.3 billion), increased loans, advances and financing (+RM0.8 billion), offset by lower cash as well as placements with banks and other financial institutions (-RM1.7 billion) and less derivative assets (-RM0.6 billion).

The Group and the Bank remained well capitalised with Common Equity Tier 1 (CET 1) capital ratios of 12.548% and 11.953%, Tier 1 capital ratios of 14.408% and 14.121% and total capital ratios of 17.426% and 16.766%, respectively.

### ECONOMIC PERFORMANCE AND PROSPECTS

The global economy continues to strengthen with growth across countries. Industrial activity and global trade have been exceeding earlier projections. In the advanced economies, the broad-based increase in investments amid the steady growth in consumption is raising growth prospects. In Asia, growth is expected to be driven by domestic activity and stronger external demand. Risks to the global growth outlook arise mainly from political and policy uncertainties in the major economies, geopolitical and financial market developments, and volatility of commodity prices.

The Malaysian economy performed better than expected in the first quarter of 2017. Growth was lifted by stronger domestic demand with additional impetus from exports. Going forward, favourable global growth is expected with sustained export performance and positive spillovers to the domestic economy. Private consumption will be underpinned by higher wages and employment. The improved investment outlook is being driven by new and ongoing infrastructure projects, and stronger capacity expansion in the manufacturing and services sectors. Barring unforeseen circumstances, the economy is expected to register higher growth in 2017. Headline inflation moderated to 3.9% in May, driven mainly by lower domestic fuel prices. Headline inflation is expected to moderate in the second half of the year mainly reflecting the waning effect of global cost factors while domestic inflation is expected to remain contained. The Government has maintained its full-year GDP growth forecast for 2017 in the 4.2% to 4.8% range.

The domestic financial markets have been resilient. The ringgit has remained stable with more balanced demand and supply of foreign currencies following the implementation of the two financial market development measures.

Though the Bank has observed strength in the domestic economy, we will remain watchful of headwinds in the operating environment. We will continue to maintain a selective lending profile, with our operations continuing to be underpinned by business banking and retail banking, in particular the wealth management segment. We will continue to strive to preserve the quality of our assets and monitor our liquidity and capital position closely.

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)

### 1 BASIS OF PREPARATION

The accounting policies set out below have been applied consistently to the periods presented in these unaudited condensed interim financial statements and have been applied consistently by Group entities, unless otherwise stated.

The unaudited condensed interim financial statements are presented in Ringgit Malaysia ("RM"), which is the Bank's functional currency. All financial information presented in RM have been rounded to the nearest thousand, unless otherwise stated.

#### (a) Statement of compliance

The unaudited condensed interim financial statements of the Group and the Bank have been prepared under the historical cost convention (except as disclosed in the notes to the unaudited condensed interim financial statements), in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, International Financial Reporting Standard 34, the requirements of the Companies Act, 2016 in Malaysia and Shariah requirements (operations of Islamic Banking).

The unaudited condensed interim financial statements incorporate all activities relating to Islamic Banking which have been undertaken by the Group in compliance with Shariah principles. Islamic Banking refers generally to the acceptance of deposits and granting of financing under Shariah principles.

The following are accounting standards, amendments and IC interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Bank:

#### Effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 2, *Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures*

#### Effective for annual periods commencing on or after 1 January 2019

- MFRS 16, *Leases*

#### Effective date to be announced by MASB

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Bank plan to apply the above mentioned accounting standards and amendments when they become effective in the respective financial periods. The initial application of the abovementioned accounting standards and amendments are not expected to have any material impact to the financial statements of the Group and the Bank except as described below:

#### **MFRS 9, *Financial Instruments***

MFRS 9, *Financial Instruments* will replace MFRS 139, *Financial Instruments: Recognition and Measurement*. Retrospective application is required but comparative information is not compulsory. MFRS 9 introduces new requirements for classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)**

**1 BASIS OF PREPARATION (continued)**

**(a) Statement of compliance (continued)**

**MFRS 15, Revenue from Contracts with Customers**

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*. Under MFRS 15, revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain benefits from the good and service.

**MFRS 16, Leases**

MFRS 16 requires on-statement of financial position recognition of operating lease commitments on right of use assets.

The Group and the Bank are currently assessing the financial impact of adopting MFRS 9, MFRS 15 and MFRS 16.

**(b) Use of estimates and judgements**

The preparation of the unaudited condensed interim financial statements in conformity with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited financial statements as at and for the financial year ended 31 December 2016.

**(c) Companies Act 2016**

The unaudited condensed interim financial statements of the Group and the Bank are prepared in accordance with the requirements of the Companies Act 2016 ("the new Act") which replaced the Companies Act 1965. The key changes introduced which affected the financial statements of the Group and the Bank are:

- (i) the removal of the authorised share capital;
- (ii) the ordinary shares of the Bank will cease to have par or nominal value;
- (iii) the Bank's share premium will become part of the share capital; and
- (iv) the removal of the requirement to maintain a capital redemption reserve.

**(d) Revised Policy Documents on Capital Funds**

On 3 May 2017, Bank Negara Malaysia ("BNM") issued Revised Policy Documents on Capital Funds and Capital Funds for Islamic Banks ("revised policy documents"). The key changes are:

- (i) the removal of the requirement on maintenance of a reserve fund; and
- (ii) the revised component of capital funds shall exclude share premium and reserve fund.

The adoption of the revised policy documents will not have any financial impact on the Group and the Bank except for the transfer of statutory reserve to retained earnings.

**2 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied by the Group in these unaudited condensed interim financial statements are the same as those applied by the Group in its audited financial statements as at and for the financial year ended 31 December 2016.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)****3 SEASONALITY OF OPERATIONS**

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

**4 SHARE CAPITAL**

During the period, the Bank transferred RM462.5 million from its share premium account and RM4 million from its capital redemption reserve account to share capital pursuant to the Companies Act 2016.

**5 CHANGES IN COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the financial period ended 30 June 2017.

**6 DIVIDENDS**

The Directors recommend an interim dividend of 45.2 sen per ordinary share in respect of the financial period ended 30 June 2017 totalling RM130 million.

**7 SIGNIFICANT AND SUBSEQUENT EVENTS**

There was no material event subsequent to the end of the reporting period that requires disclosure or adjustments to the unaudited condensed interim financial statements.

**8 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There was no unusual item affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank for the financial period ended 30 June 2017.

**9 CASH AND CASH EQUIVALENTS**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2017 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>30 June 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
Cash and balances with banks and other financial institutions	448,914	487,786	379,734	460,808
Money at call and deposit placements with financial institutions maturing within one month	2,335,221	2,259,015	3,991,360	3,596,456
Deposit placements with Bank Negara Malaysia	4,086,839	5,546,295	2,838,000	3,612,500
	<u>6,870,974</u>	<u>8,293,096</u>	<u>7,209,094</u>	<u>7,669,764</u>
Allowance for RPSIA				
- Collective impairment	-	-	(20,390)	-
	<u>6,870,974</u>	<u>8,293,096</u>	<u>7,188,704</u>	<u>7,669,764</u>

## a) By geographical distribution

Malaysia	5,870,983	7,733,877	6,250,855	7,115,549
Singapore	113,604	362,417	104,263	361,198
Other ASEAN	5,426	6,501	3,580	6,404
Rest of the world	880,961	190,301	850,396	186,613
	<u>6,870,974</u>	<u>8,293,096</u>	<u>7,209,094</u>	<u>7,669,764</u>

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)****9 CASH AND CASH EQUIVALENTS (continued)**

b) Included in the Bank's cash and cash equivalents are:

(i) exposures to Restricted Profit Sharing Investment Accounts ("RPSIA") as part of an arrangement with OCBC Al-Amin Bank Berhad ("OCBC Al-Amin"). The RPSIA is a contract based on Mudharabah principle to fund a specific business venture where the Bank solely provides capital and the business venture is managed solely by OCBC Al-Amin. The profit of the business venture arrangement is shared with the Bank as mudarib based on a pre-agreed ratio, and losses borne by the Bank. As at 30 June 2017, collective impairment allowance of RM20 million (31 December 2016: Nil) was provided on the RPSIA placements amounting to RM1,482 million (31 December 2016: RM950 million).

(ii) deposits and placements with OCBC Al-Amin of RM238 million (31 December 2016: RM388 million), which are unsecured and profit bearing.

c) The RPSIA exposures are categorised as Pass according to the Bank's classification grade.

**10 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2017 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>30 June 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
Licensed banks	1,020,930	1,447,920	1,993,050	2,015,307
Other financial institutions	124,702	-	124,702	-
	<u>1,145,632</u>	<u>1,447,920</u>	<u>2,117,752</u>	<u>2,015,307</u>
Allowance for RPSIA				
- Individual impairment	-	-	(10,879)	-
- Collective impairment	-	-	(11,565)	-
	<u>1,145,632</u>	<u>1,447,920</u>	<u>2,095,308</u>	<u>2,015,307</u>

a) By geographical distribution

Malaysia	1,020,930	1,447,920	1,993,050	2,015,307
Singapore	124,702	-	124,702	-
	<u>1,145,632</u>	<u>1,447,920</u>	<u>2,117,752</u>	<u>2,015,307</u>

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

b) By residual contractual maturity

Maturity within one year	1,134,753	1,447,920	2,000,639	1,965,307
One year to five years	-	-	-	50,000
Over five years	10,879	-	117,113	-
	<u>1,145,632</u>	<u>1,447,920</u>	<u>2,117,752</u>	<u>2,015,307</u>

c) Included in the Bank's deposits and placements with licensed banks are:

(i) gross exposures to RPSIA as part of an arrangement with OCBC Al-Amin amounting to RM808 million (31 December 2016: RM417 million), against which impairment allowance of RM22 million (31 December 2016: Nil) has been provided.

(ii) deposits and placements with OCBC Al-Amin of RM164 million (31 December 2016: RM150 million), which are unsecured and profit bearing.



**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)****10 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS (continued)**

## d) Movements in impairment allowance on RPSIA

	<b>Bank</b>	
	<b>30 June 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
<b>Individual impairment allowance</b>		
At 1 January	-	-
Made during the period/year	10,879	-
At 30 June/31 December	<u>10,879</u>	<u>-</u>
<b>Collective impairment allowance</b>		
At 1 January	-	-
Made during the period/year	31,955	-
At 30 June/31 December	<u>31,955</u>	<u>-</u>

## e) Credit quality of RPSIA

Except for an exposure to a specific RPSIA funded financing for which the Bank has provided individual impairment allowance as at 30 June 2017, the rest of the RPSIA exposures are categorised as Pass according to the Bank's classification grade.

**11 FINANCIAL ASSETS HELD-FOR-TRADING**

	<b>Group and Bank</b>	
	<b>30 June 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
<b>At fair value</b>		
Malaysian Government Investment Issues	144,450	318,634
Malaysian Government Securities	292,019	40,013
Malaysian Government Treasury Bills	99,042	153,437
Corporate Bonds and Sukuk	1,061,887	1,016,277
	<u>1,597,398</u>	<u>1,528,361</u>

OCBC BANK (MALAYSIA) BERHAD  
AND ITS SUBSIDIARY COMPANIES  
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)**

**12 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
<b>At fair value</b>				
Malaysian Government Investment Issues	4,715,546	3,359,455	2,750,509	1,630,506
Malaysian Government Securities	2,415,979	2,894,073	2,415,979	2,894,073
Malaysian Treasury Bills and Islamic Treasury Bills	574,312	274,404	525,231	224,533
Malaysian Government Debt Securities and Sukuk	175,477	156,533	77,648	63,755
Foreign Government Debt Securities	497,110	299,295	270,129	65,575
Negotiable Instruments of Deposit and Islamic				
Negotiable Instruments of Deposit	1,096,210	698,689	270,871	69,022
Corporate Bonds, Sukuk, Islamic Corporate and				
Sanadat Mudharabah Cagamas	3,948,070	3,462,036	3,314,130	3,021,044
Quoted shares in Malaysia	-	296	-	296
Debentures	190	190	190	190
	<u>13,422,894</u>	<u>11,144,971</u>	<u>9,624,687</u>	<u>7,968,994</u>
<b>At cost</b>				
Unquoted shares in Malaysia*	108,546	108,546	108,546	108,546
	<u>13,531,440</u>	<u>11,253,517</u>	<u>9,733,233</u>	<u>8,077,540</u>
Impairment allowance				
- Debentures	(12)	(12)	(12)	(12)
	<u>13,531,428</u>	<u>11,253,505</u>	<u>9,733,221</u>	<u>8,077,528</u>

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

**13 LOANS, ADVANCES AND FINANCING**

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
<b>At amortised cost</b>				
Overdrafts	2,908,551	2,970,107	2,908,551	2,970,107
Term loans/financing:				
- Housing loans/financing	27,692,554	27,947,751	25,660,960	25,912,204
- Syndicated term loans/financing	2,904,101	3,016,198	2,515,659	2,598,221
- Hire purchase receivables	506,945	625,141	10	10
- Other term loans/financing	23,684,030	23,830,021	19,721,197	19,675,264
Credit card	516,851	549,295	516,851	549,295
Bills receivable	430,394	231,171	392,390	208,925
Trust receipts	28,032	31,387	28,032	31,208
Claims on customers under acceptance credits	2,916,480	2,806,992	2,491,391	2,406,286
Revolving credit	6,274,637	5,010,338	3,461,439	2,972,243
Staff loans/financing	66,885	71,747	66,885	71,747
Other loans/financing	1,393,036	1,430,792	1,288,431	1,236,674
Gross loans, advances and financing	<u>69,322,496</u>	<u>68,520,940</u>	<u>59,051,796</u>	<u>58,632,184</u>
Allowance for loans, advances and financing				
- Individual impairment	(380,799)	(352,074)	(290,621)	(272,031)
- Collective impairment	(740,743)	(747,243)	(528,309)	(560,264)
Net loans, advances and financing	<u>68,200,954</u>	<u>67,421,623</u>	<u>58,232,866</u>	<u>57,799,889</u>

OCBC BANK (MALAYSIA) BERHAD  
AND ITS SUBSIDIARY COMPANIES  
(Incorporated in Malaysia)

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)**

**13 LOANS, ADVANCES AND FINANCING (continued)**

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
a) By type of customer				
Domestic banking institutions	3,486	19,935	3,486	19,935
Domestic non-bank financial institutions	1,125,675	1,024,234	1,099,462	974,367
Domestic business enterprises				
- Small and medium enterprises	13,168,437	13,372,591	10,989,265	10,928,382
- Others	19,869,908	19,345,643	15,816,068	15,242,722
Individuals	31,467,730	32,227,873	28,829,705	29,463,311
Foreign entities	3,687,260	2,530,664	2,313,810	2,003,467
	<u>69,322,496</u>	<u>68,520,940</u>	<u>59,051,796</u>	<u>58,632,184</u>
b) By interest/profit rate sensitivity				
Fixed rate				
- Housing loans/financing	83,457	111,939	62,027	88,819
- Hire purchase receivables	295,897	375,320	10	10
- Other fixed rate loans/financing	6,701,414	6,934,981	4,587,977	4,473,020
Variable rate				
- Base lending/financing rate plus	41,670,307	42,982,201	38,349,543	39,575,066
- Cost plus	17,207,848	14,986,653	12,973,345	11,626,854
- Other variable rates	3,363,573	3,129,846	3,078,894	2,868,415
	<u>69,322,496</u>	<u>68,520,940</u>	<u>59,051,796</u>	<u>58,632,184</u>
c) By sector				
Agriculture, hunting, forestry and fishing	2,774,038	2,951,479	1,593,513	1,801,409
Mining and quarrying	457,360	466,247	200,082	164,609
Manufacturing	7,787,378	8,052,298	6,174,581	6,291,990
Electricity, gas and water	318,073	326,346	260,179	265,128
Construction	1,961,577	2,006,565	1,561,165	1,558,302
Real estate	7,087,767	7,169,048	6,476,116	6,582,631
Wholesale & retail trade and restaurants & hotels	6,979,820	7,392,696	5,900,860	6,192,222
Transport, storage and communication	2,374,150	1,470,462	2,145,624	1,229,616
Finance, insurance and business services	2,175,611	1,996,285	1,909,948	1,672,889
Community, social and personal services	2,151,178	1,493,162	1,586,306	970,036
Household				
- Purchase of residential properties	28,809,096	29,073,277	26,743,091	27,002,709
- Purchase of non-residential properties	1,182,531	1,240,879	1,138,896	1,195,878
- Others	3,155,079	3,356,246	2,508,608	2,598,666
Others	2,108,838	1,525,950	852,827	1,106,099
	<u>69,322,496</u>	<u>68,520,940</u>	<u>59,051,796</u>	<u>58,632,184</u>
d) By geographical distribution				
Malaysia	65,924,929	66,241,758	56,783,646	56,618,931
Singapore	1,619,037	824,722	962,442	769,941
Other ASEAN	602,924	440,078	341,443	437,252
Rest of the world	1,175,606	1,014,382	964,265	806,060
	<u>69,322,496</u>	<u>68,520,940</u>	<u>59,051,796</u>	<u>58,632,184</u>

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)****13 LOANS, ADVANCES AND FINANCING (continued)**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2017 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>30 June 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
e) By residual contractual maturity				
Within one year	17,530,157	14,951,475	13,726,996	11,907,168
One year to less than three years	2,546,235	3,192,506	1,498,919	1,896,950
Three years to less than five years	5,798,324	5,590,777	4,993,143	4,857,214
Over five years	43,447,780	44,786,182	38,832,738	39,970,852
	<b>69,322,496</b>	<b>68,520,940</b>	<b>59,051,796</b>	<b>58,632,184</b>

**14 IMPAIRED LOANS, ADVANCES AND FINANCING**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2017 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>30 June 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
(i) Movements in impaired loans, advances and financing				
At 1 January	1,485,728	1,434,370	1,188,176	1,148,946
Impaired during the period/year	633,346	1,213,897	354,805	891,489
Reclassified as unimpaired	(261,658)	(391,656)	(221,994)	(331,217)
Amount recovered	(184,516)	(456,119)	(122,069)	(292,849)
Amount written off	(57,316)	(316,844)	(21,900)	(226,494)
Effect of foreign exchange difference	(8,226)	2,080	(4,219)	(1,699)
At 30 June/31 December	<b>1,607,358</b>	<b>1,485,728</b>	<b>1,172,799</b>	<b>1,188,176</b>
Individual impairment allowance	(380,799)	(352,074)	(290,621)	(272,031)
Collective impairment allowance	(14,036)	(12,941)	(7,931)	(8,795)
Net impaired loans, advances and financing	<b>1,212,523</b>	<b>1,120,713</b>	<b>874,247</b>	<b>907,350</b>

## a) By sector

Agriculture, hunting, forestry and fishing	6,813	7,238	6,552	6,709
Mining and quarrying	185,008	190,000	94,024	98,204
Manufacturing	332,312	336,139	296,906	297,745
Construction	17,526	32,071	14,818	29,094
Real estate	27,751	33,689	20,714	25,445
Wholesale & retail trade and restaurants & hotels	206,143	198,105	157,633	159,467
Transport, storage and communication	30,577	31,752	25,549	24,656
Finance, insurance and business services	20,669	12,787	7,892	6,435
Community, social and personal services	8,229	11,453	6,469	8,669
Household				
- Purchase of residential properties	518,126	488,707	448,603	433,333
- Purchase of non-residential properties	27,078	29,863	26,823	29,611
- Others	107,759	112,794	66,263	68,259
Others	119,367	1,130	553	549
	<b>1,607,358</b>	<b>1,485,728</b>	<b>1,172,799</b>	<b>1,188,176</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)****14 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2017 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>30 June 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
(i) Movements in impaired loans, advances and financing (continued)				
b) By geographical distribution				
Malaysia	1,589,720	1,472,156	1,155,161	1,174,604
Singapore	12,336	8,222	12,336	8,222
Rest of the world	5,302	5,350	5,302	5,350
	<u>1,607,358</u>	<u>1,485,728</u>	<u>1,172,799</u>	<u>1,188,176</u>
The analysis by geography is determined based on where the credit risk resides.				
c) By period overdue				
Less than 3 months	300,086	346,691	200,988	255,028
3 months to less than 6 months	322,652	218,690	148,978	160,427
6 months to less than 9 months	119,129	395,852	103,643	291,626
Over 9 months	865,491	524,495	719,190	481,095
	<u>1,607,358</u>	<u>1,485,728</u>	<u>1,172,799</u>	<u>1,188,176</u>
d) By collateral type				
Property	888,594	863,739	779,875	779,003
Fixed deposits	381	296	381	296
Stock and shares	200	17,023	200	17,023
Machinery	3,077	3,202	-	-
Secured - others	359,399	240,935	124,687	125,275
Unsecured - corporate and other guarantees	104,093	8,263	103,662	8,255
Unsecured - clean	251,614	352,270	163,994	258,324
	<u>1,607,358</u>	<u>1,485,728</u>	<u>1,172,799</u>	<u>1,188,176</u>
(ii) Movements in impairment allowance for loans, advances and financing				
<b>Individual impairment allowance</b>				
At 1 January	352,074	408,850	272,031	326,417
Made during the period/year	168,788	409,503	89,573	255,038
Written back	(79,647)	(141,675)	(46,444)	(76,062)
Written off	(57,315)	(316,844)	(21,900)	(226,494)
Discount unwind and financing income earned on impaired financing	(3,101)	(6,223)	(2,639)	(5,331)
Effect of foreign exchange difference	-	(1,537)	-	(1,537)
At 30 June/31 December	<u>380,799</u>	<u>352,074</u>	<u>290,621</u>	<u>272,031</u>
<b>Collective impairment allowance</b>				
At 1 January	747,243	750,743	560,264	560,264
Made during the period/year	3,500	-	-	-
Written back during the period/year	(10,000)	(3,500)	(31,955)	-
At 30 June/31 December	<u>740,743</u>	<u>747,243</u>	<u>528,309</u>	<u>560,264</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)****14 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)**

(ii) Movements in impairment allowance for loans, advances and financing (continued)

a) By sector

<u>Group</u>	Individual impairment allowance		Individual impairment allowance charged to profit or loss		Individual impairment allowance written off		Collective impairment allowance	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture, hunting, forestry and fishing	22	107	43	223	96	455	49,189	39,216
Mining and quarrying	163	180	-	235	-	-	6,357	7,326
Manufacturing	130,844	120,456	15,748	103,336	2,600	150,271	85,471	92,760
Electricity, gas and water	-	-	-	-	-	-	3,365	3,712
Construction	5,237	4,779	3,504	5,485	2,175	3,529	21,080	23,450
Real estate	6,494	6,548	46	1,989	-	20	68,987	74,284
Wholesale & retail trade and restaurants & hotels	46,533	45,186	23,153	51,598	11,734	50,036	71,635	81,768
Transport, storage and communication	9,141	8,411	2,153	7,307	829	18,610	23,246	16,297
Finance, insurance and business services	4,049	3,539	4,779	8,519	2,450	7,061	21,817	22,165
Community, social and personal services	2,157	3,394	1,143	4,021	937	3,500	24,250	19,241
Household								
- Purchase of residential properties	103,385	92,054	40,993	77,314	4,297	6,355	276,035	297,724
- Purchase of non-residential properties	2,927	2,317	752	1,106	-	1,927	10,986	12,316
- Others	58,968	65,049	65,595	148,347	32,197	75,080	33,143	38,362
Others	10,879	54	10,879	23	-	-	45,182	18,622
	<b>380,799</b>	<b>352,074</b>	<b>168,788</b>	<b>409,503</b>	<b>57,315</b>	<b>316,844</b>	<b>740,743</b>	<b>747,243</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)****14 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)**

(ii) Movements in impairment allowance for loans, advances and financing (continued)

a) By sector (continued)

<b>Bank</b>	<b>Individual impairment allowance</b>		<b>Individual impairment allowance charged to profit or loss</b>		<b>Individual impairment allowance written off</b>		<b>Collective impairment allowance</b>	
	<b>30 June 2017</b>	<b>31 December 2016</b>	<b>30 June 2017</b>	<b>31 December 2016</b>	<b>30 June 2017</b>	<b>31 December 2016</b>	<b>30 June 2017</b>	<b>31 December 2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Agriculture, hunting, forestry and fishing	3	75	24	105	96	30	14,327	17,293
Mining and quarrying	-	-	-	-	-	-	1,799	1,580
Manufacturing	126,337	115,897	12,922	99,188	869	145,316	54,378	59,291
Electricity, gas and water	-	-	-	-	-	-	2,339	2,545
Construction	4,386	3,774	2,870	3,670	1,604	1,939	13,997	14,924
Real estate	3,821	3,868	46	1,691	-	20	58,191	63,157
Wholesale & retail trade and restaurants & hotels	31,952	31,635	13,677	29,717	5,646	32,115	52,766	59,142
Transport, storage and communication	7,572	6,593	1,256	4,072	80	16,429	19,223	11,741
Finance, insurance and business services	786	808	1,110	1,849	294	1,633	17,165	16,052
Community, social and personal services	1,415	2,225	372	2,215	99	1,307	14,249	9,291
Household								
- Purchase of residential properties	91,671	82,369	36,259	67,659	4,102	6,008	239,617	258,438
- Purchase of non-residential properties	2,908	2,301	749	1,105	-	1,927	10,213	11,458
- Others	19,770	22,486	20,288	43,767	9,110	19,770	22,377	24,732
Others	-	-	-	-	-	-	7,668	10,620
	<b>290,621</b>	<b>272,031</b>	<b>89,573</b>	<b>255,038</b>	<b>21,900</b>	<b>226,494</b>	<b>528,309</b>	<b>560,264</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)****14 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)**

(ii) Movements in impairment allowance for loans, advances and financing (continued)

b) By geographical distribution

	<b>Group</b>				<b>Bank</b>			
	<b>Individual impairment allowance</b>		<b>Collective impairment allowance</b>		<b>Individual impairment allowance</b>		<b>Collective impairment allowance</b>	
	<b>30 June 2017</b>	<b>31 December 2016</b>	<b>30 June 2017</b>	<b>31 December 2016</b>	<b>30 June 2017</b>	<b>31 December 2016</b>	<b>30 June 2017</b>	<b>31 December 2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	377,146	349,568	687,489	722,905	286,968	269,525	507,948	540,960
Singapore	3,048	2,173	30,325	8,396	3,048	2,173	8,627	7,371
Other ASEAN	-	-	10,519	4,252	-	-	3,070	4,198
Rest of the world	605	333	12,410	11,690	605	333	8,664	7,735
	<b>380,799</b>	<b>352,074</b>	<b>740,743</b>	<b>747,243</b>	<b>290,621</b>	<b>272,031</b>	<b>528,309</b>	<b>560,264</b>



## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)

## 15 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

Group	30 June 2017			31 December 2016		
	Contract or underlying principal amount RM'000	Fair value		Contract or underlying principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>Trading</b>						
Foreign exchange derivatives						
- Forwards	4,344,571	47,551	36,066	4,678,567	156,938	51,988
- Swaps	17,503,667	1,212,789	1,158,033	20,154,764	1,641,525	1,556,905
- Options	902,919	6,064	1,318	908,827	27,221	6,169
Interest rate derivatives						
- Swaps	44,327,586	149,339	182,582	42,931,058	154,410	182,040
- Options	180,000	700	1,678	230,000	947	2,079
- Futures	5,384,839	936	-	251,166	-	368
Equity and other derivatives						
- Swaps	148,260	5,979	5,979	178,580	2,857	2,857
- Exchange traded futures	15,592	-	8	-	-	-
- Commodity futures	57,191	3,340	3,397	103,151	1,007	1,007
- Credit linked notes	566,913	6,119	6,119	990,100	10,215	10,215
	<u>73,431,538</u>	<u>1,432,817</u>	<u>1,395,180</u>	<u>70,426,213</u>	<u>1,995,120</u>	<u>1,813,628</u>
<b>Hedging</b>						
Interest rate derivatives						
- Swaps	886,235	-	7,593	963,806	396	6,786
	<u>74,317,773</u>	<u>1,432,817</u>	<u>1,402,773</u>	<u>71,390,019</u>	<u>1,995,516</u>	<u>1,820,414</u>
<b>Bank</b>						
<b>Trading</b>						
Foreign exchange derivatives						
- Forwards	4,350,982	47,427	35,978	4,698,927	156,903	51,618
- Swaps	17,504,299	1,212,789	1,158,033	20,154,764	1,641,525	1,556,905
- Options	902,919	6,064	1,318	908,827	27,221	6,169
Interest rate derivatives						
- Swaps	44,327,586	149,339	182,582	42,931,058	154,410	182,040
- Options	180,000	700	1,678	230,000	947	2,079
- Futures	5,384,839	936	-	251,166	-	368
Equity and other derivatives						
- Swaps	148,260	5,979	5,979	178,580	2,857	2,857
- Exchange traded futures	15,592	-	8	-	-	-
- Commodity futures	57,191	3,340	3,397	103,151	1,007	1,007
- Credit linked notes	566,913	6,119	6,119	990,100	10,215	10,215
	<u>73,438,581</u>	<u>1,432,693</u>	<u>1,395,092</u>	<u>70,446,573</u>	<u>1,995,085</u>	<u>1,813,258</u>
<b>Hedging</b>						
Interest rate derivatives						
- Swaps	886,235	-	7,593	963,806	396	6,786
	<u>74,324,816</u>	<u>1,432,693</u>	<u>1,402,685</u>	<u>71,410,379</u>	<u>1,995,481</u>	<u>1,820,044</u>

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)

## 16 OTHER ASSETS

	Note	Group		Bank	
		30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Amount due from subsidiaries	(a)	-	-	24,423	7,936
Interest/Profit receivable		139,231	114,735	123,846	94,125
Unquoted redeemable Islamic subordinated bonds of subsidiary		-	-	200,000	200,000
Other receivables, deposits and prepayments		157,905	168,471	150,383	165,013
Impairment allowance for other receivables	(b)	(2,505)	(2,609)	(2,505)	(2,609)
		<u>294,631</u>	<u>280,597</u>	<u>496,147</u>	<u>464,465</u>

(a) The amount due from subsidiaries is unsecured, interest/profit free and repayable on demand.

(b) Impairment allowance on other receivables

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
At 1 January	2,609	2,862	2,609	2,862
Made during the period/year	29	2,609	29	2,609
Amount written back	-	(2,321)	-	(2,321)
Amount written off	(29)	(541)	(29)	(541)
Currency translation adjustment	(104)	-	(104)	-
At 30 June/31 December	<u>2,505</u>	<u>2,609</u>	<u>2,505</u>	<u>2,609</u>

## 17 DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
a) By type of deposit		Restated		Restated
Demand deposits	15,338,373	16,132,182	11,886,751	12,585,544
Fixed/General investment deposits	45,112,625	44,674,058	38,532,422	37,799,241
Saving deposits	7,986,211	7,761,006	7,531,999	7,325,787
Negotiable instruments of deposit	249,710	-	250,000	-
Short-term money market deposits	2,275,116	2,367,567	2,036,372	1,989,975
	<u>70,962,035</u>	<u>70,934,813</u>	<u>60,237,544</u>	<u>59,700,547</u>
b) By type of customer				
Government and statutory bodies	1,490,491	1,433,303	25,643	24,901
Non-bank financial institutions	3,698,088	4,356,308	3,081,715	3,414,586
Business enterprises	28,979,153	28,223,974	23,509,497	22,575,588
Individuals	33,451,458	32,794,918	30,430,471	29,696,046
Foreign entities	2,508,549	3,305,490	2,419,828	3,223,713
Others	834,296	820,820	770,390	765,713
	<u>70,962,035</u>	<u>70,934,813</u>	<u>60,237,544</u>	<u>59,700,547</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)****17 DEPOSITS FROM CUSTOMERS (continued)**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2017 RM'000</b>	<b>31 December 2016 RM'000 Restated</b>	<b>30 June 2017 RM'000</b>	<b>31 December 2016 RM'000 Restated</b>
c) By maturity structure for fixed/term/general investment deposits and short-term money market deposits				
Within six months	34,118,282	34,700,437	29,089,594	29,539,773
Six months to one year	11,668,365	11,572,471	10,049,473	9,553,938
One year to three years	1,842,936	747,601	1,671,577	674,688
Three years to five years	7,868	21,116	8,150	20,817
	<b>47,637,451</b>	<b>47,041,625</b>	<b>40,818,794</b>	<b>39,789,216</b>

The comparative figures have been restated to conform with current year presentation which excludes structured investments in accordance with BNM's circular issued on 21 June 2017 on Classification and Regulatory Treatment for Structured Products under the Financial Services Act 2013 and Islamic Financial Services Act 2013.

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2017 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>30 June 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
Licensed banks	9,506,482	9,364,978	9,068,944	8,882,596
Bank Negara Malaysia	-	5,000	-	5,000
Other financial institutions	93,077	92,134	90,083	89,589
	<b>9,599,559</b>	<b>9,462,112</b>	<b>9,159,027</b>	<b>8,977,185</b>

**19 SUBORDINATED BONDS**

	<b>Group and Bank</b>	
	<b>30 June 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
RM400 million Innovative Tier 1 Capital Securities	400,000	400,000
RM600 million Redeemable Subordinated Bonds 2012/2022	600,016	599,428
USD110 million Additional Tier 1 Capital Securities	472,177	493,361
USD130 million Redeemable Subordinated Bonds 2015/2025	558,028	583,063
	<b>2,030,221</b>	<b>2,075,852</b>

**20 OTHER LIABILITIES**

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2017 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>30 June 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
Amount due to subsidiaries	-	-	956	44,145
Equity compensation benefits	11,235	13,761	10,680	13,054
Interest/Profit payable	579,683	571,432	495,819	477,734
Structured investments	1,541,721	1,287,911	1,541,721	1,287,911
Dividend payable	393,100	-	393,100	-
Other payables and accruals	342,058	363,645	245,796	288,293
	<b>2,867,797</b>	<b>2,236,749</b>	<b>2,688,072</b>	<b>2,111,137</b>

The amount due to subsidiaries is unsecured, interest/profit free and repayable on demand.

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)

## 21 NET INTEREST INCOME

<b>Group</b>	<b>Quarter ended</b>		<b>Year to date ended</b>	
	<b>30 June 2017 RM'000</b>	<b>30 June 2016 RM'000</b>	<b>30 June 2017 RM'000</b>	<b>30 June 2016 RM'000</b>
<b>Interest income</b>				
Loans, advances and financing				
- Interest income other than recoveries	693,472	725,485	1,374,930	1,453,160
- Recoveries from impaired loans, advances and financing	13,678	18,687	29,026	32,210
- Discount unwind from impaired loans, advances and financing	1,106	1,263	2,639	2,374
Money at call and deposit placements with banks and other financial institutions	42,895	35,557	86,416	59,404
Financial assets held-for-trading	15,325	12,205	33,907	25,492
Financial investments available-for-sale	80,928	87,928	151,415	184,832
Others	25,160	11,251	47,902	25,123
	<b>872,564</b>	<b>892,376</b>	<b>1,726,235</b>	<b>1,782,595</b>
<b>Interest expense</b>				
Deposits from customers	(418,658)	(460,063)	(823,529)	(910,916)
Deposits and placements of banks and other financial institutions	(18,221)	(14,266)	(35,508)	(22,918)
Recourse obligation on loans sold to Cagamas Berhad	(13,617)	(13,676)	(26,282)	(25,729)
Subordinated bonds	(23,727)	(25,698)	(47,517)	(51,689)
Others	(53,612)	(44,260)	(102,465)	(105,716)
	<b>(527,835)</b>	<b>(557,963)</b>	<b>(1,035,301)</b>	<b>(1,116,968)</b>
<b>Net interest income</b>	<b>344,729</b>	<b>334,413</b>	<b>690,934</b>	<b>665,627</b>
<b>Bank</b>				
<b>Interest income</b>				
Loans, advances and financing				
- Interest income other than recoveries	693,472	725,485	1,374,930	1,453,160
- Recoveries from impaired loans, advances and financing	13,678	18,687	29,026	32,210
- Discount unwind from impaired loans, advances and financing	1,106	1,263	2,639	2,374
Money at call and deposit placements with banks and other financial institutions	60,696	45,816	120,338	84,499
Financial assets held-for-trading	15,325	12,205	33,907	25,492
Financial investments available-for-sale	81,672	88,639	152,885	186,247
Unquoted Islamic subordinated bond of subsidiary	2,393	2,717	4,760	5,405
Others	25,160	11,251	47,902	25,123
	<b>893,502</b>	<b>906,063</b>	<b>1,766,387</b>	<b>1,814,510</b>
<b>Interest expense</b>				
Deposits from customers	(407,136)	(460,063)	(823,529)	(910,916)
Deposits and placements of banks and other financial institutions	(34,170)	(22,062)	(65,466)	(38,749)
Recourse obligation on loans sold to Cagamas Berhad	(13,617)	(13,676)	(26,282)	(25,729)
Subordinated bonds	(23,727)	(25,698)	(47,517)	(51,689)
Others	(65,134)	(44,260)	(102,465)	(105,716)
	<b>(543,784)</b>	<b>(565,759)</b>	<b>(1,065,259)</b>	<b>(1,132,799)</b>
<b>Net interest income</b>	<b>349,718</b>	<b>340,304</b>	<b>701,128</b>	<b>681,711</b>

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)

## 22 INCOME FROM ISLAMIC BANKING OPERATIONS

<u>Group</u>	Quarter ended		Year to date ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	152,071	183,318	310,810	364,863
Income derived from investment of specific investment account funds	22,783	11,095	42,789	22,573
Income derived from investment of shareholders fund	34,234	23,982	61,357	47,160
Income attributable to depositors	(78,484)	(91,602)	(159,663)	(173,274)
Income attributable to investment account holder	(15,948)	(7,796)	(29,958)	(15,831)
	<u>114,656</u>	<u>118,997</u>	<u>225,335</u>	<u>245,491</u>

## 23 NET FEE AND COMMISSION INCOME

<u>Group</u>	Quarter ended		Year to date ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Commission	48,244	26,492	86,781	53,020
Service charges and fees	31,265	22,506	67,826	51,679
Guarantee fees	8,643	8,879	17,090	16,799
Other fee income	2,119	2,768	4,284	5,661
	<u>90,271</u>	<u>60,645</u>	<u>175,981</u>	<u>127,159</u>
<u>Bank</u>	Quarter ended		Year to date ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Commission	48,044	26,492	86,530	53,020
Service charges and fees	31,265	22,506	67,826	51,679
Guarantee fees	8,643	8,879	17,090	16,799
Other fee income	2,119	2,768	4,284	5,661
	<u>90,071</u>	<u>60,645</u>	<u>175,730</u>	<u>127,159</u>

## 24 NET TRADING INCOME

<u>Group and Bank</u>	Quarter ended		Year to date ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	RM'000	RM'000	RM'000	RM'000
Foreign exchange gain/(loss)	185,434	(41,990)	270,929	290,357
Realised gain on financial assets held-for-trading	11,991	1,568	16,347	14,299
Realised (loss)/gain on trading derivatives	(120,108)	(141,467)	2,779	(134,265)
Unrealised gain/(loss) on financial assets held-for-trading	143	1,992	685	(5,166)
Unrealised (loss)/gain on trading derivatives	(12,970)	226,291	(189,961)	(58,162)
	<u>64,490</u>	<u>46,394</u>	<u>100,779</u>	<u>107,063</u>

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)

## 25 OTHER OPERATING INCOME

<u>Group</u>	Quarter ended		Year to date ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
Gain/(loss) on disposal:				
- Financial investments available-for-sale	3,460	30,693	3,471	33,467
- Investment properties	-	(13)	-	478
- Property and equipment	(255)	40	(259)	40
Gross dividends from financial investments available-for-sale in Malaysia	752	450	752	450
Gross dividends from financial assets held-for-trading in Malaysia	-	388	-	999
Rental of premises	1,114	1,076	2,216	2,144
Rental of safe deposit boxes	1,628	1,594	3,335	3,274
Shared services income received from related company	2,938	3,080	5,641	6,016
Unrealised (loss)/gain on hedging derivatives	(205)	(134)	(288)	595
Others	85	136	218	242
	<u>9,517</u>	<u>37,310</u>	<u>15,086</u>	<u>47,705</u>

Bank

Gain on disposal:				
- Financial investments available-for-sale	3,460	30,693	3,471	33,467
- Investment properties	-	(13)	-	478
- Property and equipment	(255)	40	(259)	40
Gross dividends from financial investments available-for-sale in Malaysia	752	450	752	450
Gross dividends from financial assets held-for-trading in Malaysia	-	388	-	999
Rental of premises	1,124	1,097	2,238	2,183
Rental of safe deposit boxes	1,628	1,594	3,335	3,274
Shared services income received from subsidiary	25,182	28,893	48,227	56,862
Shared services income received from related company	2,763	2,882	5,308	5,632
Unrealised (loss)/gain on hedging derivatives	(205)	(134)	(288)	595
Others	85	136	218	242
	<u>34,534</u>	<u>66,026</u>	<u>63,002</u>	<u>104,222</u>

## 26 OPERATING EXPENSES

<u>Group</u>	Quarter ended		Year to date ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
<b>Personnel expenses</b>				
Wages, salaries and bonus	106,595	105,606	199,887	205,038
Employees Provident Fund contributions	16,551	16,325	30,874	31,510
Share-based expenses	1,267	1,281	2,512	2,835
Others	11,778	12,337	19,944	21,081
	<u>136,191</u>	<u>135,549</u>	<u>253,217</u>	<u>260,464</u>

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)

## 26 OPERATING EXPENSES (continued)

<u>Group</u>	Quarter ended		Year to date ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
<b>Establishment expenses</b>				
Depreciation of property and equipment	8,468	10,317	17,252	20,208
Rental of premises	4,716	4,778	9,416	9,508
Repair and maintenance	2,614	3,227	5,316	6,490
Information technology costs	4,413	1,978	6,762	4,513
Hire of equipment	430	357	699	380
Amortisation of prepaid lease payments	9	9	18	18
Others	4,656	4,835	9,066	9,228
	<u>25,306</u>	<u>25,501</u>	<u>48,529</u>	<u>50,345</u>
<b>Marketing expenses</b>				
Advertisement and business promotion	4,614	5,662	8,722	11,331
Transport and travelling	986	1,268	1,777	2,374
Others	443	572	1,114	2,012
	<u>6,043</u>	<u>7,502</u>	<u>11,613</u>	<u>15,717</u>
<b>General administrative expenses</b>				
Transaction processing fees	80,445	78,022	161,727	157,433
Others	36,215	28,789	64,965	53,192
	<u>116,660</u>	<u>106,811</u>	<u>226,692</u>	<u>210,625</u>
<b>Total operating expenses</b>	<u>284,200</u>	<u>275,363</u>	<u>540,051</u>	<u>537,151</u>
<b><u>Bank</u></b>				
<b>Personnel expenses</b>				
Wages, salaries and bonus	101,102	98,948	188,294	191,747
Employees Provident Fund contributions	15,613	15,236	29,017	29,397
Share-based expenses	1,251	1,272	2,407	2,747
Others	11,134	11,620	18,532	19,594
	<u>129,100</u>	<u>127,076</u>	<u>238,250</u>	<u>243,485</u>
<b>Establishment expenses</b>				
Depreciation of property and equipment	7,313	8,648	14,936	17,551
Rental of premises	4,002	4,022	8,006	8,026
Repair and maintenance	2,415	3,032	4,939	6,126
Information technology costs	4,337	1,838	6,636	4,173
Hire of equipment	368	322	603	338
Amortisation of prepaid lease payments	9	9	18	18
Others	4,058	4,068	7,880	7,808
	<u>22,502</u>	<u>21,939</u>	<u>43,018</u>	<u>44,040</u>
<b>Marketing expenses</b>				
Advertisement and business promotion	4,497	5,544	8,521	10,870
Transport and travelling	888	1,120	1,591	2,061
Others	421	497	1,087	1,963
	<u>5,806</u>	<u>7,161</u>	<u>11,199</u>	<u>14,894</u>

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)

## 26 OPERATING EXPENSES (continued)

	Quarter ended		Year to date ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
<b>Bank</b>				
<b>General administrative expenses</b>				
Transaction processing fees	74,325	71,715	149,015	144,682
Others	32,188	23,599	56,393	44,084
	<u>106,513</u>	<u>95,314</u>	<u>205,408</u>	<u>188,766</u>
<b>Total operating expenses</b>	<u>263,921</u>	<u>251,490</u>	<u>497,875</u>	<u>491,185</u>

## 27 IMPAIRMENT ALLOWANCE ON LOANS, ADVANCES AND FINANCING

	Quarter ended		Year to date ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
<b>Group</b>				
Individual impairment allowance				
- Made during the period	92,567	74,638	168,788	155,378
- Written back	(40,348)	(34,341)	(79,648)	(67,017)
Collective impairment allowance				
- Made during the period	-	-	3,500	-
- Written back	(10,000)	(1,700)	(10,000)	(1,700)
Impaired loans, advances and financing				
- Recovered during the period	(13,649)	(9,255)	(26,195)	(18,399)
	<u>28,570</u>	<u>29,342</u>	<u>56,445</u>	<u>68,262</u>
<b>Bank</b>				
Individual impairment allowance				
- Made during the period	49,188	33,605	89,573	79,079
- Written back	(23,746)	(17,909)	(46,445)	(36,037)
Collective impairment allowance				
- Written back	(31,955)	-	(31,955)	-
Impaired loans, advances and financing				
- Recovered during the period	(6,634)	(4,619)	(12,303)	(9,858)
	<u>(13,147)</u>	<u>11,077</u>	<u>(1,130)</u>	<u>33,184</u>



## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)

## 28 IMPAIRMENT ALLOWANCE ON RPSIA

	Quarter ended		Year to date ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
<b>Bank</b>				
Individual impairment allowance				
- Made during the period	10,879	-	10,879	-
Collective impairment allowance				
- Made during the period	31,955	-	31,955	-
	<u>42,834</u>	<u>-</u>	<u>42,834</u>	<u>-</u>

## 29 INCOME TAX EXPENSE

	Quarter ended		Year to date ended	
	30 June 2017 RM'000	30 June 2016 RM'000	30 June 2017 RM'000	30 June 2016 RM'000
<b>Group</b>				
Malaysian income tax				
- Current period	84,442	74,023	146,792	131,204
- Prior year overprovision	(6)	-	(6)	-
Expenses not deductible for tax purposes				
- Origination and reversal of temporary differences	(8,025)	(2,971)	3,315	12,240
	<u>76,411</u>	<u>71,052</u>	<u>150,101</u>	<u>143,444</u>
<b>Bank</b>				
Malaysian income tax				
- Current period	69,426	64,962	122,020	111,842
Expenses not deductible for tax purposes				
- Origination and reversal of temporary differences	(8,070)	(2,408)	2,953	12,218
	<u>61,356</u>	<u>62,554</u>	<u>124,973</u>	<u>124,060</u>

OCBC BANK (MALAYSIA) BERHAD  
AND ITS SUBSIDIARY COMPANIES  
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)

30 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 condensed interim financial statements, no material losses are anticipated as a result of these transactions. The credit equivalent and risk weighted amounts were computed using the credit conversion factors and risk weights as defined in BNM's Capital Adequacy Framework (Basel II) - Internal Ratings Approach.

<u>Group</u>	<u>Principal amount</u>	<u>Positive fair value of derivative contracts</u>	<u>Negative fair value of derivative contracts</u>	<u>Credit equivalent amount</u>	<u>Risk weighted amount</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>30 June 2017</b>					
Direct credit substitutes	588,525			588,525	443,213
Transaction-related contingent items	3,075,728			1,566,499	951,254
Short-term self-liquidating trade-related contingencies	297,653			67,682	37,437
Forward asset purchases, forward deposits, partly paid shares and securities	58,312			58,312	17,369
Foreign exchange related contracts					
- Less than one year	13,819,689	530,050	280,149	714,090	168,509
- One year to less than five years	6,006,628	369,359	648,654	995,861	280,123
- Five years and above	2,924,840	366,995	266,614	763,506	640,375
Interest rate contracts					
- Less than one year	12,920,309	8,572	9,050	28,901	4,076
- One year to less than five years	27,763,869	63,279	85,737	675,604	168,487
- Five years and above	10,094,482	79,124	97,066	304,863	197,932
Equity and commodity related contracts	221,043	9,319	9,384	18,095	3,406
Credit derivative contracts	566,913	6,119	6,119	22,083	6,200
Formal standby facilities and credit lines					
- Maturity not exceeding one year	18,651			13,988	13,159
- Maturity exceeding one year	4,128,301			3,733,153	1,209,002
Other unconditionally cancellable commitments	19,958,685			2,100,981	346,289
<b>Total</b>	<b>102,443,628</b>	<b>1,432,817</b>	<b>1,402,773</b>	<b>11,652,143</b>	<b>4,486,831</b>
<b>31 December 2016</b>					
Direct credit substitutes	536,337			536,337	384,295
Transaction-related contingent items	3,028,739			1,544,199	925,445
Short-term self-liquidating trade-related contingencies	348,532			75,793	46,309
Foreign exchange related contracts					
- Less than one year	16,678,507	937,006	335,589	1,203,769	243,598
- One year to less than five years	5,650,775	437,885	802,961	1,039,912	295,025
- Five years and above	3,412,876	450,793	476,512	920,662	681,144
Interest rate contracts					
- Less than one year	11,511,700	12,117	8,210	33,214	4,894
- One year to less than five years	23,638,845	56,406	85,600	675,480	175,354
- Five years and above	9,225,485	87,230	97,463	326,847	202,746
Equity and commodity related contracts	281,731	3,864	3,864	18,179	4,996
Credit derivative contracts	990,100	10,215	10,215	35,395	7,498
Formal standby facilities and credit lines					
- Maturity exceeding one year	5,301,396			4,724,610	1,374,061
Other unconditionally cancellable commitments	18,791,967			2,036,334	342,547
<b>Total</b>	<b>99,396,990</b>	<b>1,995,516</b>	<b>1,820,414</b>	<b>13,170,731</b>	<b>4,687,912</b>

OCBC BANK (MALAYSIA) BERHAD  
AND ITS SUBSIDIARY COMPANIES  
(Incorporated in Malaysia)

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)

## 30 COMMITMENTS AND CONTINGENCIES (continued)

<u>Bank</u>	Principal amount RM'000	Positive fair value of derivative contracts RM'000	Negative fair value of derivative contracts RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
<b>30 June 2017</b>					
Direct credit substitutes	500,224			500,224	385,069
Transaction-related contingent items	2,742,498			1,398,021	841,519
Short-term self-liquidating trade-related contingencies	257,021			59,452	32,760
Forward asset purchases, forward deposits, partly paid shares and securities	58,312			58,312	17,369
Foreign exchange related contracts					
- Less than one year	13,826,732	529,926	280,061	713,894	168,331
- One year to less than five years	6,006,628	369,359	648,654	995,861	280,123
- Five years and above	2,924,840	366,995	266,614	763,506	640,375
Interest rate contracts					
- Less than one year	12,920,309	8,572	9,050	28,901	4,076
- One year to less than five years	27,763,869	63,279	85,737	675,604	168,487
- Five years and above	10,094,482	79,124	97,066	304,863	197,932
Equity and commodity related contracts	221,043	9,319	9,384	18,095	3,406
Credit derivative contracts	566,913	6,119	6,119	22,083	6,200
Formal standby facilities and credit lines					
- Maturity not exceeding one year	18,651			13,988	13,159
- Maturity exceeding one year	3,789,858			3,454,874	1,077,078
Other unconditionally cancellable commitments	17,844,675			2,050,249	337,996
<b>Total</b>	<b>99,536,055</b>	<b>1,432,693</b>	<b>1,402,685</b>	<b>11,057,927</b>	<b>4,173,880</b>
<b>31 December 2016</b>					
Direct credit substitutes	451,454			451,454	330,032
Transaction-related contingent items	2,706,792			1,379,843	799,869
Short-term self-liquidating trade-related contingencies	325,751			71,237	43,433
Foreign exchange related contracts					
- Less than one year	16,698,867	936,971	335,219	1,203,407	243,369
- One year to less than five years	5,650,775	437,885	802,961	1,039,912	295,025
- Five years and above	3,412,876	450,793	476,512	920,662	681,144
Interest rate contracts					
- Less than one year	11,511,700	12,117	8,210	33,214	4,894
- One year to less than five years	23,638,845	56,406	85,600	675,480	175,354
- Five years and above	9,225,485	87,230	97,463	326,847	202,746
Equity and commodity related contracts	281,731	3,864	3,864	18,179	4,996
Credit derivative contracts	990,100	10,215	10,215	35,395	7,498
Formal standby facilities and credit lines					
- Maturity not exceeding one year	-			-	-
- Maturity exceeding one year	5,038,252			4,493,069	1,316,710
Other unconditionally cancellable commitments	16,745,502			1,992,705	335,017
<b>Total</b>	<b>96,678,130</b>	<b>1,995,481</b>	<b>1,820,044</b>	<b>12,641,404</b>	<b>4,440,087</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)****31 CAPITAL COMMITMENTS**

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Capital expenditure commitments in respect of property and equipment				
- Authorised but not contracted for	11,575	12,752	11,575	12,752
- Contracted but not provided for	4,965	1,948	4,934	1,857
	<u>16,540</u>	<u>14,700</u>	<u>16,509</u>	<u>14,609</u>

**32 CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES**

The following disclosure is made pursuant to BNM's Guidelines on Credit Transactions and Exposures with Connected Parties:

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
<b>Aggregate value of outstanding credit exposure to connected parties<sup>^</sup>:</b>				
Credit facility and leasing (except guarantee)	387,282	375,311	646,272	798,167
Commitments and contingencies*	382,065	383,595	381,753	383,258
	<u>769,347</u>	<u>758,906</u>	<u>1,028,025</u>	<u>1,181,425</u>
<b>Outstanding credit exposures to connected parties:</b>				
As a proportion of total credit exposures	0.89%	0.88%	1.38%	1.56%

<sup>^</sup> Comprises total outstanding balances and unutilised limits

\* Commitment and contingencies transactions that give rise to credit and/or counterparty risk.

**33 CREDIT RISKS**

Credit risk is the risk of a financial loss to the Group and the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Bank's maximum credit exposure on the financial assets without taking into account any collateral held or other credit enhancements of the Group and the Bank equal their carrying amount as reported in the statements of financial position. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Group and the Bank would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

	Note	Group		Bank	
		30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Cash and cash equivalents		6,870,974	8,293,096	7,188,704	7,449,587
Deposits and placements with banks and other financial institutions		1,145,632	1,447,920	2,095,308	2,235,484
Financial assets held-for-trading	(a)	1,597,398	1,528,361	1,597,398	1,528,361
Financial investments available-for-sale	(b)	13,531,440	11,253,517	9,733,233	8,077,540
Loans, advances and financing	(c)	69,322,496	68,520,940	59,051,796	58,632,184
Derivative financial assets	(d)	1,432,817	1,995,516	1,432,693	1,995,481
Other assets		294,631	280,597	496,147	464,465
Contingent liabilities and commitments	(e)	28,125,855	28,006,971	25,211,239	25,267,751
		<u>122,321,243</u>	<u>121,326,918</u>	<u>106,806,518</u>	<u>105,650,853</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)****33 CREDIT RISKS (continued)****(a) Credit quality of financial assets held-for-trading**

In view of the following sound credit of rating of counterparties, the Group and the Bank do not expect any counterparty to fail to meet its obligation.

	<b>Group and Bank</b>	
	<b>30 June 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
(i) By issuer		
Government and Central Bank	535,511	512,084
Public sector	255,320	49,976
Banks	56,263	130,540
Non-bank financial institutions	501,656	609,762
Business enterprises	248,648	225,999
	<u>1,597,398</u>	<u>1,528,361</u>
(ii) By geography		
Malaysia	1,483,303	1,457,695
Singapore	115	12
Rest of the world	113,980	70,654
	<u>1,597,398</u>	<u>1,528,361</u>
(iii) By credit rating		
Government and Central Bank (unrated)	89,307	331,959
Government (AAA to BBB)	446,204	180,125
Investment grade (AAA to BBB)	596,412	702,143
Unrated	465,475	314,134
	<u>1,597,398</u>	<u>1,528,361</u>
(iv) By sector		
Manufacturing	440	26,142
Construction	20,003	49,966
Wholesale & retail trade and restaurants & hotels	42,833	12
Transport, storage and communication	14,444	49,976
Finance, insurance and business services	702,979	890,180
Others	816,699	512,085
	<u>1,597,398</u>	<u>1,528,361</u>
(v) By residual contractual maturity		
Within one year	1,110,911	980,219
One to five years	346,771	506,889
Over five years	139,716	41,253
	<u>1,597,398</u>	<u>1,528,361</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)****33 CREDIT RISKS (continued)****(b) Credit quality of financial investments available-for-sale**

In view of the following sound credit of rating of counterparties, the Group and the Bank do not expect any counterparty to fail to meet its obligation except for the impairment allowance recognised in respect of financial investments available-for-sale as disclosed in Note 12.

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
(i) By issuer				
Government and Central Bank	7,881,315	6,684,465	5,769,368	4,812,867
Foreign government	497,110	299,295	270,129	65,575
Public sector	697,335	153,858	382,080	119,200
Banking institutions	1,995,393	1,465,408	1,170,054	835,741
Non-bank financial institutions	926,480	1,013,250	886,300	963,060
Business Enterprises	1,533,617	1,637,051	1,255,112	1,280,907
Others	190	190	190	190
	13,531,440	11,253,517	9,733,233	8,077,540
(ii) By geography				
Malaysia	12,066,047	10,087,992	8,494,821	7,145,735
Singapore	107,442	-	107,442	-
Other ASEAN	154,007	190,010	30,893	63,346
Rest of the world	1,203,944	975,515	1,100,077	868,459
	13,531,440	11,253,517	9,733,233	8,077,540
(iii) By credit rating				
Government and Central Bank (unrated)	2,214,197	2,205,475	1,161,729	1,168,775
Government (AAA to A)	5,667,118	4,478,990	4,607,639	3,644,092
Foreign government (unrated)	23,064	23,040	-	-
Foreign government (AAA to BBB)	474,046	276,255	270,129	65,575
Investment grade (AAA to BBB)	2,668,827	2,601,684	2,493,320	2,370,368
Unrated	2,484,188	1,668,073	1,200,416	828,730
	13,531,440	11,253,517	9,733,233	8,077,540
(iv) By sector				
Agriculture, hunting, forestry and fishing	112,248	121,323	82,504	91,982
Mining and quarrying	117,311	96,174	117,311	96,174
Manufacturing	50,133	50,301	50,133	50,301
Electricity, gas and water	175,902	219,845	59,990	104,515
Construction	110,711	115,131	110,711	115,131
Wholesale & retail trade and restaurants & hotels	139,217	138,745	139,217	138,745
Transport, storage and communication	109,953	163,871	75,087	129,213
Finance, insurance and business services	3,585,921	3,163,505	2,577,225	2,297,145
Others	9,130,044	7,184,622	6,521,055	5,054,334
	13,531,440	11,253,517	9,733,233	8,077,540

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)

## 33 CREDIT RISKS (continued)

## (b) Credit quality of financial investments available-for-sale (continued)

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
(v) By residual contractual maturity				
Within one year	4,660,320	4,042,634	2,605,666	2,529,033
One to five years	6,866,150	6,186,335	5,511,054	4,914,940
Over five years	2,004,970	1,024,548	1,616,513	633,567
	<u>13,531,440</u>	<u>11,253,517</u>	<u>9,733,233</u>	<u>8,077,540</u>

## (c) Credit quality of loans, advances and financing

**Credit quality**

Loans, advances and financing are categorised according to the Group's and the Bank's customer classification grades as Pass, Special Mention, Substandard, Doubtful and Loss.

Loans, advances and financing classified as Pass and Special Mention are neither past due nor impaired whereas Substandard, Doubtful and Loss are impaired loans, advances and financing.

Past due but unimpaired are loans, advances and financing where the customer has failed to make a principal or profit payment when contractually due, and includes financing which are due one or more days after the contractual due date but less than three (3) months.

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Neither past due nor impaired	67,154,174	66,460,467	57,480,163	57,029,617
Past due loans, advances and financing	1,970,182	1,830,618	1,433,081	1,438,117
- Unimpaired	560,964	574,745	398,834	414,391
- Impaired	1,409,218	1,255,873	1,034,247	1,023,726
Impaired but not past due	198,140	229,855	138,552	164,450
Gross loans, advances and financing	<u>69,322,496</u>	<u>68,520,940</u>	<u>59,051,796</u>	<u>58,632,184</u>

**Neither past due nor impaired**

## (i) By internal grading

Pass	66,001,027	65,310,145	56,915,443	56,420,295
Special Mention	1,153,147	1,150,322	564,720	609,322
	<u>67,154,174</u>	<u>66,460,467</u>	<u>57,480,163</u>	<u>57,029,617</u>

**Past due but not impaired**

## (i) By period overdue

Less than 2 months	462,144	485,570	325,807	350,403
2 months to less than 3 months	98,820	89,175	73,027	63,988
	<u>560,964</u>	<u>574,745</u>	<u>398,834</u>	<u>414,391</u>

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)

## 33 CREDIT RISKS (continued)

## (c) Credit quality of loans, advances and financing (continued)

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
<b>Past due but not impaired</b>				
(ii) By geographical distribution				
Malaysia	552,553	564,910	390,423	404,556
Singapore	5,488	5,956	5,488	5,956
Rest of the world	2,923	3,879	2,923	3,879
	<b>560,964</b>	<b>574,745</b>	<b>398,834</b>	<b>414,391</b>
(iii) By sector				
Agriculture, hunting, forestry and fishing	840	783	-	-
Mining and quarrying	1,507	-	1,507	-
Manufacturing	30,765	26,883	13,861	12,689
Construction	11,309	11,947	7,050	9,713
Real estate	10,980	15,440	10,392	15,440
Wholesale & retail trade and restaurants & hotels	67,893	80,788	34,016	46,555
Transport, storage and communication	8,205	5,890	2,339	2,564
Finance, insurance and business services	16,962	12,402	7,370	2,869
Community, social and personal services	5,950	3,129	4,663	454
Household				
- Purchase of residential properties	343,118	342,227	290,573	292,481
- Purchase of non-residential properties	9,070	6,006	9,070	6,006
- Others	54,365	69,250	17,993	25,620
	<b>560,964</b>	<b>574,745</b>	<b>398,834</b>	<b>414,391</b>

The analysis of impaired loans, advances and financing are detailed in Note 14.

**Collateral**

(i) The main types of collateral obtained by the Group and the Bank are as follows:

- For personal housing loans, mortgages over residential properties;
- For commercial property loans, charges over the properties financed;
- For car loans, charges over the vehicles financed;
- For share margin financing, listed securities of Malaysia; and
- For other loans, charges over business assets such as premises, inventories, trade receivables or deposits.

As at 30 June 2017 and 31 December 2016, there were no assets repossessed by the Group and the Bank as a result of taking possession of collateral held as security, or by calling upon other credit enhancements.

(ii) The quantification of the extent to which collateral and other credit enhancements mitigate credit risk and that best represents the maximum exposure to credit risk for impaired loans, advances and financing is as follows:



## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)

## 33 CREDIT RISKS (continued)

## (c) Credit quality of loans, advances and financing (continued)

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Fair value of collateral held against the covered portion of impaired loans, financing and advances	1,872,224	1,988,417	1,374,257	1,502,574
Covered portion of impaired loans, advances and financing	1,132,839	1,125,195	905,144	921,597
Uncovered portion of impaired loans, advances and financing	355,705	360,533	267,655	266,579
	<u>1,488,544</u>	<u>1,485,728</u>	<u>1,172,799</u>	<u>1,188,176</u>

## (d) Credit quality of derivative assets

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
(i) By counterparty				
Banking institutions	1,133,776	1,554,933	1,133,789	1,554,935
Non-bank financial institutions	70,721	121,809	70,719	121,805
Business enterprises	202,799	294,258	202,664	294,225
Individuals	25,521	24,516	25,521	24,516
	<u>1,432,817</u>	<u>1,995,516</u>	<u>1,432,693</u>	<u>1,995,481</u>
(ii) By geography distribution				
Malaysia	1,399,963	1,931,838	1,399,841	1,931,807
Singapore	27,068	41,868	27,066	41,864
Other ASEAN	147	1,095	147	1,095
Rest of the world	5,639	20,715	5,639	20,715
	<u>1,432,817</u>	<u>1,995,516</u>	<u>1,432,693</u>	<u>1,995,481</u>
(iii) By sector				
Agriculture, hunting, forestry and fishing	181	1,997	181	1,997
Mining and quarrying	151,811	191,014	151,811	191,014
Manufacturing	13,563	72,990	13,503	72,980
Electricity, gas and water	2,252	215	2,252	215
Construction	128	375	113	374
Real estate	2,001	2,084	2,001	2,084
Wholesale & retail trade and restaurants & hotels	7,219	16,324	7,177	16,309
Transport, storage and communication	6,801	93	6,799	93
Finance, insurance and business services	1,223,295	1,685,872	1,223,301	1,685,863
Community, social and personal services	43	40	32	40
Household	25,523	24,512	25,523	24,512
	<u>1,432,817</u>	<u>1,995,516</u>	<u>1,432,693</u>	<u>1,995,481</u>

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)

## 33 CREDIT RISKS (continued)

## (d) Credit quality of derivative assets (continued)

	Group		Bank	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
(iv) By residual contractual maturity				
Within one year	542,048	950,963	541,924	950,928
One to five years	532,479	565,168	532,479	565,168
Over five years	358,290	479,385	358,290	479,385
	<u>1,432,817</u>	<u>1,995,516</u>	<u>1,432,693</u>	<u>1,995,481</u>

## (e) Credit quality of contingent liabilities and commitments (excluding derivative financial assets)

	Group		Bank	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
(i) By counterparty				
Government	-	500,000	-	500,000
Banking institutions	245,623	332,964	99,677	182,728
Non-bank financial institutions	134,030	19,657	131,500	17,605
Business enterprises	15,865,299	15,754,922	13,218,250	13,327,614
Small and medium enterprises	6,555,786	5,507,141	6,555,786	5,507,141
Individuals	5,325,117	5,892,287	5,206,026	5,732,663
	<u>28,125,855</u>	<u>28,006,971</u>	<u>25,211,239</u>	<u>25,267,751</u>
(ii) By geography				
Malaysia	26,472,729	26,230,479	23,651,361	23,558,535
Singapore	145,400	68,783	62,393	68,783
Other ASEAN	1,202,440	1,267,062	1,192,199	1,199,786
Rest of the world	305,286	440,647	305,286	440,647
	<u>28,125,855</u>	<u>28,006,971</u>	<u>25,211,239</u>	<u>25,267,751</u>
(iii) By sector				
Agriculture, hunting, forestry and fishing	1,665,485	1,813,152	1,598,904	1,687,347
Mining and quarrying	547,055	517,546	418,157	395,852
Manufacturing	5,413,514	5,314,997	4,778,730	4,645,562
Electricity, gas and water	106,999	139,007	82,999	96,777
Construction	4,314,748	3,845,102	3,461,468	2,961,887
Real estate	2,448,389	2,211,951	2,430,339	2,195,593
Wholesale & retail trade and restaurants & hotels	2,801,439	2,828,485	2,604,386	2,665,697
Transport, storage and communication	762,253	865,830	583,899	661,702
Finance, insurance and business services	8,200,238	8,582,192	7,797,596	8,398,811
Community, social and personal services	1,631,560	1,614,725	1,370,135	1,470,357
Household	203,718	247,790	84,626	88,166
Others	30,457	26,194	-	-
	<u>28,125,855</u>	<u>28,006,971</u>	<u>25,211,239</u>	<u>25,267,751</u>

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)

## 33 CREDIT RISKS (continued)

## (e) Credit quality of contingent liabilities and commitments (continued)

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
(iv) By residual contractual maturity				
Within one year	757,500	736,331	556,597	565,013
One to five years	13,388,888	13,787,202	11,179,446	11,617,365
Over five years	13,979,467	13,483,438	13,475,196	13,085,373
	<u>28,125,855</u>	<u>28,006,971</u>	<u>25,211,239</u>	<u>25,267,751</u>

## 34 FAIR VALUE OF FINANCIAL INSTRUMENTS

## Fair value hierarchy of financial assets and liabilities

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.

The valuation hierarchy and the types of instruments classified into each level within that hierarchy, are set out below:

	Level 1	Level 2	Level 3
Fair value determined	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 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.	Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.
Type of financial assets	Actively traded government and agency securities  Actively traded quoted equity securities of corporations	Corporate and other government bonds/sukuk and loans  Over-the counter ("OTC") derivatives  Cash and cash equivalents  Deposits and placements with banks and other financial institutions  Other assets	Private debt equity investments  Corporate bonds/sukuk with illiquid markets  Loans, advances and financing
Type of financial liabilities		OTC derivatives  Deposits from customer  Deposits and placement of banks and other financial institutions  Other liabilities  Subordinated bonds/sukuk	

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)

## 34 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

## Fair value hierarchy of financial assets and liabilities (continued)

<u>Group</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>30 June 2017</b>				
<b>Financial assets at fair value</b>				
Held-for-trading	436,469	1,160,929	-	1,597,398
Available-for-sale	7,124,360	6,298,522	-	13,422,882
Derivative assets	1,323	1,424,676	6,818	1,432,817
	<u>7,562,152</u>	<u>8,884,127</u>	<u>6,818</u>	<u>16,453,097</u>
<b>Financial liabilities at fair value</b>				
Derivative liabilities	<u>1,557</u>	<u>1,393,419</u>	<u>7,797</u>	<u>1,402,773</u>
<b>31 December 2016</b>				
<b>Financial assets at fair value</b>				
Held-for-trading	358,647	1,169,714	-	1,528,361
Available-for-sale	5,765,683	5,379,276	-	11,144,959
Derivative assets	830	1,983,524	11,162	1,995,516
	<u>6,125,160</u>	<u>8,532,514</u>	<u>11,162</u>	<u>14,668,836</u>
<b>Financial liabilities at fair value</b>				
Derivative liabilities	<u>524</u>	<u>1,807,596</u>	<u>12,294</u>	<u>1,820,414</u>
<b>Bank</b>				
<b>30 June 2017</b>				
<b>Financial assets at fair value</b>				
Held-for-trading	436,469	1,160,929	-	1,597,398
Available-for-sale	5,015,994	4,608,681	-	9,624,675
Derivative assets	1,287	1,424,588	6,818	1,432,693
	<u>5,453,750</u>	<u>7,194,198</u>	<u>6,818</u>	<u>12,654,766</u>
<b>Financial liabilities at fair value</b>				
Derivative liabilities	<u>1,546</u>	<u>1,393,342</u>	<u>7,797</u>	<u>1,402,685</u>
<b>31 December 2016</b>				
<b>Financial assets at fair value</b>				
Held-for-trading	358,647	1,169,714	-	1,528,361
Available-for-sale	4,217,072	3,751,910	-	7,968,982
Derivative assets	819	1,983,500	11,162	1,995,481
	<u>4,576,538</u>	<u>6,905,124</u>	<u>11,162</u>	<u>11,492,824</u>
<b>Financial liabilities at fair value</b>				
Derivative liabilities	<u>543</u>	<u>1,807,207</u>	<u>12,294</u>	<u>1,820,044</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)****34 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

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

**Fair value hierarchy of financial assets and liabilities (continued)**

	<b>Group and Bank</b>	
	<b>30 June 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
<b>Financial assets at fair value</b>		
At 1 January	11,162	13,996
Purchased	-	670
Settled/disposed	(300)	(31)
Recognised in profit or loss		
- Realised loss	-	(2,812)
- Unrealised gain	(4,044)	(661)
At 30 June/31 December	<u>6,818</u>	<u>11,162</u>
<b>Financial liabilities at fair value</b>		
At 1 January	12,294	18,880
Settled/disposed	-	(4,760)
Recognised in profit or loss		
- Realised loss	-	(1,667)
- Unrealised loss	(4,497)	(159)
At 30 June/31 December	<u>7,797</u>	<u>12,294</u>

The following table shows the valuation techniques used in the determination of fair value within Level 3, as well as the unobservable inputs used in the valuation model:

<b>Group and Bank</b>	<b>30 June 2017 Fair value RM'000</b>	<b>31 December 2016 Fair value RM'000</b>	<b>Classification</b>	<b>Valuation technique</b>	<b>Unobservable input</b>
<b>Assets</b>					
Derivative assets	<u>6,818</u>	<u>11,162</u>	Hedge for trading	Option pricing model	Standard deviation
<b>Liabilities</b>					
Derivative liabilities	<u>7,797</u>	<u>12,294</u>	Hedge for trading	Option pricing model	Standard deviation

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

**35 SEGMENT INFORMATION****Operating Segment**

The Group's businesses are organised into three segments based on the types of products and services that it provides. 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 profits. Transactions between operating segments are based on mutually agreed allocation bases. Funds are allocated between segments and inter-segment funding cost transfers are reflected in net interest income. In addition to the operating segments, the segment information disclosed also includes internal service providers (head office) which operate on non-profit basis.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)****35 SEGMENT INFORMATION (continued)**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.

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.

Global 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.

Others

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

<b>Group</b>	<b>Business Banking RM'000</b>	<b>Consumer Financial Services RM'000</b>	<b>Global Treasury RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>30 June 2017</b>					
Net interest/finance income	510,333	234,326	103,147	38,412	886,218
Non-interest/finance income	67,355	94,083	121,659	38,800	321,897
Operating income	577,688	328,409	224,806	77,212	1,208,115
Operating expenses	(210,592)	(257,317)	(50,183)	(21,959)	(540,051)
Operating profit before impairment allowance and provision	367,096	71,092	174,623	55,253	668,064
Impairment allowances and provision and contingencies	(50,819)	(5,639)	-	(16)	(56,474)
Profit before income tax and zakat	316,277	65,453	174,623	55,237	611,590
Income tax expense and zakat	(75,925)	(15,708)	(41,908)	(16,585)	(150,126)
Profit for the period	240,352	49,745	132,715	38,652	461,464
Gross loans, advances and financing	38,055,296	31,200,315	-	66,885	69,322,496
Gross impaired loans, advances and financing	996,113	610,937	-	308	1,607,358
Deposits from customers	35,729,814	34,912,603	319,618	-	70,962,035

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)

## 35 SEGMENT INFORMATION (continued)

<u>Group</u>	<b>Business Banking RM'000</b>	<b>Consumer Financial Services RM'000</b>	<b>Global Treasury RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>30 June 2016</b>					
Net interest/finance income	527,539	249,809	98,246	19,936	895,530
Non-interest/finance income	61,690	61,827	149,647	24,351	297,515
Operating income	589,229	311,636	247,893	44,287	1,193,045
Operating expenses	(210,879)	(249,832)	(49,159)	(27,281)	(537,151)
Operating profit before impairment allowance and provision	378,350	61,804	198,734	17,006	655,894
(Impairment)/write back of allowances and provision for commitments and contingencies	(20,124)	(46,425)	1,363	(1,343)	(66,529)
Profit before income tax and zakat	358,226	15,379	200,097	15,663	589,365
Income tax expense and zakat	(86,504)	(2,825)	(47,949)	(6,188)	(143,466)
Profit for the period	271,722	12,554	152,148	9,475	445,899
<b>31 December 2016</b>					
Gross loans, advances and financing	36,826,699	31,622,494	-	71,747	68,520,940
Gross impaired loans, advances and financing	902,369	582,960	-	399	1,485,728
Deposits from customers	36,723,457	34,143,207	68,149	-	70,934,813

**Geographical Segment**

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

There have been no changes in the basis of segmentation or in the basis of measuring of segment profit or loss since the last audited financial statements as at and for the financial year ended 31 December 2016.

## 36 CAPITAL ADEQUACY

The capital ratios are computed in accordance with BNM's Capital Adequacy Framework (Capital Components). Recognition of the Group's and the Bank's Additional Tier 1 and Tier 2 capital instruments are subject to a gradual phase out as required by BNM's Capital Adequacy Framework (Capital Components).

	<b>Group</b>		<b>Bank</b>	
	<b>30 June 2017 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>30 June 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
<b>Common Equity Tier 1 ("CET 1") capital</b>				
Paid-up ordinary share capital	754,000	287,500	754,000	287,500
Ordinary share premium	-	462,500	-	462,500
Retained earnings	5,170,722	4,651,850	4,599,468	4,294,510
Other reserves	602,947	1,021,669	487,736	789,558
CET 1 capital	6,527,669	6,423,519	5,841,204	5,834,068
Regulatory adjustment for CET 1 capital	(516,453)	(464,663)	(902,541)	(792,660)
CET 1 capital	6,011,216	5,958,856	4,938,663	5,041,408
<b>Additional Tier 1 capital</b>				
Innovative Tier 1 capital	400,000	400,000	400,000	400,000
Additional Tier 1 capital	472,177	493,361	472,177	493,361
Tier 1 capital	6,883,393	6,852,217	5,810,840	5,934,769

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2017 (continued)

## 36 CAPITAL ADEQUACY (continued)

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
<b>Tier 2 capital</b>				
Collective impairment allowance under the Standardised Approach*	14,936	17,151	8,043	8,069
Surplus eligible provisions over expected losses	241,360	237,858	209,720	204,217
Subordinated bonds	1,158,028	1,183,063	1,158,028	1,183,063
	<u>1,414,324</u>	<u>1,438,072</u>	<u>1,375,791</u>	<u>1,395,349</u>
Regulatory adjustment for Tier 2 capital	-	-	(311,698)	(423,397)
Tier 2 capital	<u>1,414,324</u>	<u>1,438,072</u>	<u>1,064,093</u>	<u>971,952</u>
<b>Capital base</b>	<u>8,297,717</u>	<u>8,290,289</u>	<u>6,874,933</u>	<u>6,906,721</u>

\* Excludes collective impairment allowance on impaired loans, advances and financing

**Before deducting proposed dividend**

CET 1 capital ratio	12.825%	12.788%	12.276%	12.775%
Tier 1 capital ratio	14.686%	14.706%	14.444%	15.039%
Total capital ratio	<u>17.703%</u>	<u>17.792%</u>	<u>17.090%</u>	<u>17.502%</u>

**After deducting proposed dividend**

CET 1 capital ratio	12.548%	11.945%	11.953%	11.779%
Tier 1 capital ratio	14.408%	13.862%	14.121%	14.043%
Total capital ratio	<u>17.426%</u>	<u>16.948%</u>	<u>16.766%</u>	<u>16.506%</u>

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

	Group		Bank	
	30 June 2017 RM'000	31 December 2016 RM'000	30 June 2017 RM'000	31 December 2016 RM'000
Total RWA for credit risk	41,421,554	41,015,041	35,596,822	34,681,744
Total RWA for market risk	957,206	1,164,134	958,977	1,159,646
Total RWA for operational risk	4,492,427	4,416,693	3,673,074	3,621,266
	<u>46,871,187</u>	<u>46,595,868</u>	<u>40,228,873</u>	<u>39,462,656</u>

The capital adequacy ratios of OCBC Al-Amin Bank Berhad are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (Capital Components). OCBC Al-Amin Bank Berhad has adopted the Internal Ratings Based Approach for Credit Risk for its major credit portfolios, whilst the other credit portfolios are on the Standardised Approach. For market and operational risks, OCBC Al-Amin has adopted the Standardised Approach and the Basic Indicator Approach respectively.

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

	30 June 2017	31 December 2016
CET 1 capital ratio	17.263%	15.342%
Tier 1 capital ratio	17.263%	15.342%
Total capital ratio	<u>20.794%</u>	<u>18.425%</u>