

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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015**

Domiciled in Malaysia  
Registered office:  
19th Floor Menara OCBC  
18 Jalan Tun Perak  
50050 Kuala Lumpur

Company No. 295400-W

OCBC BANK (MALAYSIA) BERHAD  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015**

<b>CONTENTS</b>	<b>PAGE</b>
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	4
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	5 - 6
STATEMENT OF CHANGES IN EQUITY	7 - 8
STATEMENTS OF CASH FLOWS	9 - 10
NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS	11 - 38

OCBC BANK (MALAYSIA) BERHAD  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2015**

	Note	Group		Bank	
		31 March 2015 RM'000	31 December 2014 RM'000	31 March 2015 RM'000	31 December 2014 RM'000
<b>ASSETS</b>					
Cash and cash equivalents		7,773,123	8,273,458	7,052,323	7,780,124
Deposits and placements with banks and other financial institutions		3,049,596	2,852,549	3,821,600	3,872,892
Financial assets held-for-trading	9	1,372,718	1,046,895	1,372,718	1,046,895
Financial investments available-for-sale	10	16,200,888	12,866,011	12,804,258	10,085,357
Loans, advances and financing	11	64,216,093	62,638,140	54,693,285	53,470,126
Derivative financial assets	13	1,554,165	1,240,338	1,554,179	1,240,367
Other assets	14	285,554	229,267	520,755	418,169
Statutory deposits with Bank Negara Malaysia		2,226,892	2,185,892	1,824,092	1,806,092
Investments in subsidiaries		-	-	496,617	496,617
Property and equipment		215,361	223,120	210,386	217,638
Prepaid lease payments		847	856	847	856
Investment properties		7,877	7,921	7,877	7,921
Deferred tax assets		229	21,369	-	19,245
Current tax assets		11,648	16,691	5,960	6,872
<b>Total assets</b>		<b>96,914,991</b>	<b>91,602,507</b>	<b>84,364,897</b>	<b>80,469,171</b>
<b>LIABILITIES</b>					
Deposits from customers	15	74,641,691	71,588,131	63,312,274	61,649,806
Deposits and placements of banks and other financial institutions	16	11,945,072	10,291,077	11,210,870	9,476,126
Bills and acceptances payable		264,727	183,899	242,873	163,255
Subordinated bonds	17	1,696,373	1,692,556	1,696,373	1,692,556
Derivative financial liabilities	13	1,189,852	1,006,835	1,189,801	1,006,830
Other liabilities	18	1,331,997	824,226	1,217,256	770,387
Deferred tax liabilities		4,101	-	4,101	-
Current tax liabilities and zakat		45	35	-	-
<b>Total liabilities</b>		<b>91,073,858</b>	<b>85,586,759</b>	<b>78,873,548</b>	<b>74,758,960</b>
<b>EQUITY</b>					
Share capital		291,500	291,500	291,500	291,500
Reserves		5,549,633	5,724,248	5,199,849	5,418,711
<b>Total equity</b>		<b>5,841,133</b>	<b>6,015,748</b>	<b>5,491,349</b>	<b>5,710,211</b>
<b>Total liabilities and equity</b>		<b>96,914,991</b>	<b>91,602,507</b>	<b>84,364,897</b>	<b>80,469,171</b>
<b>Commitments and contingencies</b>	27	<b>101,532,139</b>	<b>90,972,700</b>	<b>99,717,874</b>	<b>89,260,337</b>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2014 and the accompanying explanatory notes on page 11 to 38 of these unaudited condensed interim financial statements.*

OCBC BANK (MALAYSIA) BERHAD  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015**

	Note	Group		Bank	
		Year to date ended		Year to date ended	
		31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
Interest income	19	860,482	755,828	876,066	768,664
Interest expense	19	(531,940)	(427,680)	(540,671)	(431,438)
Net interest income	19	328,542	328,148	335,395	337,226
Income from Islamic banking operations	20	129,955	105,844	-	-
Net fee and commission income	21	77,576	76,717	77,576	76,717
Net trading income	22	47,702	38,179	47,702	38,179
Other operating income	23	9,953	3,826	35,227	26,844
<b>Operating income</b>		<b>593,728</b>	<b>552,714</b>	<b>495,900</b>	<b>478,966</b>
Operating expenses	24	(243,323)	(214,684)	(225,349)	(198,093)
<b>Operating profit before impairment allowance and provision</b>		<b>350,405</b>	<b>338,030</b>	<b>270,551</b>	<b>280,873</b>
Impairment allowance on loans, advances and financing	25	(43,571)	(49,522)	(14,224)	(18,665)
Write back of allowance on investment properties		-	427	-	427
Provision for commitments and contingencies		-	(1,717)	-	(1,717)
<b>Profit before income tax and zakat</b>		<b>306,834</b>	<b>287,218</b>	<b>256,327</b>	<b>260,918</b>
Income tax expense	26	(74,865)	(71,116)	(64,719)	(65,647)
Zakat		(10)	(9)	-	-
<b>Profit for the period</b>		<b>231,959</b>	<b>216,093</b>	<b>191,608</b>	<b>195,271</b>
<b>Other comprehensive income, net of income tax</b>					
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Fair value (available-for-sale) reserve					
- Change in fair value		61,491	29,256	52,950	24,409
- Amount transferred to profit or loss		(7,456)	(1,087)	(4,110)	(1,087)
Income tax expense relating to components of other comprehensive income		(13,963)	(6,991)	(12,664)	(5,780)
<b>Other comprehensive income for the period, net of tax</b>		<b>40,072</b>	<b>21,178</b>	<b>36,176</b>	<b>17,542</b>
<b>Total comprehensive income for the period</b>		<b>272,031</b>	<b>237,271</b>	<b>227,784</b>	<b>212,813</b>
<b>Profit attributable to owner of the Bank</b>		<b>231,959</b>	<b>216,093</b>	<b>191,608</b>	<b>195,271</b>
<b>Total comprehensive income attributable to owner of the Bank</b>		<b>272,031</b>	<b>237,271</b>	<b>227,784</b>	<b>212,813</b>
<b>Basic earnings per ordinary share (sen)</b>		<b>77.6</b>	<b>72.1</b>	<b>63.5</b>	<b>64.8</b>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2014 and the accompanying explanatory notes on page 11 to 38 of these unaudited condensed interim financial statements.

OCBC BANK (MALAYSIA) BERHAD  
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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015**

<u>Group</u>	<i>Non-distributable</i>				<i>Distributable</i>		<b>Total equity</b> <b>RM'000</b>	
	<b>Share capital</b> <b>RM'000</b>	<b>Share premium</b> <b>RM'000</b>	<b>Statutory reserve</b> <b>RM'000</b>	<b>Regulatory reserve</b> <b>RM'000</b>	<b>Capital reserve</b> <b>RM'000</b>	<b>Fair value reserve</b> <b>RM'000</b>		<b>Retained earnings</b> <b>RM'000</b>
At 1 January 2015	291,500	858,500	464,654	130,000	56,619	69,059	4,145,416	6,015,748
Fair value (available-for-sale) reserve								
- Change in fair value	-	-	-	-	-	61,491	-	61,491
- Amount transferred to profit or loss	-	-	-	-	-	(7,456)	-	(7,456)
Income tax expense relating to components of other comprehensive income	-	-	-	-	-	(13,963)	-	(13,963)
<b>Total other comprehensive income for the period</b>	-	-	-	-	-	40,072	-	40,072
Profit for the period	-	-	-	-	-	-	231,959	231,959
<b>Total comprehensive income for the period</b>	-	-	-	-	-	40,072	231,959	272,031
<i>Contributions by and distributions to owner of the Bank</i>								
Dividends payable/paid								
- Final 2014 ordinary	-	-	-	-	-	-	(437,700)	(437,700)
- Preference	-	-	-	-	-	-	(8,946)	(8,946)
At 31 March 2015	291,500	858,500	464,654	130,000	56,619	109,131	3,930,729	5,841,133

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(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015 (continued)**

<u>Group</u>	<i>Non-distributable</i>				<i>Distributable</i>		<b>Total equity</b> <b>RM'000</b>	
	<b>Share capital</b> <b>RM'000</b>	<b>Share premium</b> <b>RM'000</b>	<b>Statutory reserve</b> <b>RM'000</b>	<b>Regulatory reserve</b> <b>RM'000</b>	<b>Capital reserve</b> <b>RM'000</b>	<b>Fair value reserve</b> <b>RM'000</b>		<b>Retained earnings</b> <b>RM'000</b>
At 1 January 2014	291,500	858,500	429,390	-	56,619	29,610	3,996,728	5,662,347
Fair value (available-for-sale) reserve								
- Change in fair value	-	-	-	-	-	29,256	-	29,256
- Amount transferred to profit or loss	-	-	-	-	-	(1,087)	-	(1,087)
Income tax expense relating to components of other comprehensive income	-	-	-	-	-	(6,991)	-	(6,991)
<b>Total other comprehensive income for the period</b>	-	-	-	-	-	21,178	-	21,178
Profit for the period	-	-	-	-	-	-	216,093	216,093
<b>Total comprehensive income for the period</b>	-	-	-	-	-	21,178	216,093	237,271
<i>Contributions by and distributions to owner of the Bank</i>								
Dividends payable/paid								
- Final 2013 ordinary	-	-	-	-	-	-	(437,700)	(437,700)
- Preference	-	-	-	-	-	-	(8,946)	(8,946)
At 31 March 2014	291,500	858,500	429,390	-	56,619	50,788	3,766,175	5,452,972

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OCBC BANK (MALAYSIA) BERHAD  
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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015**

<u>Bank</u>	<i>Non-distributable</i>				<i>Distributable</i>	<b>Total equity</b> <b>RM'000</b>	
	<b>Share capital</b> <b>RM'000</b>	<b>Share premium</b> <b>RM'000</b>	<b>Statutory reserve</b> <b>RM'000</b>	<b>Regulatory reserve</b> <b>RM'000</b>	<b>Fair value reserve</b> <b>RM'000</b>		<b>Retained earnings</b> <b>RM'000</b>
At 1 January 2015	291,500	858,500	322,000	130,000	71,873	4,036,338	5,710,211
Fair value (available-for-sale) reserve							
- Change in fair value	-	-	-	-	52,950	-	52,950
- Amount transferred to profit or loss	-	-	-	-	(4,110)	-	(4,110)
Income tax expense relating to components of other comprehensive income	-	-	-	-	(12,664)	-	(12,664)
<b>Total other comprehensive income for the period</b>	-	-	-	-	36,176	-	36,176
Profit for the period	-	-	-	-	-	191,608	191,608
<b>Total comprehensive income for the period</b>	-	-	-	-	36,176	191,608	227,784
<i>Contributions by and distributions to owner of the Bank</i>							
Dividends payable/paid							
- Final 2014 ordinary	-	-	-	-	-	(437,700)	(437,700)
- Preference	-	-	-	-	-	(8,946)	(8,946)
At 31 March 2015	291,500	858,500	322,000	130,000	108,049	3,781,300	5,491,349

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015 (continued)**

<u>Bank</u>	<i>Non-distributable</i>				<i>Distributable</i>	<b>Total equity</b> <b>RM'000</b>	
	<b>Share capital</b> <b>RM'000</b>	<b>Share premium</b> <b>RM'000</b>	<b>Statutory reserve</b> <b>RM'000</b>	<b>Regulatory reserve</b> <b>RM'000</b>	<b>Fair value reserve</b> <b>RM'000</b>		<b>Retained earnings</b> <b>RM'000</b>
At 1 January 2014	291,500	858,500	322,000	-	36,308	3,923,458	5,431,766
Fair value (available-for-sale) reserve							
- Change in fair value	-	-	-	-	24,409	-	24,409
- Amount transferred to profit or loss	-	-	-	-	(1,087)	-	(1,087)
Income tax expense relating to components of other comprehensive income	-	-	-	-	(5,780)	-	(5,780)
<b>Total other comprehensive income for the period</b>	-	-	-	-	17,542	-	17,542
Profit for the period	-	-	-	-	-	195,271	195,271
<b>Total comprehensive income for the period</b>	-	-	-	-	17,542	195,271	212,813
<i>Contributions by and distributions to owner of the Bank</i>							
Dividends payable/paid							
- Final 2013 ordinary	-	-	-	-	-	(437,700)	(437,700)
- Preference	-	-	-	-	-	(8,946)	(8,946)
At 31 March 2014	291,500	858,500	322,000	-	53,850	3,672,083	5,197,933

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OCBC BANK (MALAYSIA) BERHAD  
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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015**

	Note	Group		Bank	
		Year to date ended		Year to date ended	
		31 March 2015 RM'000	31 March 2014 RM'000	31 March 2015 RM'000	31 March 2014 RM'000
<b>Cash flows from operating activities</b>					
Profit before income tax and zakat		306,834	287,218	256,327	260,918
<i>Adjustments for:</i>					
Amortisation of prepaid lease payments	24	9	9	9	9
Depreciation of investment properties	24	44	47	44	47
Depreciation of property and equipment	24	11,089	11,814	10,538	11,117
Dividends received from financial assets held-for-trading	23	(126)	(41)	(126)	(41)
Dividends received from financial investments available-for-sale	23	-	(450)	-	(450)
Impairment/(Write back of) allowance on:					
- Loans, advances and financing	25	43,571	49,522	14,224	18,665
- Investment properties		-	(427)	-	(427)
Net (gain)/loss on disposal of:					
- Financial investments available-for-sale	23	(7,456)	(1,087)	(4,110)	(1,087)
- Property and equipment	23	(3)	109	(4)	88
Share-based expenses	24	1,569	1,802	1,515	1,758
Unrealised (gain)/loss on:					
- Financial assets held-for-trading	22	(5,763)	(4,724)	(5,763)	(4,724)
- Hedging derivatives	23	(220)	213	(220)	213
- Trading derivatives	22	(61,547)	24,569	(61,547)	24,569
Operating profit before changes in working capital		288,001	368,574	210,887	310,655
<i>Changes in operating assets and operating liabilities:</i>					
Deposits and placements with banks and other financial institutions		(197,047)	(549,730)	51,292	(348,685)
Financial assets held-for-trading		(320,060)	(527,916)	(320,060)	(527,916)
Dividends received from financial assets held-for-trading		126	41	126	41
Loans, advances and financing		(1,621,524)	(2,302,550)	(1,237,383)	(1,761,108)
Other assets		(56,287)	84,269	(102,586)	74,075
Statutory deposits with Bank Negara Malaysia		(41,000)	(130,500)	(18,000)	(118,000)
Derivative financial assets and liabilities		(67,067)	5,096	(67,098)	5,114
Deposits from customers		3,053,560	3,680,660	1,662,468	2,756,369
Deposits and placements of banks and other financial institutions		1,653,995	306,459	1,734,744	431,909
Bills and acceptances payable		80,828	(36,780)	79,618	(40,835)
Other liabilities		68,536	451,866	7,688	501,529
<b>Cash generated from operations</b>		2,842,061	1,349,489	2,001,696	1,283,148
Income tax and zakat paid		(58,544)	(56,987)	(53,125)	(50,576)
<b>Net cash generated from operating activities</b>		2,783,517	1,292,502	1,948,571	1,232,572

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015 (continued)**

	<u>Group</u>		<u>Bank</u>	
	<u>Year to date ended</u>		<u>Year to date ended</u>	
	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>	<u>31 March</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Note	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Cash flows from investing activities</b>				
Acquisition of financial investments available-for-sale	(7,158,773)	(4,036,770)	(5,631,791)	(3,298,435)
Acquisition of property and equipment	(3,363)	(5,624)	(3,318)	(5,626)
Dividends received from financial investments available-for-sale	-	450	-	450
Proceeds from disposal of financial investments available-for-sale	3,887,195	2,792,338	2,967,648	2,195,496
Proceeds from disposal of investment properties	-	28,667	-	28,667
Proceeds from disposal of property and equipment	35	10	35	12
<b>Net cash used in investing activities</b>	<b>(3,274,906)</b>	<b>(1,220,929)</b>	<b>(2,667,426)</b>	<b>(1,079,436)</b>
<b>Cash flows from financing activities</b>				
Dividends paid to owner of the Bank	-	(437,700)	-	(437,700)
Dividends paid to preference shareholders	(8,946)	(8,946)	(8,946)	(8,946)
<b>Net cash used in financing activities</b>	<b>(8,946)</b>	<b>(446,646)</b>	<b>(8,946)</b>	<b>(446,646)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(500,335)</b>	<b>(375,073)</b>	<b>(727,801)</b>	<b>(293,510)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>8,273,458</b>	<b>8,926,484</b>	<b>7,780,124</b>	<b>9,102,977</b>
<b>Cash and cash equivalents at 31 March</b>	<b>7,773,123</b>	<b>8,551,411</b>	<b>7,052,323</b>	<b>8,809,467</b>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2014 and the accompanying explanatory notes on page 11 to 38 of these unaudited condensed interim financial statements.*

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## **NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2015**

### **GENERAL INFORMATION**

The unaudited condensed consolidated interim financial statements of the Bank as at and for the financial period ended 31 March 2015 comprise the Bank and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”).

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

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

The auditor's report on the financial statements for the financial year ended 31 December 2014 was not qualified.

### **FINANCIAL PERFORMANCE**

Compared to the corresponding quarter in 2014, total income of the Group rose by RM41 million or 7% to RM594 million contributed by continued strong growth in Islamic banking operations income (rose by RM24 million or 23%), and higher non-interest income (rose by RM16 million or 14%). The Islamic banking operations' double digit income growth was mainly attributed to strong core net finance income growth of RM20 million or 23% and higher gain on disposal of available-for-sale (“AFS”) securities of RM3.5 million, as well as growth in net fee and commission income of RM1.7

The higher non-interest income (rose by RM16 million or 14%) was mainly contributed by higher derivative income, partly offset by foreign exchange loss compared to gain in the previous corresponding quarter. Operating expenses increased by RM29 million or 13% arising from continued investments in people and infrastructure and in tandem with continued business growth. Impairment allowances and provisions fell RM7 million or 14% mainly due to lower collective impairment allowances (“CIP”) of RM16 million partly offset by higher individual impairment allowance (rose by RM6 million). CIP was affected by a refinement in the CIP methodology in 2014.

Total assets grew by RM5.3 billion or 6% against 31 December 2014, mainly attributed to expansion of gross loans, advances and financing by RM1.6 billion or 3%, primarily from housing loans (+RM1.1 billion) and lending to small and medium sized enterprises (+RM0.3 billion) and, AFS financial investments (+RM3.3 billion). The assets growth was supported by the Bank's strong depositor base which saw customer deposits increased by RM3.1 billion or 4% during the first quarter of 2015, mainly contributed by steady growth of fixed deposits, as well as current and savings accounts.

Asset quality has improved with the impaired loans/financing (“NPL”) ratio dropped to 1.9% from 2.3% in first quarter 2014, and its NPL lower than in December 2014.

The Group's Common Equity Tier 1, Tier 1 and Total Capital Ratio as at 31 March 2015 remained strong at 11.798%, 13.117% and 15.714% respectively; well above regulatory requirement to support the Bank's continuous business growth.

### **ECONOMIC PERFORMANCE AND PROSPECTS**

Against the backdrop of commodity prices declining sharply and uncertainties affecting the sentiment on the global economy outlook, Malaysia revised its GDP growth projection downwards to 4.5% – 5.5% in 2015. The Malaysian economy is expected to remain resilient backed by domestic demand although there remains challenges in maintaining export revenues amidst lower prices. With continued public and private spending, the Bank will focus on growth in the services, manufacturing and construction sectors, which together account for almost 84% of GDP.

Although GST was implemented in April, we anticipate private consumption and household spending will be affected, however, it will be partially offset by Government measures to assist targeted groups. The Bank will continue to provide innovative financial solutions and wealth products to meet its customers' needs. The Bank will also improve its customer reach by building more capabilities and expanding its network.

Amid the current economic outlook, the Bank will continue to exercise prudent management of asset quality and operating expenses as well as to maintain healthy capital and liquidity position to support business growth.

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2015 (continued)

### ACTIVITIES AND ACHIEVEMENTS

The Bank's Islamic Banking subsidiary, OCBC Al-Amin Bank Berhad recently emerged as one of the winners of Credit Guarantee Corporation ("CGC") Top SME Supporter Award accorded to financial institutions for their contribution towards overall SME growth.

#### 1 BASIS OF PREPARATION

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

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

##### (a) Statement of compliance

The unaudited condensed interim financial statements of the Group and the Bank have been prepared under the historical cost convention (except as disclosed in the notes to the unaudited condensed interim financial statements), in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134, International Financial Reporting Standards 34 and the requirements of the Companies Act, 1965 in Malaysia and Shariah requirements (operations of Islamic Banking).

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

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

##### Effective for annual periods commencing on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between and Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosures of Interest in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements - Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture - Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements - Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

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

**1 BASIS OF PREPARATION (continued)**

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

Effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

Effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*

The Group and the Bank plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for MFRS 141 which is not applicable to the Group and the Bank.
- from the annual period beginning on 1 January 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

The initial application of the abovementioned accounting standards and amendments are not expected to have any material impact to the financial statements of the Group and the Bank except as mentioned below:

**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*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

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

**MFRS 9, *Financial Instruments***

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets, financial liabilities and on hedge accounting. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is expected that the Group's and the Bank's investments in unquoted shares will be measured at fair value through other comprehensive income.

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

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

**1 BASIS OF PREPARATION (continued)**

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

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

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited financial statements as at and for the financial year ended 31 December 2014.

**2 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied by the Group in these unaudited condensed interim financial statements are the same as those applied by the Group in its audited financial statements as at and for the financial year ended 31 December 2014.

**3 SEASONALITY OF OPERATIONS**

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

**4 SHARE CAPITAL**

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

**5 CHANGES IN COMPOSITION OF THE GROUP**

There were no significant changes in the composition of the Group during the financial period ended 31 March 2015.

**6 DIVIDENDS**

Since the end of the previous financial year, the Bank paid:

- i) A final preference dividend of 4.51% (on the issue price) totalling RM8.9 million in respect of the previous financial year on 20 March 2015; and
- ii) A final dividend of 152.2 sen per ordinary share totalling RM437.7 million in respect of the previous financial year on 28 April 2015.

**7 SUBSEQUENT EVENTS**

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

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank for the financial period ended 31 March 2015.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2015 (continued)****9 FINANCIAL ASSETS HELD-FOR-TRADING**

	<b>Group and Bank</b>	
	<b>31 March</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
Malaysian Government Investment Issues	330,254	274,981
Malaysian Government Securities	410,292	308,502
Private Debt Securities	586,496	452,027
Quoted shares in Malaysia	45,676	11,385
	<b>1,372,718</b>	<b>1,046,895</b>

**10 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	<b>Group</b>		<b>Bank</b>	
	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>				
Bank Negara Malaysia Monetary Notes	2,073,343	2,339,009	1,199,262	1,566,568
Foreign Government Debt Securities	414,404	227,824	258,398	102,817
Malaysian Government Investment Issues	2,192,472	2,028,635	1,015,995	927,663
Malaysian Government Securities	4,233,185	3,794,818	4,233,185	3,794,818
Malaysian Treasury Bills	206,810	189,137	206,810	189,137
Malaysian Government Debt Securities	178,984	297,143	63,943	115,130
Negotiable Instruments of Deposit	3,726,436	899,464	3,034,013	663,163
Private Debt Securities	3,066,530	2,981,257	2,683,928	2,617,337
Unquoted shares in Malaysia*	108,546	108,546	108,546	108,546
Debentures	190	190	190	190
	<b>16,200,900</b>	<b>12,866,023</b>	<b>12,804,270</b>	<b>10,085,369</b>
Impairment allowance				
- Debentures	(12)	(12)	(12)	(12)
	<b>16,200,888</b>	<b>12,866,011</b>	<b>12,804,258</b>	<b>10,085,357</b>

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

**11 LOANS, ADVANCES AND FINANCING**

	<b>Group</b>		<b>Bank</b>	
	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>	<b>31 December</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>				
Overdrafts	3,040,861	2,944,663	3,040,861	2,944,663
Term loans/financing:				
- Housing loans/financing	25,255,036	24,174,058	23,707,603	22,797,626
- Syndicated term loans/financing	1,512,104	1,646,412	1,358,289	1,480,703
- Hire purchase receivables	924,391	903,585	54	54
- Other term loans/financing	26,094,896	25,563,510	21,037,688	20,538,578
Credit/charge card	592,920	585,185	592,920	585,185
Bills receivable	159,025	369,136	139,880	356,129
Trust receipts	27,814	43,021	27,452	42,774
Claims on customers under acceptance credits	1,984,278	1,884,678	1,710,868	1,656,531
Revolving credit	4,526,668	4,484,271	2,760,290	2,833,649
Staff loans/financing	82,752	83,511	82,752	83,511
Other loans/financing	1,034,993	962,869	1,024,535	941,274
Gross loans, advances and financing	<b>65,235,738</b>	<b>63,644,899</b>	<b>55,483,192</b>	<b>54,260,677</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2015 (continued)****11 LOANS, ADVANCES AND FINANCING (continued)**

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
<b>At amortised cost</b>				
Gross loans, advances and financing	65,235,738	63,644,899	55,483,192	54,260,677
Allowance for loans, advances and financing				
- Individual impairment	(317,599)	(323,671)	(248,608)	(261,273)
- Collective impairment	(702,046)	(683,088)	(541,299)	(529,278)
Net loans, advances and financing	<u>64,216,093</u>	<u>62,638,140</u>	<u>54,693,285</u>	<u>53,470,126</u>
a) By type of customer				
Domestic banking institutions	1,236	-	1,236	-
Domestic non-bank financial institutions	339,462	243,896	198,378	201,646
Domestic business enterprises				
- Small medium enterprises	14,558,752	14,269,616	11,586,579	11,348,854
- Others	17,345,711	17,122,094	14,393,636	14,175,788
Individuals	30,387,110	29,333,087	27,869,112	27,007,838
Foreign entities	2,603,467	2,676,206	1,434,251	1,526,551
	<u>65,235,738</u>	<u>63,644,899</u>	<u>55,483,192</u>	<u>54,260,677</u>
b) By interest/profit rate sensitivity				
Fixed rate				
- Housing loans/financing	179,226	249,508	157,760	224,688
- Hire purchase receivables	683,156	690,438	54	54
- Other fixed rate loans/financing	6,505,248	6,436,443	3,452,418	3,471,866
Variable rate				
- BLR/BFR plus	43,014,984	41,703,429	40,991,636	39,839,536
- Cost plus	14,188,926	13,894,671	10,226,502	10,054,123
- Other variable rates	664,198	670,410	654,822	670,410
	<u>65,235,738</u>	<u>63,644,899</u>	<u>55,483,192</u>	<u>54,260,677</u>
c) By sector				
Agriculture, hunting, forestry and fishing	3,006,257	2,998,396	2,745,164	2,747,656
Mining and quarrying	373,828	321,684	255,533	228,840
Manufacturing	8,081,813	7,866,699	6,226,308	6,067,579
Electricity, gas and water	476,797	513,091	270,955	272,455
Construction	1,261,541	1,229,607	926,875	906,369
Real estate	6,677,448	6,527,298	6,134,753	5,915,318
Wholesale & retail trade and restaurants & hotels	7,612,092	7,600,787	6,076,517	6,085,394
Transport, storage and communication	1,934,309	1,959,932	1,579,895	1,606,014
Finance, insurance and business services	1,408,892	1,484,017	923,229	1,105,471
Community, social and personal services	1,376,020	1,296,069	1,006,101	954,891
Household				
- Purchase of residential properties	26,472,257	25,394,117	24,885,850	23,985,093
- Purchase of non-residential properties	1,431,776	1,444,630	1,386,465	1,400,551
- Others	3,461,343	3,385,072	2,501,872	2,447,684
Others	1,661,365	1,623,500	563,675	537,362
	<u>65,235,738</u>	<u>63,644,899</u>	<u>55,483,192</u>	<u>54,260,677</u>



**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2015 (continued)****11 LOANS, ADVANCES AND FINANCING (continued)**

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
d) By geographical distribution				
Malaysia	62,964,157	61,287,836	54,048,800	52,737,004
Singapore	421,447	362,839	409,188	350,964
Other ASEAN	213,555	337,696	213,555	337,696
Rest of the world	1,636,579	1,656,528	811,649	835,013
	<b>65,235,738</b>	<b>63,644,899</b>	<b>55,483,192</b>	<b>54,260,677</b>

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

## e) By residual contractual maturity

Within one year	13,443,249	13,102,759	10,971,711	10,966,450
One year to five years	8,628,119	8,714,780	5,540,758	5,444,961
Over five years	43,164,370	41,827,360	38,970,723	37,849,266
	<b>65,235,738</b>	<b>63,644,899</b>	<b>55,483,192</b>	<b>54,260,677</b>

**12 IMPAIRED LOANS, ADVANCES AND FINANCING**

## (i) Movements in impaired loans, advances and financing

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
At 1 January	1,277,026	1,307,531	1,080,344	1,200,172
Impaired during the period/year	226,632	1,071,652	149,005	769,186
Reclassified as unimpaired	(67,790)	(378,921)	(59,021)	(352,889)
Amount recovered	(194,313)	(615,724)	(95,183)	(488,624)
Amount written off	(36,055)	(110,632)	(17,486)	(50,621)
Effect of foreign exchange difference	3,202	3,120	3,202	3,120
At 31 March/ 31 December	1,208,702	1,277,026	1,060,861	1,080,344
Individual impairment allowance	(317,599)	(323,671)	(248,608)	(261,273)
Collective impairment allowance	(9,269)	(10,244)	(7,960)	(8,028)
Net impaired loans, advances and financing	<b>881,834</b>	<b>943,111</b>	<b>804,293</b>	<b>811,043</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2015 (continued)****12 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)**

## (i) Movements in impaired loans, advances and financing (continued)

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
a) By sector				
Agriculture, hunting, forestry and fishing	14,930	15,656	14,177	15,001
Mining and quarrying	179	87	100	-
Manufacturing	436,990	453,074	375,404	399,841
Construction	20,780	20,830	18,862	19,463
Real estate	73,696	160,228	72,435	88,958
Wholesale & retail trade and restaurants & hotels	141,028	139,255	120,586	121,250
Transport, storage and communication	86,706	83,254	78,466	76,378
Finance, insurance and business services	18,921	17,986	12,360	11,731
Community, social and personal services	9,016	9,963	7,111	7,845
Household				
- Purchase of residential properties	290,475	270,399	279,646	261,927
- Purchase of non-residential properties	26,315	23,968	26,079	23,776
- Others	85,761	78,483	52,392	50,994
Others	3,905	3,843	3,243	3,180
	<b>1,208,702</b>	<b>1,277,026</b>	<b>1,060,861</b>	<b>1,080,344</b>
b) By geographical distribution				
Malaysia	1,203,536	1,272,863	1,055,695	1,076,181
Singapore	2,859	655	2,859	655
Rest of the world	2,307	3,508	2,307	3,508
	<b>1,208,702</b>	<b>1,277,026</b>	<b>1,060,861</b>	<b>1,080,344</b>

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

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
<b>Individual impairment allowance</b>				
At 1 January	323,671	254,480	261,273	209,634
Made during the period/year	62,140	300,097	27,758	185,090
Amount written back	(31,305)	(117,281)	(22,143)	(79,950)
Amount written off	(36,054)	(110,631)	(17,485)	(50,620)
Discount unwind	(853)	(2,994)	(795)	(2,881)
At 31 March/ 31 December	<b>317,599</b>	<b>323,671</b>	<b>248,608</b>	<b>261,273</b>
<b>Collective impairment allowance</b>				
At 1 January	683,088	533,169	529,278	473,018
Made during the period/year	18,958	149,919	12,021	56,260
At 31 March/ 31 December	<b>702,046</b>	<b>683,088</b>	<b>541,299</b>	<b>529,278</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2015 (continued)****13 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES**

Group	31 March 2015			31 December 2014		
	Contract or underlying principal amount RM'000	Fair value		Contract or underlying principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>Trading</b>						
Foreign exchange derivatives						
- Forwards	7,144,197	135,822	53,461	3,709,288	126,862	46,049
- Swaps	20,558,290	1,130,171	866,423	18,058,253	766,695	618,677
- Options	1,854,842	75,202	3,739	1,518,249	51,070	8,919
- Others	242,053	1,326	1,326	488,793	3,466	3,466
Interest rate derivatives						
- Swaps	44,142,184	131,786	169,570	40,235,444	185,526	204,158
- Options	822,743	318	3,818	974,953	-	3,940
- Futures	333,694	1,933	1,851	40,000	-	42
- Swaptions	-	-	-	200,000	-	677
- Others	16,520	287	-	16,520	441	-
Equity and other derivatives						
- Swaps	977,680	64,834	64,834	1,288,980	91,314	91,314
- Exchange traded futures	66,811	15	179	1,133	5	-
- Options	500	-	-	-	-	-
- Commodity futures	23,800	2,549	2,549	27,214	2,861	2,803
- Bond forwards	-	-	-	75,000	1,186	-
- Credit linked notes	1,123,800	7,930	7,930	2,022,200	10,828	10,828
- Warrants	2,326	1,686	-	-	-	-
	<u>77,309,440</u>	<u>1,553,859</u>	<u>1,175,680</u>	<u>68,656,027</u>	<u>1,240,254</u>	<u>990,873</u>
<b>Hedging</b>						
Interest rate derivatives						
- Swaps	1,621,131	306	14,172	1,589,612	84	15,962
	<u>78,930,571</u>	<u>1,554,165</u>	<u>1,189,852</u>	<u>70,245,639</u>	<u>1,240,338</u>	<u>1,006,835</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2015 (continued)****13 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (continued)**

<b>Bank</b>	<b>31 March 2015</b>			<b>31 December 2014</b>		
	<b>Contract or underlying principal amount RM'000</b>	<b>Fair value</b>		<b>Contract or underlying principal amount RM'000</b>	<b>Fair value</b>	
		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>		<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
<b>Trading</b>						
Foreign exchange derivatives						
- Forwards	7,151,845	135,838	53,407	3,749,960	126,893	46,043
- Swaps	20,565,942	1,130,169	866,426	17,950,349	766,693	618,678
- Options	1,854,842	75,202	3,739	1,518,249	51,070	8,919
- Others	242,053	1,326	1,326	488,793	3,466	3,466
Interest rate derivatives						
- Swaps	44,142,184	131,786	169,570	40,235,444	185,526	204,158
- Options	822,743	318	3,818	974,953	-	3,940
- Futures	333,694	1,933	1,851	40,000	-	42
- Swaptions	-	-	-	200,000	-	677
- Others	16,520	287	-	16,520	441	-
Equity and other derivatives						
- Swaps	977,680	64,834	64,834	1,288,980	91,314	91,314
- Exchange traded futures	66,811	15	179	1,133	5	-
- Options	500	-	-	-	-	-
- Commodity futures	23,800	2,549	2,549	27,214	2,861	2,803
- Bond forwards	-	-	-	75,000	1,186	-
- Credit linked notes	1,123,800	7,930	7,930	2,022,200	10,828	10,828
- Warrants	2,326	1,686	-	-	-	-
	<b>77,324,740</b>	<b>1,553,873</b>	<b>1,175,629</b>	<b>68,588,795</b>	<b>1,240,283</b>	<b>990,868</b>
<b>Hedging</b>						
Interest rate derivatives						
- Swaps	1,621,131	306	14,172	1,589,612	84	15,962
	<b>78,945,871</b>	<b>1,554,179</b>	<b>1,189,801</b>	<b>70,178,407</b>	<b>1,240,367</b>	<b>1,006,830</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2015 (continued)****14 OTHER ASSETS**

	Note	Group		Bank	
		31 March 2015 RM'000	31 December 2014 RM'000	31 March 2015 RM'000	31 December 2014 RM'000
Interest/Profit receivable		151,216	123,215	148,186	113,694
Unquoted Islamic subordinated bond of subsidiary	(a)	-	-	200,000	200,000
Other receivables, deposits and prepayments		134,338	106,052	172,569	104,475
		<b>285,554</b>	<b>229,267</b>	<b>520,755</b>	<b>418,169</b>

(a) The Bank subscribed for RM200 million non-tradeable non-transferable redeemable Islamic subordinated bond on 1 December 2008, due in 2021 and non-callable until 2016 under the principle of Mudharabah 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.

**15 DEPOSITS FROM CUSTOMERS**

	Group		Bank	
	31 March 2015 RM'000	31 December 2014 RM'000	31 March 2015 RM'000	31 December 2014 RM'000
a) By type of deposit				
Demand deposits	13,844,921	13,116,661	10,972,758	10,348,592
Fixed/Investment deposits	49,801,171	45,833,799	42,128,753	40,151,206
Saving deposits	5,125,906	5,053,745	4,823,786	4,748,366
Negotiable instruments of deposit	4,525	7,564	2,232	2,215
Short-term money market deposits	2,419,133	3,579,455	1,938,710	2,402,520
Structured investments	3,446,035	3,996,907	3,446,035	3,996,907
	<b>74,641,691</b>	<b>71,588,131</b>	<b>63,312,274</b>	<b>61,649,806</b>
b) By type of customer				
Government and statutory bodies	706,934	256,455	84,120	6,979
Business enterprises	29,167,948	27,478,229	23,822,306	22,481,216
Individuals	31,093,086	29,838,777	28,581,282	27,519,571
Foreign entities	3,661,305	2,788,528	3,577,452	2,686,317
Others	10,012,418	11,226,142	7,247,114	8,955,723
	<b>74,641,691</b>	<b>71,588,131</b>	<b>63,312,274</b>	<b>61,649,806</b>
c) By maturity structure				
Within six months	60,086,356	59,005,107	50,424,555	50,282,959
Six months to one year	11,568,004	9,416,456	9,903,032	8,203,191
One year to three years	1,157,400	1,281,244	1,155,154	1,278,432
Three years to five years	1,289,933	1,145,324	1,289,533	1,145,224
Over five years	539,998	740,000	540,000	740,000
	<b>74,641,691</b>	<b>71,588,131</b>	<b>63,312,274</b>	<b>61,649,806</b>

OCBC BANK (MALAYSIA) BERHAD  
(Incorporated in Malaysia)

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

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
Licensed banks	11,808,259	10,155,028	11,074,057	9,340,077
Other financial institutions	136,813	136,049	136,813	136,049
	<b>11,945,072</b>	<b>10,291,077</b>	<b>11,210,870</b>	<b>9,476,126</b>

Included in placements of licensed banks are placements of OCBC Ltd amounting to RM10.38 billion (2014: RM9.79 billion).

**17 SUBORDINATED BONDS**

	<b>Group and Bank</b>	
	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
RM200 million Redeemable Islamic Subordinated Bond 2006/2021	200,000	200,000
RM400 million Innovative Tier 1 Capital Securities	400,000	400,000
RM500 million Redeemable Subordinated Bonds 2010/2020	500,265	499,768
RM600 million Redeemable Subordinated Bonds 2012/2022	596,108	592,788
	<b>1,696,373</b>	<b>1,692,556</b>

**18 OTHER LIABILITIES**

	Note	<b>Group</b>		<b>Bank</b>	
		<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
Amount due to subsidiary	(a)	-	-	8	55,921
Dividend payable		437,700	-	437,700	-
Equity compensation benefits		10,919	9,103	10,919	9,103
Interest/Profit payable		543,021	442,055	477,786	381,755
Other payables and accruals		333,831	366,542	284,317	317,082
Provision for commitments and contingencies		6,526	6,526	6,526	6,526
		<b>1,331,997</b>	<b>824,226</b>	<b>1,217,256</b>	<b>770,387</b>

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2015 (continued)****19 NET INTEREST INCOME**

	<b>Group</b>		<b>Bank</b>	
	<b>Year to date ended</b>		<b>Year to date ended</b>	
	<b>31 March 2015 RM'000</b>	<b>31 March 2014 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>31 March 2014 RM'000</b>
<b>Interest income</b>				
Loans, advances and financing				
- Interest income other than recoveries	663,173	584,733	663,173	584,733
- Recoveries from impaired loans, advances and financing	14,061	14,924	14,061	14,924
- Discount unwind from impaired loans, advances and financing	795	597	795	597
Money at call and deposit placements with banks and other financial institutions	59,439	55,591	71,669	64,939
Financial assets held-for-trading	6,102	5,864	6,102	5,864
Financial investments available-for-sale	99,789	91,183	100,455	91,983
Unquoted Islamic subordinated bond of subsidiary	-	-	2,688	2,688
Others	17,123	2,936	17,123	2,936
	<b>860,482</b>	<b>755,828</b>	<b>876,066</b>	<b>768,664</b>
<b>Interest expense</b>				
Deposits from customers	(466,194)	(372,548)	(466,194)	(372,548)
Deposits and placements of banks and other financial institutions	(10,739)	(30,208)	(19,470)	(33,966)
Subordinated bonds	(20,416)	(19,600)	(20,416)	(19,600)
Others	(34,591)	(5,324)	(34,591)	(5,324)
	<b>(531,940)</b>	<b>(427,680)</b>	<b>(540,671)</b>	<b>(431,438)</b>
<b>Net interest income</b>	<b>328,542</b>	<b>328,148</b>	<b>335,395</b>	<b>337,226</b>

**20 INCOME FROM ISLAMIC BANKING OPERATIONS**

	<b>Group</b>	
	<b>Year to date ended</b>	
	<b>31 March 2015 RM'000</b>	<b>31 March 2014 RM'000</b>
Income derived from investment of depositors' funds and others	195,484	137,806
Income derived from investment of shareholder's funds	22,362	16,801
Income attributable to depositors	(87,891)	(48,763)
	<b>129,955</b>	<b>105,844</b>

**21 NET FEE AND COMMISSION INCOME**

	<b>Group and Bank</b>	
	<b>Year to date ended</b>	
	<b>31 March 2015 RM'000</b>	<b>31 March 2014 RM'000</b>
Commission	33,005	29,047
Service charges and fees	32,903	37,048
Guarantee fees	7,754	8,071
Other fee income	3,914	2,551
	<b>77,576</b>	<b>76,717</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2015 (continued)****22 NET TRADING INCOME**

	<b>Group and Bank</b>	
	<b>Year to date ended</b>	
	<b>31 March 2015 RM'000</b>	<b>31 March 2014 RM'000</b>
Foreign exchange (loss)/gain	(47,018)	14,128
Realised gain on financial assets held-for-trading	1,007	3,632
Realised gain on trading derivatives	25,972	40,264
Unrealised gain on financial assets held-for-trading	5,763	4,724
Unrealised gain/(loss) on trading derivatives	61,978	(24,569)
	<b>47,702</b>	<b>38,179</b>

**23 OTHER OPERATING INCOME**

	<b>Group</b>		<b>Bank</b>	
	<b>Year to date ended</b>		<b>Year to date ended</b>	
	<b>31 March 2015 RM'000</b>	<b>31 March 2014 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>31 March 2014 RM'000</b>
Gain on disposal:				
- Financial investments available-for-sale	4,110	1,087	4,110	1,087
- Property and equipment	4	(88)	4	(88)
Gross dividends from financial assets held-for-trading				
- Malaysia	126	41	126	41
Gross dividends from financial investments available-for-sale				
- Malaysia	-	450	-	450
Rental of premises	1,206	1,845	1,225	1,859
Rental of safe deposit boxes	1,612	1,343	1,612	1,343
Shared services income received from subsidiary	-	-	25,255	23,004
Unrealised gain/(loss) on hedging derivatives	220	(213)	220	(213)
Others	2,675	(639)	2,675	(639)
	<b>9,953</b>	<b>3,826</b>	<b>35,227</b>	<b>26,844</b>

**24 OPERATING EXPENSES**

	Note	<b>Group</b>		<b>Bank</b>	
		<b>Year to date ended</b>		<b>Year to date ended</b>	
		<b>31 March 2015 RM'000</b>	<b>31 March 2014 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>31 March 2014 RM'000</b>
Personnel expenses	(a)	118,573	105,570	110,184	97,264
Establishment expenses	(b)	23,599	21,301	21,823	19,410
Marketing expenses	(c)	9,074	8,689	8,191	8,304
General administrative expenses	(d)	92,077	79,124	85,151	73,115
		<b>243,323</b>	<b>214,684</b>	<b>225,349</b>	<b>198,093</b>



**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2015 (continued)****24 OPERATING EXPENSES (continued)**

	<b>Group</b>		<b>Bank</b>	
	<b>Year to date ended</b>		<b>Year to date ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
(a) Personnel expenses				
Wages, salaries and bonus	94,773	84,236	88,029	77,533
Employees Provident Fund contributions	14,487	13,298	13,459	12,213
Share-based expenses	1,569	1,802	1,515	1,758
Others	7,744	6,234	7,181	5,760
	<b>118,573</b>	<b>105,570</b>	<b>110,184</b>	<b>97,264</b>
(b) Establishment expenses				
Depreciation of property and equipment	11,089	11,814	10,538	11,117
Rental of premises	4,334	3,962	3,751	3,385
Repair and maintenance	2,224	1,684	2,076	1,604
Information technology costs	745	1,101	718	1,083
Hire of equipment	169	220	169	220
Depreciation of investment properties	44	47	44	47
Amortisation of prepaid lease payments	9	9	9	9
Others	4,985	2,464	4,518	1,945
	<b>23,599</b>	<b>21,301</b>	<b>21,823</b>	<b>19,410</b>
(c) Marketing expenses				
Advertisement and business promotion	6,849	6,610	6,672	6,432
Transport and travelling	1,650	1,291	963	1,103
Others	575	788	556	769
	<b>9,074</b>	<b>8,689</b>	<b>8,191</b>	<b>8,304</b>
(d) General administrative expenses				
Intercompany expenses	71,028	64,828	65,143	59,360
Others	21,049	14,296	20,008	13,755
	<b>92,077</b>	<b>79,124</b>	<b>85,151</b>	<b>73,115</b>

**25 IMPAIRMENT ALLOWANCE ON LOANS, ADVANCES AND FINANCING**

	<b>Group</b>		<b>Bank</b>	
	<b>Year to date ended</b>		<b>Year to date ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Individual impairment allowance				
- Made during the period	62,140	53,034	27,758	27,991
- Written back	(31,305)	(28,198)	(22,143)	(20,176)
Collective impairment allowance				
- Made during the period	18,958	34,499	12,021	18,210
Impaired loans, advances and financing				
- Recovered during the period	(6,247)	(9,825)	(3,437)	(7,372)
Others	25	12	25	12
	<b>43,571</b>	<b>49,522</b>	<b>14,224</b>	<b>18,665</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2015 (continued)****26 INCOME TAX EXPENSE**

	<b>Group</b>		<b>Bank</b>	
	<b>Year to date ended</b>		<b>Year to date ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian income tax				
- Current year	63,587	60,079	54,037	55,374
Deferred tax				
- Origination and reversal of temporary differences	11,278	11,037	10,682	10,273
	<b>74,865</b>	<b>71,116</b>	<b>64,719</b>	<b>65,647</b>

**27 COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to their customers. Apart from the provision for commitments and contingencies already made in the condensed interim financial statements, no material losses are anticipated as a result of these transactions. The credit equivalent and risk weighted amounts were computed using the credit conversion factors and risk weights as defined in BNM's Capital Adequacy Framework (Basel II) - Internal Ratings Approach.

<b>Group</b>	<b>Principal amount</b>	<b>Credit equivalent amount</b>	<b>Risk weighted amount</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 March 2015</b>			
Direct credit substitutes	594,788	594,788	390,628
Transaction-related contingent items	2,469,340	1,271,853	866,204
Short-term self-liquidating trade-related contingencies	516,671	114,928	55,769
Forward asset purchases, forward deposits, partly paid shares and securities	384,143	384,143	32,131
Foreign exchange related contracts			
- Less than one year	20,117,974	846,973	133,904
- One year to less than five years	6,587,282	1,181,907	348,210
- Five years and above	2,205,522	599,860	390,010
Interest rate contracts			
- Less than one year	11,908,668	29,330	5,572
- One year to less than five years	28,328,277	674,049	154,601
- Five years and above	2,767,234	199,221	78,543
Equity and commodity related contracts	491,166	30,840	2,488
Credit derivative contracts	561,900	36,729	8,017
Formal standby facilities and credit lines			
- Maturity not exceeding one year	5,840	1,316	568
- Maturity exceeding one year	6,046,769	5,517,310	863,145
Other unconditionally cancellable commitments	18,546,565	2,050,112	461,408
<b>Total</b>	<b>101,532,139</b>	<b>13,533,359</b>	<b>3,791,198</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2015 (continued)****27 COMMITMENTS AND CONTINGENCIES (continued)**

<b>Group</b>	<b>Principal amount</b>	<b>Credit equivalent amount</b>	<b>Risk weighted amount</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2014</b>			
Direct credit substitutes	654,668	654,668	448,046
Transaction-related contingent items	2,410,328	1,245,354	819,989
Short-term self-liquidating trade-related contingencies	464,668	101,032	40,879
Forward asset purchases, forward deposits, partly paid shares and securities	29,487	29,487	-
Foreign exchange related contracts			
- Less than one year	14,356,946	633,867	111,209
- One year to less than five years	6,440,155	1,000,574	339,532
- Five years and above	1,912,872	486,109	300,991
Interest rate contracts			
- Less than one year	11,154,817	23,991	3,338
- One year to less than five years	25,731,603	632,117	176,274
- Five years and above	2,447,907	177,866	68,551
Equity and commodity related contracts	656,390	74,796	9,028
Credit derivative contracts	1,011,100	79,308	16,289
Formal standby facilities and credit lines			
- Maturity not exceeding one year	4,382	3,390	1,934
- Maturity exceeding one year	6,294,111	5,665,080	867,170
Other unconditionally cancellable commitments	17,403,266	1,985,103	437,913
<b>Total</b>	<b>90,972,700</b>	<b>12,792,742</b>	<b>3,641,143</b>
<b>Bank</b>			
<b>31 March 2015</b>			
Direct credit substitutes	545,474	545,474	353,635
Transaction-related contingent items	2,258,611	1,161,286	775,646
Short-term self-liquidating trade-related contingencies	492,647	105,112	51,343
Forward asset purchases, forward deposits, partly paid shares and securities	470,878	470,878	28,381
Foreign exchange related contracts			
- Less than one year	19,853,554	842,227	131,948
- One year to less than five years	6,587,282	1,181,907	348,210
- Five years and above	2,205,522	599,860	390,010
Interest rate contracts			
- Less than one year	11,908,668	29,330	5,572
- One year to less than five years	28,328,277	674,049	154,601
- Five years and above	2,767,234	199,221	78,543
Equity and commodity related contracts	491,166	30,840	2,488
Credit derivative contracts	561,900	36,729	8,017
Formal standby facilities and credit lines			
- Maturity not exceeding one year	196	98	-
- Maturity exceeding one year	5,608,045	5,106,658	757,631
Other unconditionally cancellable commitments	17,638,420	1,970,823	427,255
<b>Total</b>	<b>99,717,874</b>	<b>12,954,492</b>	<b>3,513,280</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2015 (continued)****27 COMMITMENTS AND CONTINGENCIES (continued)**

<u>Bank</u>	<u>Principal amount</u> RM'000	<u>Credit equivalent amount</u> RM'000	<u>Risk weighted amount</u> RM'000
<b>31 December 2014</b>			
Direct credit substitutes	633,835	633,835	434,447
Transaction-related contingent items	2,198,681	1,134,909	737,782
Short-term self-liquidating trade-related contingencies	429,875	91,547	37,418
Forward asset purchases, forward deposits, partly paid shares and securities	29,487	29,487	-
Foreign exchange related contracts			
- Less than one year	14,243,725	632,248	110,296
- One year to less than five years	6,440,155	1,000,574	339,532
- Five years and above	1,912,872	486,109	300,991
Interest rate contracts			
- Less than one year	11,154,817	23,991	3,338
- One year to less than five years	25,731,603	632,117	176,274
- Five years and above	2,447,907	177,866	68,551
Equity and commodity related contracts	656,390	74,796	9,028
Credit derivative contracts	1,011,100	79,308	16,289
Formal standby facilities and credit lines			
- Maturity not exceeding one year	3,098	2,345	1,264
- Maturity exceeding one year	5,753,851	5,208,228	757,219
Other unconditionally cancellable commitments	16,612,941	1,981,668	436,762
<b>Total</b>	<b>89,260,337</b>	<b>12,189,028</b>	<b>3,429,191</b>

**28 CAPITAL COMMITMENTS**

	<u>Group</u>		<u>Bank</u>	
	<u>31 March 2015</u> RM'000	<u>31 December 2014</u> RM'000	<u>31 March 2015</u> RM'000	<u>31 December 2014</u> RM'000
Capital expenditure commitments in respect of property and equipment				
- Authorised but not contracted for	50,433	43,185	45,931	39,767
- Contracted but not provided for	12,917	7,064	4,642	7,064
	<b>63,350</b>	<b>50,249</b>	<b>50,573</b>	<b>46,831</b>

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

**29 FAIR VALUES OF FINANCIAL INSTRUMENTS**

**Fair values**

Financial instruments comprise financial assets, financial liabilities and off-statement of financial position financial instruments. The fair value of a financial instrument is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

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

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

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

**(A) Fair value measurement**

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

**(a) Short term financial instruments**

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

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

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

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

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

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

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

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

The fair value of financial assets that are actively traded is determined by quoted bid prices. For non-actively traded financial investments, independent broker quotations are obtained or valuation techniques are used to fair value the financial investments. The fair value of unquoted equity instruments classified under available-for-sale portfolio is estimated using internal valuation techniques.

(d) Loans, advances and financing

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

(e) Deposits from customers

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

(f) Bills and acceptances payable

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

(g) Subordinated bonds

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

**(ii) Off-statement of financial position financial instruments**

The fair value of off-statement of financial position financial instruments is the estimated amount the Group or the Bank would receive or pay to terminate the contracts at the reporting date. The fair value of the off-statements of financial position financial instrument are disclosed in Note 27.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2015 (continued)****29 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)****(B) Fair value hierarchy of financial assets and liabilities**

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

<b>Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 March 2015</b>				
<b>Financial assets at fair value</b>				
Held-for-trading	1,357,696	15,022	-	1,372,718
Available-for-sale	12,016,701	4,075,641	108,546	16,200,888
Derivative assets	9,713	1,532,691	11,761	1,554,165
	<u>13,384,110</u>	<u>5,623,354</u>	<u>120,307</u>	<u>19,127,771</u>
<b>Financial liabilities at fair value</b>				
Derivative liabilities	<u>8,332</u>	<u>1,166,260</u>	<u>15,260</u>	<u>1,189,852</u>
<b>31 December 2014</b>				
<b>Financial assets at fair value</b>				
Held-for-trading	786,938	259,957	-	1,046,895
Available-for-sale	10,941,447	1,816,018	108,546	12,866,011
Derivative assets	1,036	1,223,004	16,298	1,240,338
	<u>11,729,421</u>	<u>3,298,979</u>	<u>124,844</u>	<u>15,153,244</u>
<b>Financial liabilities at fair value</b>				
Derivative liabilities	<u>1,134</u>	<u>984,787</u>	<u>20,914</u>	<u>1,006,835</u>
<b>Bank</b>				
<b>31 March 2015</b>				
<b>Financial assets at fair value</b>				
Held-for-trading	1,357,696	15,022	-	1,372,718
Available-for-sale	9,364,504	3,331,208	108,546	12,804,258
Derivative assets	9,733	1,532,685	11,761	1,554,179
	<u>10,731,933</u>	<u>4,878,915</u>	<u>120,307</u>	<u>15,731,155</u>
<b>Financial liabilities at fair value</b>				
Derivative liabilities	<u>8,346</u>	<u>1,166,195</u>	<u>15,260</u>	<u>1,189,801</u>
<b>31 December 2014</b>				
<b>Financial assets at fair value</b>				
Held-for-trading	786,938	259,957	-	1,046,895
Available-for-sale	8,675,752	1,301,059	108,546	10,085,357
Derivative assets	1,089	1,222,980	16,298	1,240,367
	<u>9,463,779</u>	<u>2,783,996</u>	<u>124,844</u>	<u>12,372,619</u>
<b>Financial liabilities at fair value</b>				
Derivative liabilities	<u>1,145</u>	<u>984,771</u>	<u>20,914</u>	<u>1,006,830</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2015 (continued)****29 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)****(B) Fair value hierarchy of financial assets and liabilities (continued)**

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

	<b>Group and Bank</b>		
	<b>Trading</b>	<b>Available for-sale</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 March 2015</b>			
<b>Financial assets at fair value</b>			
At 1 January	16,298	108,546	124,844
Purchased	300	-	300
Recognised in profit or loss			
- Realised loss	(7,470)	-	(7,470)
- Unrealised gain	2,633	-	2,633
At 31 March	<u>11,761</u>	<u>108,546</u>	<u>120,307</u>
<b>Financial liabilities at fair value</b>			
At 1 January	20,914	-	20,914
Issued	3,042	-	3,042
Reclassified to other liabilities	(7,642)	-	(7,642)
Recognised in profit or loss			
- Realised loss	(3,191)	-	(3,191)
- Unrealised gain	2,137	-	2,137
At 31 March	<u>15,260</u>	<u>-</u>	<u>15,260</u>
<b>31 December 2014</b>			
<b>Financial assets at fair value</b>			
At 1 January	41,232	108,546	149,778
Settled/disposed	(12)	-	(12)
Recognised in profit or loss			
- Realised loss	(17,381)	-	(17,381)
- Unrealised loss	(7,541)	-	(7,541)
At 31 December	<u>16,298</u>	<u>108,546</u>	<u>124,844</u>
<b>Financial liabilities at fair value</b>			
At 1 January	46,359	-	46,359
Issued	4,217	-	4,217
Reclassified to other liabilities	(5,440)	-	(5,440)
Recognised in profit or loss			
- Realised loss	(15,704)	-	(15,704)
- Unrealised loss	(8,518)	-	(8,518)
At 31 December	<u>20,914</u>	<u>-</u>	<u>20,914</u>



**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2015 (continued)****29 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)****(B) Fair value hierarchy of financial assets and liabilities (continued)****Policy on transfer between levels**

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

**Level 1 fair value**

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

**Level 2 fair value**

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

**Level 3 fair value**

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

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

During the financial year, financial investments available-for-sale with a carrying amount of RM572,369,607 (2014: RM478,899,933) respectively were transferred from Level 2 to Level 1 because active market price is available.

During the financial year, financial assets held-for-trading and financial investments available-for-sale with a carrying amount of RM13,814 (2014: Nil) and RM164,194,163 (2014: Nil) respectively were transferred from Level 1 to Level 2 because quoted prices in the market for such debt securities became no longer regularly available.

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

<b>Group and Bank</b>	<b>31 March 2015 Fair value RM'000</b>	<b>31 December 2014 Fair value RM'000</b>	<b>Classification</b>	<b>Valuation technique</b>	<b>Unobservable input</b>
<b>Assets</b>					
Derivative assets	11,761	16,298	Hedge for trading	Option pricing model	Standard deviation
<b>Liabilities</b>					
Derivative liabilities	15,260	20,914	Hedge for trading	Option pricing model	Standard deviation

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2015 (continued)****29 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)****(B) Fair value hierarchy of financial assets and liabilities (continued)****Valuation control framework**

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

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

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

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

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

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

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

	<b>Group</b>		<b>Bank</b>	
	<b>Carrying amount</b>	<b>Fair value (Level 3)</b>	<b>Carrying amount</b>	<b>Fair value (Level 3)</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 March 2015</b>				
<b>Financial assets</b>				
Loans, advances and financing	64,216,093	64,485,847	54,693,285	54,714,579
<b>31 December 2014</b>				
<b>Financial assets</b>				
Loans, advances and financing	62,638,140	62,858,708	53,470,126	53,493,399

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

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

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

**30 SEGMENT INFORMATION**

**Operating Segment**

The following segment information has been prepared in accordance with MFRS 8 Operating Segments, which defines the requirements for the disclosure of financial information of an entity's operating segments. It is prepared on the basis of the 'management approach', which requires presentation of the segments on the basis of internal reports about the components of the entity which are regularly reviewed by the chief operating decision maker in order to allocate resources to a segment and to assess its performance. The Group's businesses are organised into the following four segments based on the types of products and services that it provides:

Business Banking

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

Consumer Financial Services

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

Global Treasury

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

Global Treasury manages the gapping and investment book of OCBC Malaysia, execution of the Asset and Liability Committee's decisions, compliance of liquidity requirements and facilitates money market operations.

Others

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

**Measurement and Evaluation of Segment Performance**

The Board evaluates operating segments' performance on the basis of revenue, profit, cost-to-income ratio, loans and deposits growth and asset quality. Expenses directly associated with each operating segment are included in determining their respective profits. Transactions between operating segments are based on mutually agreed allocation bases. Funds are allocated between segments and inter-segment funding cost transfers are reflected in net interest income. In addition to the operating segments, the segment information disclosed also includes internal service providers (head office) which operate on non-profit basis.

**Major Customers**

Revenue from no single customer amounted to greater than 10% of the Group's revenue for the current financial year (2014: NIL).

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2015 (continued)****30 SEGMENT INFORMATION (continued)****Geographical Segment**

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

<b>Group</b>	<b>Business Banking RM'000</b>	<b>Consumer Financial Services RM'000</b>	<b>Global Treasury RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>31 March 2015</b>					
Net interest/finance income	244,236	126,370	41,412	32,785	444,803
Non-interest/finance income	37,379	34,495	54,928	22,123	148,925
Operating income	281,615	160,865	96,340	54,908	593,728
Operating expenses	(93,096)	(119,048)	(21,063)	(10,116)	(243,323)
Operating profit before impairment allowance and provision	188,519	41,817	75,277	44,792	350,405
Impairment allowances and provision for commitments and contingencies	(15,270)	(28,298)	-	(3)	(43,571)
Profit before income tax and zakat	173,249	13,519	75,277	44,789	306,834
Income tax expense and zakat	(43,312)	(3,380)	(18,819)	(9,364)	(74,875)
Profit for the period	129,937	10,139	56,458	35,425	231,959
Gross loans, advances and financing	36,182,485	28,970,407	-	82,846	65,235,738
Deposits from customers	41,182,828	29,945,110	3,513,753	-	74,641,691
Gross impaired loans, advances and financing	848,913	359,789	-	-	1,208,702
<b>31 March 2014</b>					
Net interest/finance income	234,828	119,223	40,345	31,439	425,835
Non-interest/finance income	29,566	27,294	62,737	7,282	126,879
Operating income	264,394	146,517	103,082	38,721	552,714
Operating expenses	(81,895)	(108,814)	(18,108)	(5,867)	(214,684)
Operating profit before impairment allowance and provision	182,499	37,703	84,974	32,854	338,030
(Impairment)/write back of allowances and provision for commitments and contingencies	(26,127)	(25,111)	-	426	(50,812)
Profit before income tax and zakat	156,372	12,592	84,974	33,280	287,218
Income tax expense and zakat	(62,140)	(9,669)	(21,259)	21,943	(71,125)
Profit for the period	94,232	2,923	63,715	55,223	216,093
<b>31 December 2014</b>					
Gross loans, advances and financing	35,761,996	27,799,313	-	83,590	63,644,899
Deposits from customers	39,029,835	28,491,300	4,066,996	-	71,588,131
Gross impaired loans, advances and financing	947,464	329,562	-	-	1,277,026

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2015 (continued)****31 CAPITAL ADEQUACY****Capital Management**

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
<b>Common Equity Tier 1 ("CET 1") capital</b>				
Paid-up ordinary share capital	287,500	287,500	287,500	287,500
Ordinary share premium	462,500	462,500	462,500	462,500
Retained earnings	3,698,770	4,145,416	3,589,692	4,036,338
Other reserves	760,404	720,332	560,049	523,873
CET 1 capital	5,209,174	5,615,748	4,899,741	5,310,211
Regulatory adjustment for CET 1 capital	(201,242)	(215,058)	(397,845)	(310,250)
Eligible CET 1 capital	5,007,932	5,400,690	4,501,896	4,999,961
<b>Additional Tier 1 capital</b>				
Paid-up non-cumulative, non-convertible perpetual preference shares	2,800	3,200	2,800	3,200
Preference share premium	277,200	316,800	277,200	316,800
Innovative Tier 1 capital	280,000	320,000	280,000	320,000
Eligible Tier 1 capital	5,567,932	6,040,690	5,061,896	5,639,961
<b>Tier 2 capital</b>				
Collective impairment allowance under the Standardised Approach*	19,962	19,242	8,033	7,763
Surplus eligible provisions over expected losses	172,415	141,335	148,947	132,734
Subordinated bonds	910,000	1,040,000	910,000	1,040,000
	1,102,377	1,200,577	1,066,980	1,180,497
Regulatory adjustment for Tier 2 capital	-	-	(497,970)	(597,294)
Eligible Tier 2 capital	1,102,377	1,200,577	569,010	583,203
<b>Capital base</b>	<b>6,670,309</b>	<b>7,241,267</b>	<b>5,630,906</b>	<b>6,223,164</b>
* Excludes the collective impairment allowance on impaired loans, advances and financing				
<b>Before deducting proposed dividend</b>				
CET 1 capital ratio	11.798%	13.086%	12.516%	14.201%
Tier 1 capital ratio	13.117%	14.636%	14.073%	16.019%
Total capital ratio	15.714%	17.545%	15.655%	17.675%
<b>After deducting proposed dividend</b>				
CET 1 capital ratio	11.798%	12.003%	12.516%	12.933%
Tier 1 capital ratio	13.117%	13.554%	14.073%	14.750%
Total capital ratio	15.714%	16.463%	15.655%	16.407%

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2015 (continued)****31 CAPITAL ADEQUACY (continued)****Capital Adequacy Ratios**

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>	<b>31 March 2015 RM'000</b>	<b>31 December 2014 RM'000</b>
Credit risk RWA	37,143,048	35,941,269	31,264,479	30,448,795
Market risk RWA	1,205,681	1,284,802	1,205,420	1,277,216
Operational risk RWA	4,099,643	4,046,159	3,498,491	3,482,210
Large Exposure Risk RWA	326	-	326	-
	<b>42,448,698</b>	<b>41,272,230</b>	<b>35,968,716</b>	<b>35,208,221</b>

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

	<b>31 March 2015</b>	<b>31 December 2014</b>
CET 1 capital ratio	11.954%	12.609%
Tier 1 capital ratio	11.954%	12.609%
Total capital ratio	<b>14.591%</b>	<b>15.458%</b>

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