

Company No. 818444-T

OCBC AL-AMIN BANK BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

Domiciled in Malaysia
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50050 Kuala Lumpur

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016**

| ASSETS | Note | 31 March 2016 RM'000 | 31 December 2015 RM'000 |
|--|-------------|-------------------------------------|--|
| Cash and cash equivalents | | 898,932 | 1,131,012 |
| Financial investments available-for-sale | 7 | 3,687,900 | 3,123,191 |
| Financing and advances | 8 | 9,772,155 | 9,887,792 |
| Derivative financial assets | 10 | 2,865 | 620 |
| Other assets | 11 | 120,755 | 41,258 |
| Current tax assets | | 6,657 | 4,765 |
| Statutory deposits with Bank Negara Malaysia | | 354,400 | 406,100 |
| Property and equipment | | 16,464 | 14,226 |
| Deferred tax assets | | - | 2,171 |
| Total assets | | 14,860,128 | 14,611,135 |
| LIABILITIES | | | |
| Deposits from customers | 12 | 11,060,108 | 10,177,748 |
| Deposits and placements of banks and other financial institutions | 13 | 1,410,608 | 2,009,812 |
| Investment accounts due to designated financial institution | 14 | 970,331 | 1,049,063 |
| Bills and acceptances payable | | 30,812 | 18,670 |
| Subordinated bond | 15 | 200,000 | 200,000 |
| Derivative financial liabilities | 10 | 771 | 790 |
| Other liabilities | 16 | 150,638 | 169,031 |
| Deferred tax liabilities | | 1,743 | - |
| Zakat | | 51 | 40 |
| Total liabilities | | 13,825,062 | 13,625,154 |
| EQUITY | | | |
| Share capital | | 185,000 | 185,000 |
| Reserves | | 850,066 | 800,981 |
| Total equity | | 1,035,066 | 985,981 |
| Total liabilities and equity | | 14,860,128 | 14,611,135 |
| Commitments and contingencies | 26 | 3,281,622 | 3,479,220 |

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2015 and the accompanying explanatory notes to the unaudited condensed interim financial statements.

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

| | Note | Year-To-Date Ended | |
|---|------|----------------------------|----------------------------|
| | | 31 March 2016 RM'000 | 31 March 2015 RM'000 |
| Income derived from investment of depositors' funds and others | 17 | 181,545 | 184,377 |
| Income derived from investment of specific investment account funds | 18 | 11,478 | 11,107 |
| Income derived from investment of shareholders funds | 19 | 25,179 | 23,391 |
| Impairment allowance on financing and advances | 20 | (16,813) | (29,347) |
| Total distributable income | | 201,389 | 189,528 |
| Income attributable to depositors | 21 | (91,865) | (86,013) |
| Income attributable to investment account holder | 22 | (8,035) | (8,731) |
| Total net income | | 101,489 | 94,784 |
| Operating expenses | 23 | (51,895) | (44,277) |
| Profit before income tax expense and zakat | | 49,594 | 50,507 |
| Income tax expense | 24 | (10,886) | (10,146) |
| Zakat | | (11) | (10) |
| Profit for the period | | 38,697 | 40,351 |
| Items that may be reclassified subsequently to profit or loss | | | |
| Fair value (available-for-sale) reserve: | | | |
| - Change in fair value | | 13,105 | 8,578 |
| - Amount transferred to profit or loss | | 612 | (3,346) |
| Income tax expense relating to components of other comprehensive income | | (3,329) | (1,308) |
| Other comprehensive income for the period, net of income tax | | 10,388 | 3,924 |
| Total comprehensive income for the period | | 49,085 | 44,275 |
| Profit attributable to owner of the Bank | | 38,697 | 40,351 |
| Total comprehensive income attributable to owner of the Bank | | 49,085 | 44,275 |
| Basic earnings per ordinary share (sen) | | 20.92 | 24.46 |

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2015 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 31 MARCH 2016

| | <i>Non-distributable</i> | | | <i>Distributable</i> | Total Equity |
|---|--------------------------|----------------------|--------------------------|--------------------------|---------------------|
| | Share Capital | Share Premium | Statutory Reserve | Retained Earnings | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 2016 | | | | | |
| At 1 January 2016 | 185,000 | 370,000 | 185,000 | 248,748 | 985,981 |
| Fair value (available-for-sale) reserve | | | | | |
| - Change in fair value | - | - | - | - | 13,105 |
| - Amount transferred to profit or loss | - | - | - | - | 612 |
| Income tax expense relating to components of other comprehensive income | - | - | - | - | (3,329) |
| Total other comprehensive income for the period | - | - | - | - | 10,388 |
| Profit for the period | - | - | - | 38,697 | 38,697 |
| Total comprehensive income for the period | - | - | - | 38,697 | 49,085 |
| At 31 March 2016 | 185,000 | 370,000 | 185,000 | 287,445 | 1,035,066 |
| 2015 | | | | | |
| At 1 January 2015 | 165,000 | 330,000 | 142,653 | 153,453 | 788,764 |
| Fair value (available-for-sale) reserve | | | | | |
| - Change in fair value | - | - | - | - | 8,578 |
| - Amount transferred to profit or loss | - | - | - | - | (3,346) |
| Income tax expense relating to components of other comprehensive income | - | - | - | - | (1,308) |
| Total other comprehensive income for the period | - | - | - | - | 3,924 |
| Profit for the period | - | - | - | 40,351 | 40,351 |
| Total comprehensive income for the period | - | - | - | 40,351 | 44,275 |
| At 31 March 2015 | 165,000 | 330,000 | 142,653 | 193,804 | 833,039 |

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2015 and the accompanying explanatory notes to the unaudited condensed interim financial statements.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

| | 31 March 2016 RM'000 | 31 March 2015 RM'000 |
|--|-------------------------------------|-------------------------------------|
| Cash flows from operating activities | | |
| Profit before income tax expense and zakat | 49,594 | 50,507 |
| <i>Adjustments for:</i> | | |
| Net loss/(gain) from disposal of: | | |
| - Financial investments available-for-sale | 612 | (3,346) |
| - Property and equipment | 20 | 1 |
| Depreciation of property and equipment | 988 | 551 |
| Impairment allowance on financing and advances | 16,813 | 29,347 |
| Share-based expenses | 79 | 54 |
| Unrealised (gain)/loss on revaluation of derivatives | (2,265) | 29 |
| Operating profit before changes in working capital | <u>65,841</u> | <u>77,143</u> |
| <i>Changes in operating assets and operating liabilities:</i> | | |
| Financing and advances | 98,824 | (384,141) |
| Derivative financial assets | (2,245) | (5,518) |
| Other assets | (77,232) | 57,029 |
| Statutory deposits with Bank Negara Malaysia | 51,700 | (23,000) |
| Deposits from customers | 882,360 | 1,391,747 |
| Deposits and placements of banks and other financial institutions | (599,204) | 130,605 |
| Investment accounts due to designated financial institution | (78,732) | (44,790) |
| Bills and acceptances payable | 12,142 | 1,210 |
| Derivative financial liabilities | (19) | 5,549 |
| Other liabilities | (18,472) | 50,102 |
| Cash generated from operations | <u>334,963</u> | <u>1,255,936</u> |
| Income tax and zakat paid | (12,193) | (5,419) |
| Net cash generated from operating activities | <u>322,770</u> | <u>1,250,517</u> |
| Cash flows from investing activities | | |
| Acquisition of financial investments available-for-sale | (1,523,095) | (1,526,982) |
| Proceeds from disposal of financial investments available-for-sale | 971,491 | 918,879 |
| Acquisition of property and equipment | (3,246) | (45) |
| Net cash used in investing activities | <u>(554,850)</u> | <u>(608,148)</u> |
| Net (decrease)/increase in cash and cash equivalents | (232,080) | 642,369 |
| Cash and cash equivalents at 1 January | <u>1,131,012</u> | <u>1,179,551</u> |
| Cash and cash equivalents at 31 March | <u>898,932</u> | <u>1,821,920</u> |

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2015 and the accompanying explanatory notes to the unaudited condensed interim financial statements.

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OCBC AL-AMIN BANK BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2016

GENERAL INFORMATION

The Bank is a licensed Islamic Bank principally engaged in Islamic Banking and related financial services. There were no significant changes to these activities during the financial period.

PERFORMANCE REVIEW

The Bank recorded profit after tax of RM38.7 million for the financial period ended 31 March 2016, a 4% or RM1.7 million decrease against the corresponding period last year. The decrease was mainly due to higher operating expenses and income attributable to depositors of RM7.6 million and RM5.8 million respectively, partially mitigated by lower allowances of RM12.5 million.

Operating expenses increased by RM7.6 million or +17% mainly due to higher support costs for an expanded branch network and increased wholesale guarantee coverage.

The increase in income attributable to depositors were mainly arising from increased deposits and placements of banks and other financial institutions.

Allowances decreased by RM12.5 million mainly due to lower collective impairment of RM6.9 million and individual impairment allowance of RM4.5 million, in tandem with slower financing growth and the increasing proportion of secured house financing portfolio.

Of the RM0.1 billion or 1% decrease in gross financing and advances against December 2015, financing to manufacturing sector declined by RM0.2 billion, partially offset by an increase in real estate financing by RM0.1 billion.

Deposits from customers increased by RM0.9 billion or 9% over the same period to RM11.1 billion, garnered mainly from domestic non-bank financial institutions and business enterprises which grew by RM0.5 billion and RM0.2 billion respectively.

The Bank remains well capitalised with common equity Tier 1 and Tier 1 ratios of 12.843% and total capital ratio of 14.586%.

ECONOMIC PERFORMANCE AND PROSPECTS

The global economic environment remained subdued with the global economy continuing to expand at a moderate pace. Locally, uncertainty in the outlook of global crude oil prices continued to place downward pressure on the ringgit. Against this challenging backdrop, the Malaysian economy is expected to expand at a moderate pace in 2016 after registering a 5% growth in 2015. Domestic demand is expected to remain the key driver of growth. While private consumption is expected to moderate, household spending will continue to be supported by the growth in income and employment, and the additional disposable income from the measures announced during the 2016 Budget Recalibration.

Amid the current economic outlook, the Bank will continue to exercise prudent management of asset quality and operating expenses as well as maintain sufficient capital and liquidity to weather stress.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2016 (continued)

1 BASIS OF PREPARATION

The accounting policies set out below have been applied consistently to the periods presented in the unaudited condensed interim financial statements.

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.

Amended Bank Negara Malaysia ("BNM") Policy Document on Financial Reporting for Islamic Banking Institutions

On 5 February 2016, BNM amended the Policy Document on Financial Reporting for Islamic Banking Institutions to include requirements on the presentation and disclosure of investment account in the financial statements.

The Bank has presented the carrying amount and income and expenses related to investment account in separate line items in the financial statements.

(a) Statement of compliance

The unaudited condensed interim financial statements of 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 Standards ("MFRSs") 134, International Financial Reporting Standards 34 and the requirements of the Companies Act, 1965 in Malaysia and Shariah requirements.

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

Effective for annual periods commencing on or after 1 January 2017

- Amendments to MFRS 107, *Disclosure Initiative*
- Amendments to MFRS 112, *Recognition of Deferred Tax Assets for Unrealised Losses*

Effective for annual periods commencing on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

Effective for annual periods commencing on or after 1 January 2019

- MFRS 16, *Leases*

Effective date yet 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 Bank plans to apply the abovementioned 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 Bank except as described below:

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2016 (continued)**

1 BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

MFRS 9, *Financial Instruments*

In November 2015, MASB issued MFRS 9, *Financial Instruments* effective for annual periods beginning or after 1 January 2018 which replaces MFRS 139 *Financial Instruments: Recognition and Measurement*. Retrospective application is required but comparative information is not compulsory.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with a irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in OCI rather than the income statement, unless this creates an accounting mismatch.

MFRS 9 requires an expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

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 Interpretations 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.

The adoption of MFRS 9 and MFRS 15 will result in a change in accounting policy. The Bank is currently assessing the financial impact of adopting MFRS 9 and MFRS 15.

(b) Use of estimates and judgements

The preparation of the unaudited condensed interim financial statements in conformity with MFRSs, 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 Bank'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 2015.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2016 (continued)

2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Bank in these unaudited condensed interim financial statements are the same as those applied by the Bank in its audited financial statements as at and for the financial year ended 31 December 2015.

3 SEASONALITY OF OPERATIONS

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

4 SHARE CAPITAL AND DEBENTURES

There were no changes in the authorised, issued and paid up share capital of the Bank during the financial period.

5 DIVIDEND

No dividend was paid in respect of the financial period ended 31 March 2016.

6 SUBSEQUENT EVENTS

There were no other material events subsequent to the end of the reporting period that require disclosure or adjustments to the unaudited condensed interim financial statements.

7 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE

| | 31 March 2016 RM'000 | 31 December 2015 RM'000 |
|---|-------------------------------------|--|
| At fair value | | |
| Malaysian Government Investment Issues | 2,192,805 | 1,865,605 |
| Malaysian Government Sukuk | 126,084 | 130,024 |
| Malaysian Government Islamic Treasury Bills | 299,626 | 230,005 |
| Bank Negara Malaysia Monetary Notes | - | 99,760 |
| Islamic Private Debt Securities | 397,890 | 423,709 |
| Islamic Negotiable Instruments of Deposit | 399,325 | 149,654 |
| Sanadat Mudharabah Cagamas | 4,994 | 4,962 |
| Foreign Government Debt Securities | 267,176 | 219,472 |
| | <u>3,687,900</u> | <u>3,123,191</u> |

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2016 (continued)**8 FINANCING AND ADVANCES**

(i) By type and Shariah contract

| | Sale based contracts | | | | | Lease based contracts | | | Equity based contracts | | Total |
|--|----------------------|----------------|------------------|----------------|---------------|-----------------------|----------------|---------------------|------------------------|--------------|-------------------|
| | Bai' Bithaman | | Tawarruq | Murabahah | Bai' Dayn | Ijarah Thumma Al- Bai | Ijarah | Ijarah Bi Al-Tamlik | Musharakah Mutanaqisah | Others | |
| | Bai' Inah | Ajil | | | | | | | | | |
| 31 March 2016 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At amortised cost | | | | | | | | | | | |
| Term Financing | | | | | | | | | | | |
| - Cash line financing | 59,778 | 46,315 | - | - | - | - | 171,963 | - | - | 1,202 | 279,258 |
| - House financing | - | 16,258 | - | - | - | - | - | 1,808,747 | 109,635 | - | 1,934,640 |
| - Syndicated term financing | - | - | - | - | - | - | - | 387,493 | - | - | 387,493 |
| - Hire purchase receivables | - | - | - | - | - | 514,819 | - | 260,470 | - | - | 775,289 |
| - Other term financing | 1,542,289 | 174,080 | 390,906 | - | - | - | - | 2,241,539 | 143,528 | - | 4,492,342 |
| Bills receivable | - | - | - | - | 13,286 | - | - | - | - | - | 13,286 |
| Trust receipts | - | - | - | 178 | - | - | - | - | - | - | 178 |
| Revolving credit | - | - | 1,646,619 | - | - | - | - | - | - | - | 1,646,619 |
| Claims on customers under acceptance credits | - | - | - | 321,589 | 59,853 | - | - | - | - | - | 381,442 |
| Other financing | - | - | - | 133,669 | - | - | - | - | - | - | 133,669 |
| Gross financing and advances | <u>1,602,067</u> | <u>236,653</u> | <u>2,037,525</u> | <u>455,436</u> | <u>73,139</u> | <u>514,819</u> | <u>171,963</u> | <u>4,698,249</u> | <u>253,163</u> | <u>1,202</u> | <u>10,044,216</u> |
| Allowance for financing and advances | | | | | | | | | | | |
| - Individual impairment | | | | | | | | | | | (81,582) |
| - Collective impairment | | | | | | | | | | | (190,479) |
| Net financing and advances | | | | | | | | | | | <u>9,772,155</u> |

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2016 (continued)**8 FINANCING AND ADVANCES (continued)**

(i) By type and Shariah contract (continued)

| | Sale based contracts | | | | | Lease based contracts | | | Equity based contracts | | Total |
|--|----------------------|----------------|------------------|----------------|---------------|-----------------------|----------------|------------------|------------------------|------------|-------------------|
| | Bai' | | Tawarruq | Murabahah | Bai' Dayn | Ijarah Thumma | Ijarah | | Musharakah Mutanaqisah | Others | |
| | Bai' Inah | Ajil | | | | Al- Bai | Ijarah | Bi Al-Tamlik | | | |
| 31 December 2015 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| At amortised cost | | | | | | | | | | | |
| Term Financing | | | | | | | | | | | |
| - Cash line financing | 61,410 | 44,149 | - | - | - | - | 128,019 | - | - | 435 | 234,013 |
| - House financing | - | 16,931 | - | - | - | - | - | 1,746,928 | 113,957 | - | 1,877,816 |
| - Syndicated term financing | - | - | - | - | - | - | - | 394,311 | - | - | 394,311 |
| - Hire purchase receivables | - | - | - | - | - | 554,944 | - | 283,213 | - | - | 838,157 |
| - Other term financing | 1,655,677 | 189,394 | 389,729 | - | - | - | - | 2,247,040 | 161,669 | - | 4,643,509 |
| Bills receivable | - | - | - | - | 14,344 | - | - | - | - | - | 14,344 |
| Trust receipts | - | - | - | 210 | - | - | - | - | - | - | 210 |
| Revolving credit | - | - | 1,664,040 | - | - | - | - | - | - | - | 1,664,040 |
| Claims on customers under acceptance credits | - | - | - | 324,128 | 64,311 | - | - | - | - | - | 388,439 |
| Other financing | - | - | - | 105,865 | - | - | - | - | - | - | 105,865 |
| Gross financing and advances | <u>1,717,087</u> | <u>250,474</u> | <u>2,053,769</u> | <u>430,203</u> | <u>78,655</u> | <u>554,944</u> | <u>128,019</u> | <u>4,671,492</u> | <u>275,626</u> | <u>435</u> | <u>10,160,704</u> |
| Allowance for financing and advances | | | | | | | | | | | |
| - Individual impairment | | | | | | | | | | | (82,433) |
| - Collective impairment | | | | | | | | | | | (190,479) |
| Net financing and advances | | | | | | | | | | | <u>9,887,792</u> |

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2015 (continued)**8 FINANCING AND ADVANCES (continued)**

| | 31 March 2016 RM'000 | 31 December 2015 RM'000 |
|---|-------------------------------------|--|
| (ii) By type of customer | | |
| Domestic non-bank financial institutions | 153,450 | 168,126 |
| Domestic business enterprises | | |
| - Small and medium enterprises | 2,788,009 | 2,897,665 |
| - Others | 3,704,452 | 3,679,719 |
| Individuals | 2,865,773 | 2,836,833 |
| Foreign entities | 532,532 | 578,361 |
| | <u>10,044,216</u> | <u>10,160,704</u> |
| (iii) By profit rate sensitivity | | |
| Fixed rate | | |
| - House financing | 23,846 | 25,618 |
| - Hire purchase receivables | 524,597 | 566,487 |
| - Other fixed rate financing | 2,772,952 | 2,879,833 |
| Variable rate | | |
| - BFR plus | 2,419,549 | 2,406,165 |
| - Cost plus | 4,143,103 | 4,171,087 |
| - Other variable rates | 160,169 | 111,514 |
| | <u>10,044,216</u> | <u>10,160,704</u> |
| (iv) By sector | | |
| Agriculture, hunting, forestry and fishing | 633,788 | 756,239 |
| Mining and quarrying | 269,351 | 217,929 |
| Manufacturing | 1,911,855 | 2,072,886 |
| Electricity, gas and water | 141,769 | 74,973 |
| Construction | 360,756 | 342,060 |
| Real estate | 609,289 | 441,279 |
| Wholesale & retail trade and restaurants & hotels | 1,447,656 | 1,491,032 |
| Transport, storage and communication | 275,393 | 320,103 |
| Finance, insurance and business services | 492,403 | 518,480 |
| Community, social and personal services | 502,331 | 509,106 |
| Household | | |
| - Purchase of residential properties | 1,979,343 | 1,921,028 |
| - Purchase of non-residential properties | 44,206 | 44,513 |
| - Others | 937,466 | 962,928 |
| Others | 438,610 | 488,148 |
| | <u>10,044,216</u> | <u>10,160,704</u> |
| (v) By geographical distribution | | |
| Malaysia | 9,838,523 | 9,933,624 |
| Singapore | 15,928 | 14,448 |
| Rest of the world | 189,765 | 212,632 |
| | <u>10,044,216</u> | <u>10,160,704</u> |

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2015 (continued)****8 FINANCING AND ADVANCES (continued)**

| | 31 March 2016 RM'000 | 31 December 2015 RM'000 |
|---------------------------------------|-------------------------------------|--|
| (vi) By residual contractual maturity | | |
| Within one year | 2,505,035 | 2,512,175 |
| One year to five years | 2,561,333 | 2,744,786 |
| Over five years | 4,977,848 | 4,903,743 |
| | <u>10,044,216</u> | <u>10,160,704</u> |

9 IMPAIRED FINANCING AND ADVANCES

(a) Movements in impaired financing and advances

| | 31 March 2016 RM'000 | 31 December 2015 RM'000 |
|---------------------------------------|-------------------------------------|--|
| At 1 January | 285,424 | 196,682 |
| Impaired during the period / year | 74,799 | 430,924 |
| Reclassified as unimpaired | (11,357) | (46,667) |
| Amount recovered | (40,173) | (227,433) |
| Amount written off | (21,420) | (85,582) |
| Effect of foreign exchange difference | (7,851) | 17,500 |
| At 31 March / 31 December | <u>279,422</u> | <u>285,424</u> |
| Individual impairment allowance | (81,582) | (82,433) |
| Collective impairment allowance | (3,783) | (3,837) |
| Net impaired financing and advances | <u>194,057</u> | <u>199,154</u> |

(i) By sector

| | | |
|---|----------------|----------------|
| Agriculture, hunting, forestry and fishing | 1,599 | 1,622 |
| Mining and quarrying | 80,596 | 92,662 |
| Manufacturing | 42,652 | 45,475 |
| Electricity, gas and water | 9 | 61 |
| Construction | 4,478 | 4,556 |
| Real estate | 23,946 | 23,197 |
| Wholesale & retail trade and restaurants & hotels | 35,778 | 33,974 |
| Transport, storage and communication | 7,518 | 8,242 |
| Finance, insurance and business services | 8,535 | 7,572 |
| Community, social and personal services | 3,369 | 3,007 |
| Household | | |
| - Purchase of residential properties | 32,685 | 25,348 |
| - Purchase of non-residential properties | 431 | 430 |
| - Others | 37,179 | 38,621 |
| Others | 647 | 657 |
| | <u>279,422</u> | <u>285,424</u> |

(ii) By geographical distribution

| | | |
|----------|----------------|----------------|
| Malaysia | <u>279,422</u> | <u>285,424</u> |
|----------|----------------|----------------|

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2016 (continued)****9 IMPAIRED FINANCING AND ADVANCES (continued)**

(b) Movements in allowance for impaired financing and advances

| | 31 March 2016 RM'000 | 31 December 2015 RM'000 |
|---|-------------------------------------|--|
| Individual impairment allowance | | |
| At 1 January | 82,433 | 62,398 |
| Made during the period / year | 35,266 | 155,222 |
| Amount written back | (14,548) | (49,199) |
| Amount written off | (21,420) | (85,582) |
| Financing income earned on impaired financing | (149) | (406) |
| At 31 March / 31 December | <u>81,582</u> | <u>82,433</u> |
| Collective impairment allowance | | |
| At 1 January | 190,479 | 153,810 |
| Made during the period / year | - | 36,669 |
| At 31 March / 31 December | <u>190,479</u> | <u>190,479</u> |

10 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

| | <u>31 March 2016</u> | | | <u>31 December 2015</u> | | |
|------------------------------|--|------------------|-----------------------|--|------------------|-----------------------|
| | 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 |
| Trading | | | | | | |
| Foreign exchange derivatives | | | | | | |
| - Forwards | 83,179 | 2,495 | 771 | 69,135 | 432 | 790 |
| - Swaps | 5,776 | 370 | - | 6,095 | 188 | - |
| | <u>88,955</u> | <u>2,865</u> | <u>771</u> | <u>75,230</u> | <u>620</u> | <u>790</u> |

11 OTHER ASSETS

| | 31 March 2016 RM'000 | 31 December 2015 RM'000 |
|---|-------------------------------------|--|
| Profit receivable | 26,099 | 25,679 |
| Other receivables, deposits and prepayments | 5,111 | 10,936 |
| Shared services fee receivable from immediate holding company | 713 | 617 |
| Amount due from ultimate holding company | 6 | 6 |
| Amount due from related companies | 16 | 39 |
| Amount due from immediate holding company | 88,810 | 3,981 |
| | <u>120,755</u> | <u>41,258</u> |

The amount due from ultimate and immediate holding companies and related companies are unsecured, profit-free and repayable on demand.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2016 (continued)**12 DEPOSITS FROM CUSTOMERS**

| | 31 March 2016 RM'000 | 31 December 2015 RM'000 |
|--|-------------------------------------|--|
| a) By type of deposit | | |
| Non-Mudharabah | | |
| Demand deposits (Wadiah) | 3,224,427 | 2,998,319 |
| Savings deposits (Wadiah) | 275,136 | 266,153 |
| Savings deposits (Tawarruq) | 45,821 | 1,465 |
| General investment deposits (Commodity Murabahah) | 6,761,926 | 6,288,858 |
| Negotiable instruments of deposit (Bai' Bithaman Ajil) | 359,187 | 164,975 |
| Tawarruq short term deposits | 393,440 | 457,792 |
| | <u>11,059,937</u> | <u>10,177,562</u> |
| Mudharabah | | |
| General investment deposits | 171 | 186 |
| | <u>11,060,108</u> | <u>10,177,748</u> |
| b) By type of customer | | |
| Government and statutory bodies | 1,180,595 | 1,158,643 |
| Non-bank financial institutions | 1,573,108 | 1,083,979 |
| Business enterprises | 5,511,180 | 5,276,209 |
| Individuals | 2,360,856 | 2,376,161 |
| Foreign entities | 79,176 | 72,684 |
| Others | 355,193 | 210,072 |
| | <u>11,060,108</u> | <u>10,177,748</u> |
| c) By maturity structure | | |
| Within six months | 8,981,063 | 8,880,561 |
| Six months to one year | 1,861,639 | 1,224,726 |
| One year to three years | 151,030 | 6,788 |
| Three years to five years | 66,376 | 65,673 |
| | <u>11,060,108</u> | <u>10,177,748</u> |

13 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

| | 31 March 2016 RM'000 | 31 December 2015 RM'000 |
|------------------------------|-------------------------------------|--|
| Non-Mudharabah | | |
| Licensed banks | 1,407,554 | 2,006,685 |
| Other financial institutions | 3,054 | 3,127 |
| | <u>1,410,608</u> | <u>2,009,812</u> |

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2016 (continued)****14 INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTION**

| | 31 March 2016 RM'000 | 31 December 2015 RM'000 |
|---|-------------------------------------|--|
| Mudharabah restricted investment account | | |
| Licensed bank | 970,331 | 1,049,063 |

15 SUBORDINATED BOND

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

The restricted subordinated bond qualifies as Tier 2 capital subject to gradual phase out as required under Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (Capital Component).

16 OTHER LIABILITIES

| | 31 March 2016 RM'000 | 31 December 2015 RM'000 |
|--|-------------------------------------|--|
| Profit payable | 81,048 | 88,263 |
| Other accruals and charges | 59,734 | 71,423 |
| Amount due to immediate holding company | 1,351 | 439 |
| Shared services fee payable to immediate holding company | 8,505 | 8,906 |
| | <u>150,638</u> | <u>169,031</u> |

The amount due to immediate holding company is unsecured, profit free and repayable on demand.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2016 (continued)****17 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS**

| | 31 March 2016 RM'000 | 31 March 2015 RM'000 |
|---|-------------------------------------|-------------------------------------|
| Income derived from investment of: | | |
| (i) General investment deposits | 98,441 | 111,051 |
| (ii) Other deposits | 83,104 | 73,326 |
| | <u>181,545</u> | <u>184,377</u> |
| (i) Income derived from investment of general investment deposits | | |
| Finance income and hibah | | |
| Unimpaired financing and advances | 80,079 | 88,624 |
| Impaired financing and advances | 75 | 33 |
| Financial investments available-for-sale | 14,240 | 14,186 |
| Deposits and placements with banks and other financial institutions | 4,302 | 6,243 |
| | <u>98,696</u> | <u>109,086</u> |
| Other operating income | | |
| Net (loss)/gain from sale of financial investments available-for-sale | (306) | 1,892 |
| Others | 51 | 73 |
| | <u>98,441</u> | <u>111,051</u> |
| (ii) Income derived from investment of other deposits | | |
| Finance income and hibah | | |
| Unimpaired financing and advances | 67,604 | 58,517 |
| Impaired financing and advances | 63 | 22 |
| Financial investments available-for-sale | 12,021 | 9,366 |
| Deposits and placements with banks and other financial institutions | 3,631 | 4,123 |
| | <u>83,319</u> | <u>72,028</u> |
| Other operating income | | |
| Net (loss)/gain from sale of financial investments available-for-sale | (259) | 1,249 |
| Others | 44 | 49 |
| | <u>83,104</u> | <u>73,326</u> |

18 INCOME DERIVED FROM INVESTMENT OF SPECIFIC INVESTMENT ACCOUNT FUNDS

| | 31 March 2016 RM'000 | 31 March 2015 RM'000 |
|---|-------------------------------------|-------------------------------------|
| Finance income and hibah | | |
| Unimpaired financing and advances | 10,403 | 9,494 |
| Deposits and placements with banks and other financial institutions | 1,075 | 1,613 |
| | <u>11,478</u> | <u>11,107</u> |

19 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS

| | 31 March 2016 RM'000 | 31 March 2015 RM'000 |
|---|-------------------------------------|-------------------------------------|
| Finance income and hibah | | |
| Unimpaired financing and advances | 12,259 | 9,622 |
| Impaired financing and advances | 11 | 4 |
| Financial investments available-for-sale | 2,180 | 1,540 |
| Deposits and placements with banks and other financial institutions | 658 | 678 |
| | <u>15,108</u> | <u>11,844</u> |

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2016 (continued)**19 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS (continued)**

| | 31 March 2016 RM'000 | 31 March 2015 RM'000 |
|---|-------------------------------------|-------------------------------------|
| Other operating income | | |
| Commission | 3,119 | 4,132 |
| Service charges and fees | 3,990 | 4,417 |
| Net (loss)/gain from sale of financial investments available-for-sale | (47) | 205 |
| Others | 8 | 8 |
| Other trading income | | |
| Net trading (loss)/gain | | |
| - Foreign currency | (2,035) | 198 |
| - Trading derivatives | 2,771 | 2,616 |
| - Revaluation of derivatives | 2,265 | (29) |
| | <u>25,179</u> | <u>23,391</u> |

20 IMPAIRMENT ALLOWANCE ON FINANCING AND ADVANCES

| | 31 March 2016 RM'000 | 31 March 2015 RM'000 |
|---------------------------------|-------------------------------------|-------------------------------------|
| Individual impairment allowance | | |
| - Made during the period | 35,266 | 34,382 |
| - Written back | (14,548) | (9,162) |
| Collective impairment allowance | | |
| - Made during the period | - | 6,937 |
| Impaired financing written off | 4 | - |
| Impaired financing recovered | (3,909) | (2,810) |
| | <u>16,813</u> | <u>29,347</u> |

21 INCOME ATTRIBUTABLE TO DEPOSITORS

| | 31 March 2016 RM'000 | 31 March 2015 RM'000 |
|---|-------------------------------------|-------------------------------------|
| Deposits from customers | | |
| - Mudharabah | 1 | 566 |
| - Non-Mudharabah | 79,048 | 78,705 |
| Deposits and placements of banks and other financial institutions | | |
| - Non-Mudharabah | 10,128 | 4,054 |
| Subordinated bond | 2,688 | 2,688 |
| | <u>91,865</u> | <u>86,013</u> |

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2016 (continued)**22 INCOME ATTRIBUTABLE TO INVESTMENT ACCOUNT HOLDER**

| | 31 March 2016 RM'000 | 31 March 2015 RM'000 |
|---|-------------------------------------|-------------------------------------|
| Investment accounts due to designated financial institution | | |
| - Mudharabah | 8,035 | 8,731 |

23 OPERATING EXPENSES

| | 31 March 2016 RM'000 | 31 March 2015 RM'000 |
|--|-------------------------------------|-------------------------------------|
| Personnel expenses | | |
| Wages, salaries and bonus | 6,633 | 6,744 |
| Employees Provident Fund contributions | 1,024 | 1,028 |
| Share-based expenses | 79 | 54 |
| Others | 770 | 563 |
| | <u>8,506</u> | <u>8,389</u> |
| Establishment expenses | | |
| Depreciation of property and equipment | 988 | 551 |
| Rental of premises | 744 | 602 |
| Repair and maintenance | 169 | 148 |
| Information technology costs | 200 | 27 |
| Loss on disposal of property and equipment | 20 | 1 |
| Others | 640 | 466 |
| | <u>2,761</u> | <u>1,795</u> |
| Marketing expenses | | |
| Advertising and business promotion | 343 | 687 |
| Transport and travelling | 165 | 177 |
| Others | (26) | 19 |
| | <u>482</u> | <u>883</u> |
| General administrative expenses | | |
| Shared service fees to immediate holding company | 27,783 | 25,255 |
| Transaction processing fees | 6,444 | 5,885 |
| Others | 5,919 | 2,070 |
| | <u>40,146</u> | <u>33,210</u> |
| Total operating expenses | <u>51,895</u> | <u>44,277</u> |

24 INCOME TAX EXPENSE

| | 31 March 2016 RM'000 | 31 March 2015 RM'000 |
|---|-------------------------------------|-------------------------------------|
| Malaysian income tax | | |
| - Current period | 10,301 | 9,550 |
| Deferred tax | | |
| - Origination and reversal of temporary differences | 585 | 596 |
| | <u>10,886</u> | <u>10,146</u> |

25 CAPITAL COMMITMENTS

| | 31 March 2016 RM'000 | 31 December 2015 RM'000 |
|--|-------------------------------------|--|
| Capital expenditure in respect of property and equipment | | |
| - Contracted but not provided for | 756 | 3,926 |

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2016 (continued)**26 COMMITMENTS AND CONTINGENCIES**

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

The credit equivalent and risk weighted amounts were computed using the credit conversion factors and risk weights as defined in Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB Basel II) - Disclosure Requirements (Pillar 3).

| | 31 March 2016 | | | | | 31 December 2015 | | | | |
|---|------------------|---------------|---------------|----------------|----------------|------------------|---------------|---------------|----------------|----------------|
| | Principal | Positive | Negative | Credit | Risk | Principal | Positive | Negative | Credit | Risk |
| | Amount | Fair Value of | Fair Value of | Equivalent | Weighted | Amount | Fair Value of | Fair Value of | Equivalent | Weighted |
| | Derivative | Derivative | Amount | Amount | | Derivative | Derivative | Amount | Amount | |
| | Contracts | Contracts | RM'000 | RM'000 | | Contracts | Contracts | RM'000 | RM'000 | |
| | RM'000 | RM'000 | RM'000 | RM'000 | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Direct credit substitutes | 67,044 | | | 67,044 | 50,230 | 69,573 | | | 69,573 | 51,197 |
| Transaction-related contingent items | 270,177 | | | 138,463 | 121,765 | 264,386 | | | 135,765 | 116,602 |
| Short-term self-liquidating trade-related contingencies | 34,939 | | | 7,746 | 4,245 | 40,412 | | | 9,339 | 3,987 |
| Foreign exchange related contracts | | | | | | | | | | |
| - Less than one year | 88,955 | 2,865 | 771 | 3,635 | 1,958 | 75,230 | 620 | 790 | 912 | 429 |
| Formal standby facilities and credit lines | | | | | | | | | | |
| - Maturity not exceeding one year | 6,992 | | | 1,398 | 786 | 1,880 | | | 376 | 224 |
| - Maturity exceeding one year | 454,868 | | | 398,425 | 170,587 | 476,002 | | | 420,914 | 182,569 |
| Other unconditionally cancellable commitments | 2,358,647 | | | 44,372 | 13,460 | 2,551,737 | | | 39,341 | 11,556 |
| | 3,281,622 | 2,865 | 771 | 661,083 | 363,031 | 3,479,220 | 620 | 790 | 676,220 | 366,564 |

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2016 (continued)**27 FAIR VALUE OF FINANCIAL INSTRUMENTS****Fair value hierarchy of financial instruments**

The Bank measures 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 | Corporate and other government bonds Over-the counter ("OTC") derivatives Cash and cash equivalents Deposits and placements with banks and other financial institutions Other assets | Corporate bonds with illiquid markets Financing and advances |
| Type of financial liabilities | | OTC derivatives Deposits from customers Deposits and placement of banks and other financial institutions Other liabilities Subordinated bond | |

Financial instruments carried at fair value

| | Level 1 | Level 2 | Total |
|--|------------------|------------------|------------------|
| | RM'000 | RM'000 | RM'000 |
| 31 March 2016 | | | |
| Financial assets at fair value | | | |
| Available-for-sale | 2,586,065 | 1,101,835 | 3,687,900 |
| Derivative financial assets | 87 | 2,778 | 2,865 |
| | <u>2,586,152</u> | <u>1,104,613</u> | <u>3,690,765</u> |
| Financial liabilities at fair value | | | |
| Derivative financial liabilities | 148 | 623 | 771 |
| | <u>148</u> | <u>623</u> | <u>771</u> |
| 31 December 2015 | | | |
| Financial assets at fair value | | | |
| Available-for-sale | 1,743,769 | 1,379,422 | 3,123,191 |
| Derivative financial assets | 8 | 612 | 620 |
| | <u>1,743,777</u> | <u>1,380,034</u> | <u>3,123,811</u> |
| Financial liabilities at fair value | | | |
| Derivative financial liabilities | 28 | 762 | 790 |
| | <u>28</u> | <u>762</u> | <u>790</u> |

There are no financial instruments carried at fair value within Level 3.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
- 31 MARCH 2016 (continued)**28 CAPITAL ADEQUACY****Capital Management**

The capital ratios are computed in accordance with BNM's Capital Adequacy Framework for Islamic Banks (Capital Components). Recognition of the Bank's Tier 2 capital instrument is subject to a gradual phase-out treatment as required by BNM's Capital Adequacy Framework for Islamic Banks (Capital Components).

| | 31 March 2016 RM'000 | 31 December 2015 RM'000 |
|--|-------------------------------------|--|
| Common Equity Tier 1 ("CET 1") capital | | |
| Paid-up ordinary share capital | 185,000 | 185,000 |
| Ordinary share premium | 370,000 | 370,000 |
| Retained earnings | 248,748 | 248,748 |
| Other reserves | 192,621 | 182,233 |
| CET 1 capital | 996,369 | 985,981 |
| Regulatory adjustment for CET 1 capital | (5,877) | (5,172) |
| CET 1/Tier 1 capital | <u>990,492</u> | <u>980,809</u> |
| Tier 2 capital | | |
| Collective impairment allowance under the Standardised Approach* | 11,320 | 11,668 |
| Surplus eligible provisions over expected losses | 3,044 | 2,466 |
| Subordinated bond | 120,000 | 140,000 |
| Tier 2 capital | <u>134,364</u> | <u>154,134</u> |
| Capital base | <u>1,124,856</u> | <u>1,134,943</u> |

* Excludes collective impairment allowance on impaired financing and advances

| | 31 March 2016 | 31 December 2015 |
|-----------------------------------|--------------------------|-----------------------------|
| Before the effects of PSIA | | |
| CET 1/Tier 1 capital ratio | 11.324% | 11.274% |
| Total capital ratio | <u>12.861%</u> | <u>13.046%</u> |
| After the effects of PSIA | | |
| CET 1/Tier 1 capital ratio | 12.843% | 12.746% |
| Total capital ratio | <u>14.586%</u> | <u>14.749%</u> |

In accordance with BNM's Guidelines on the Recognition and Measurement of Profit Sharing Investment Account ("PSIA") as Risk Absorbent, the credit and market risks of the assets funded by the Restricted Profit Sharing Investment Accounts ("RPSIA") which qualify as risk absorbent are excluded from the total capital ratio calculation. As at 31 March 2016, credit risks relating to RPSIA assets excluded from the total capital ratio calculation amounted to RM1,034 million (31 December 2015: RM1,005 million).

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

| | 31 March 2016 RM'000 | 31 December 2015 RM'000 |
|--------------------------------|-------------------------------------|--|
| Total RWA for credit risk | 6,894,303 | 6,909,219 |
| Total RWA for market risk | 6,777 | 5,146 |
| Total RWA for operational risk | 810,969 | 780,474 |
| | <u>7,712,049</u> | <u>7,694,839</u> |