

Company No. 818444-T

OCBC AL-AMIN BANK BERHAD
(Incorporated in Malaysia)

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

Company No. 818444-T

OCBC AL-AMIN BANK BERHAD
(Incorporated in Malaysia)

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

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OCBC AL-AMIN BANK BERHAD
(Incorporated in Malaysia)

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

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

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

OCBC AL-AMIN BANK BERHAD
(Incorporated in Malaysia)

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

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

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

OCBC AL-AMIN BANK BERHAD
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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

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

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

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

OCBC AL-AMIN BANK BERHAD
(Incorporated in Malaysia)

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

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

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

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

1. GENERAL INFORMATION

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

2. REVIEW OF PERFORMANCE

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

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

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

3. ECONOMIC PERFORMANCE AND PROSPECTS

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

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

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

4. BASIS OF PREPARATION

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

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

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

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

4. BASIS OF PREPARATION (continued)

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

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

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

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

Effective for annual periods beginning on or after 1 January 2013

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

Effective for annual periods beginning on or after 1 January 2014

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

Effective for annual periods beginning on or after 1 January 2015

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

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

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

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

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

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

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

5. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

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

6. SEASONAL OR CYCLICAL FACTORS

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

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

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

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

8. CHANGE IN ACCOUNTING ESTIMATES

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

9. DEBT AND EQUITIES SECURITIES

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

10. DIVIDEND

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

11. SUBSEQUENT EVENTS

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

12. FINANCIAL ASSETS AVAILABLE-FOR-SALE

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

13. FINANCING AND ADVANCES

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

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

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

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

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

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

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

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

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

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

14. IMPAIRED FINANCING AND ADVANCES (continued)

(b) Movements in allowance for impaired financing and advances

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

15. DERIVATIVE ASSETS AND LIABILITIES

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

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

16. OTHER ASSETS

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

17. DEPOSITS FROM CUSTOMERS

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

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

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17. DEPOSITS FROM CUSTOMERS (continued)

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

18. DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

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

19. SUBORDINATED BONDS

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

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

20. OTHER LIABILITIES

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

* Includes accruals for personnel costs.

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21. INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS

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

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

22. ALLOWANCE FOR IMPAIRMENT LOSS ON FINANCING AND ADVANCES

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

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23. INCOME ATTRIBUTABLE TO DEPOSITORS

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

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

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

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25. PERSONNEL AND OPERATING EXPENSES

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

26. INCOME TAX EXPENSE

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

27. CAPITAL COMMITMENTS

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

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28. COMMITMENTS AND CONTINGENCIES

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

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

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

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29. CAPITAL ADEQUACY

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

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

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

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

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

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30. TRANSITION TO MFRS

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

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

(i) Statement of Financial Position

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

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30. TRANSITION TO MFRS (continued)

(i) Statement of Financial Position (continued)

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

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30. TRANSITION TO MFRS (continued)

(ii) Statement of Comprehensive Income

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

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30. TRANSITION TO MFRS (continued)

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

(iv) Explanatory Notes

(a) Financing and advances

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

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

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

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

30. TRANSITION TO MFRS (continued)

(iv) Explanatory Notes (continued)

(b) Deferred tax assets

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

Movements in deferred tax assets are as follows:

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

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30. TRANSITION TO MFRS (continued)

(iv) Explanatory Notes (continued)

(c) Retained earnings

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

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

(d) Allowances for impairment loss on financing and advances

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

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

30. TRANSITION TO MFRS (continued)

(iv) Explanatory Notes (continued)

(e) Income tax expense

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

(f) Capital adequacy

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

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

30. TRANSITION TO MFRS (continued)

(iv) Explanatory Notes (continued)

(f) Capital adequacy

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