

Company No. 295400-W

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

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

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(Incorporated in Malaysia)

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

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

<b>Group</b>	Note	<b>31 Mar 2012 RM'000</b>	<b>31 Dec 2011 RM'000</b>	<b>1 Jan 2011 RM'000</b>
<b>Assets</b>				
Cash and cash equivalents		10,585,691	7,759,574	11,004,041
Deposits and placements with banks and other financial institutions		3,155,816	1,868,584	1,935,632
Securities held-for-trading	13	346,089	466,302	505,657
Securities available-for-sale	14	9,880,196	9,602,189	5,964,308
Loans, advances and financing	15	42,489,896	42,384,990	35,313,392
Derivative assets	17	486,616	617,269	499,772
Other assets	18	268,383	244,435	203,813
Statutory deposits with Bank Negara Malaysia		1,469,992	1,400,992	79,342
Property, plant and equipment		219,702	207,905	210,647
Prepaid lease payments		955	964	1,000
Investment properties		14,165	16,439	20,731
Non-current assets held for sale		3,523	-	-
Deferred tax assets		13,735	22,870	7,909
Current tax assets		-	1,190	50,551
<b>Total assets</b>		<b>68,934,759</b>	<b>64,593,703</b>	<b>55,796,795</b>
<b>Liabilities</b>				
Deposits from customers	19	55,459,273	48,934,661	43,236,933
Deposits and placements of banks and other financial institutions	20	4,974,015	7,411,880	5,013,388
Bills and acceptances payable		275,816	351,990	281,944
Recourse obligation on loans sold to Cagamas Berhad		27,127	65,611	329,988
Subordinated term loan/bonds	21	1,507,760	1,514,672	1,504,132
Derivative liabilities	17	492,304	489,637	485,177
Other liabilities	22	1,024,717	878,751	472,329
Current tax liabilities and zakat		108,125	93,642	-
<b>Total Liabilities</b>		<b>63,869,137</b>	<b>59,740,844</b>	<b>51,323,891</b>
<b>Equity</b>				
Share capital		291,500	291,500	291,500
Reserves		4,774,122	4,561,359	4,181,404
<b>Total equity</b>		<b>5,065,622</b>	<b>4,852,859</b>	<b>4,472,904</b>
<b>Total liabilities and equity</b>		<b>68,934,759</b>	<b>64,593,703</b>	<b>55,796,795</b>
<b>Commitments and contingencies</b>	32	<b>89,199,073</b>	<b>77,924,155</b>	<b>64,496,086</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 2011 and the accompanying explanatory notes on pages 9 to 44 of these unaudited condensed interim financial statements.*

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2012 (continued)**

<b>Bank</b>	Note	<b>31 Mar 2012 RM'000</b>	<b>31 Dec 2011 RM'000</b>	<b>1 Jan 2011 RM'000</b>
<b>Assets</b>				
Cash and cash equivalents		9,718,590	7,589,329	10,616,038
Deposits and placements with banks and other financial institutions		3,311,958	2,144,699	2,235,614
Securities held-for-trading	13	346,089	466,302	505,657
Securities available-for-sale	14	7,688,839	7,768,300	4,904,779
Loans, advances and financing	15	39,152,196	39,198,898	32,816,023
Derivative assets	17	486,473	616,021	492,132
Other assets	18	460,935	431,709	395,030
Statutory deposits with Bank Negara Malaysia		1,300,592	1,241,592	52,592
Investments in subsidiary companies		256,611	256,611	256,611
Property, plant and equipment		213,716	201,813	202,825
Prepaid lease payments		955	964	1,000
Investment properties		14,165	16,439	20,731
Non-current assets held for sale		3,523	-	-
Deferred tax assets		11,057	19,871	3,119
Current tax assets		-	-	48,559
<b>Total assets</b>		<b>62,965,699</b>	<b>59,952,548</b>	<b>52,550,710</b>
<b>Liabilities</b>				
Deposits from customers	19	50,016,722	44,555,869	40,381,661
Deposits and placements of banks and other financial institutions	20	4,633,153	7,323,838	4,734,425
Bills and acceptances payable		247,280	315,440	270,837
Recourse obligation on loans sold to Cagamas Berhad		27,127	65,611	329,988
Subordinated term loan/bonds	21	1,507,760	1,514,672	1,504,132
Derivative liabilities	17	492,166	488,409	477,549
Other liabilities	22	964,989	825,305	440,166
Current tax liabilities and zakat		106,166	93,622	-
<b>Total Liabilities</b>		<b>57,995,363</b>	<b>55,182,766</b>	<b>48,138,758</b>
<b>Equity</b>				
Share capital		291,500	291,500	291,500
Reserves		4,678,836	4,478,282	4,120,452
<b>Total equity</b>		<b>4,970,336</b>	<b>4,769,782</b>	<b>4,411,952</b>
<b>Total liabilities and equity</b>		<b>62,965,699</b>	<b>59,952,548</b>	<b>52,550,710</b>
<b>Commitments and contingencies</b>	32	<b>86,551,897</b>	<b>76,075,749</b>	<b>63,390,651</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 2011 and the accompanying explanatory notes on pages 9 to 44 of these unaudited condensed interim financial statements.*

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL  
ENDED 31 MARCH 2012**

	Note	<b>Group</b>		<b>Bank</b>	
		Year to date ended		Year to date ended	
		31 Mar 2012	31 Mar 2011	31 Mar 2012	31 Mar 2011
		RM'000	RM'000	RM'000	RM'000
Interest income	23	649,953	552,564	656,379	559,643
Interest expense	23	(349,188)	(263,556)	(349,194)	(263,562)
Net interest income	23	300,765	289,008	307,185	296,081
Income from Islamic banking operations	24	57,193	44,365	-	-
Net fee and commission income	25	70,690	65,183	70,690	65,183
Net trading income	26	40,019	49,325	40,019	49,325
Other operating income	27	24,480	3,972	37,906	15,674
<b>Operating income</b>		<b>493,147</b>	<b>451,853</b>	<b>455,800</b>	<b>426,263</b>
Personnel and operating expenses	28	(191,660)	(168,949)	(174,915)	(156,404)
<b>Operating profit before allowance for impairment loss and provision</b>		<b>301,487</b>	<b>282,904</b>	<b>280,885</b>	<b>269,859</b>
Impairment allowance on loans, advances and financing	29	(5,307)	(29,479)	(304)	(23,311)
Reversal of impairment allowance on investment properties		1,301	-	1,301	-
<b>Profit before income tax expense and zakat</b>		<b>297,481</b>	<b>253,425</b>	<b>281,882</b>	<b>246,548</b>
Income tax expense	30	(74,846)	(64,156)	(71,055)	(62,362)
Zakat		(6)	(15)	-	-
<b>Profit for the period</b>		<b>222,629</b>	<b>189,254</b>	<b>210,827</b>	<b>184,186</b>
<b>Other comprehensive income, net of tax</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Fair value of securities available-for-sale					
- Change in fair value		19,799	(22,120)	19,257	(21,984)
- Amount transferred to profit or loss		(21,354)	(3,517)	(21,354)	(1,075)
Income tax expense relating to components of other comprehensive income		684	7,122	819	7,024
<b>Other comprehensive expense for the period, net of tax</b>		<b>(871)</b>	<b>(18,515)</b>	<b>(1,278)</b>	<b>(16,035)</b>
<b>Total comprehensive income for the period</b>		<b>221,758</b>	<b>170,739</b>	<b>209,549</b>	<b>168,151</b>
<b>Profit attributable to shareholder of the Bank</b>		<b>222,629</b>	<b>189,254</b>	<b>210,827</b>	<b>184,186</b>
<b>Total comprehensive income attributable to shareholder of the Bank</b>		<b>221,758</b>	<b>170,739</b>	<b>209,549</b>	<b>168,151</b>
<b>Basic earnings per ordinary share (sen)</b>		<b>74.3</b>	<b>62.7</b>	<b>70.2</b>	<b>61.0</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 2011 and the accompanying explanatory notes on pages 9 to 44 of these unaudited condensed interim financial statements.*

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012**

	<i>Non-distributable</i>				<i>Distributable</i>		Total equity RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
<b>Group</b>							
Balance at 1 January 2012	291,500	858,500	352,596	56,619	131,078	3,162,566	4,852,859
Fair value of securities available-for-sale							
- Change in fair value	-	-	-	-	19,799	-	19,799
- Amount transferred to profit or loss	-	-	-	-	(21,354)	-	(21,354)
Income tax expense relating to components of other comprehensive income	-	-	-	-	684	-	684
Other comprehensive expense for the period	-	-	-	-	(871)	-	(871)
Profit for the period	-	-	-	-	-	222,629	222,629
Total comprehensive income for the period	-	-	-	-	(871)	222,629	221,758
Transfer to statutory reserve	-	-	-	-	-	-	-
Dividends to preference shareholders	-	-	-	-	-	(8,995)	(8,995)
Balance at 31 March 2012	<u>291,500</u>	<u>858,500</u>	<u>352,596</u>	<u>56,619</u>	<u>130,207</u>	<u>3,376,200</u>	<u>5,065,622</u>
Balance at 1 January 2011	291,500	858,500	330,660	56,619	125,915	2,809,710	4,472,904
Fair value of securities available-for-sale							
- Change in fair value	-	-	-	-	(22,120)	-	(22,120)
- Amount transferred to profit or loss	-	-	-	-	(3,517)	-	(3,517)
Income tax expense relating to components of other comprehensive income	-	-	-	-	7,122	-	7,122
Other comprehensive expense for the period	-	-	-	-	(18,515)	-	(18,515)
Profit for the period	-	-	-	-	-	189,254	189,254
Total comprehensive income for the period	-	-	-	-	(18,515)	189,254	170,739
Transfer to statutory reserve	-	-	11,922	-	-	(11,922)	-
Dividends to preference shareholders	-	-	-	-	-	(8,946)	(8,946)
Balance at 31 March 2011	<u>291,500</u>	<u>858,500</u>	<u>342,582</u>	<u>56,619</u>	<u>107,400</u>	<u>2,978,096</u>	<u>4,634,697</u>

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012 (continued)**

	<i>Non-distributable</i>			<i>Distributable</i>		Total equity RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
<b>Bank</b>						
Balance at 1 January 2012	291,500	858,500	322,000	128,533	3,169,249	4,769,782
Fair value of securities available-for-sale						
- Change in fair value	-	-	-	19,257	-	19,257
- Amount transferred to profit or loss	-	-	-	(21,354)	-	(21,354)
Income tax expense relating to components of other comprehensive income	-	-	-	819	-	819
Other comprehensive expense for the period	-	-	-	(1,278)	-	(1,278)
Profit for the period	-	-	-	-	210,827	210,827
Total comprehensive income for the period	-	-	-	(1,278)	210,827	209,549
Transfer to statutory reserve	-	-	-	-	-	-
Dividends to preference shareholders	-	-	-	-	(8,995)	(8,995)
Balance at 31 March 2012	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>127,255</u>	<u>3,371,081</u>	<u>4,970,336</u>
Balance at 1 January 2011	291,500	858,500	322,000	124,058	2,815,894	4,411,952
Fair value of securities available-for-sale						
- Change in fair value	-	-	-	(21,984)	-	(21,984)
- Amount transferred to profit or loss	-	-	-	(1,075)	-	(1,075)
Income tax expense relating to components of other comprehensive income	-	-	-	7,024	-	7,024
Other comprehensive expense for the period	-	-	-	(16,035)	-	(16,035)
Profit for the period	-	-	-	-	184,186	184,186
Total comprehensive income for the period	-	-	-	(16,035)	184,186	168,151
Dividends to preference shareholders	-	-	-	-	(8,946)	(8,946)
Balance at 31 March 2011	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>108,023</u>	<u>2,991,134</u>	<u>4,571,157</u>

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

	<b>Group</b>		<b>Bank</b>	
	Year to date ended		Year to date ended	
	31 Mar 2012	31 Mar 2011	31 Mar 2012	31 Mar 2011
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
Profit before income tax expense and zakat	297,481	253,425	281,882	246,548
Adjustments for:				
Net (gains)/losses from disposal of:				
- Securities available-for-sale	(24,458)	(1,075)	(21,355)	(1,075)
- Property, plant and equipment	(19)	1	(19)	1
Dividends on securities available-for-sale	(265)	(258)	(265)	(258)
Depreciation of property, plant and equipment	7,585	9,546	7,585	8,896
Depreciation of investment properties	53	262	53	262
Amortisation of prepaid lease payments	9	9	9	9
Reversal of impairment allowance on investment properties	(1,301)	-	(1,301)	-
Impairment allowance on loans, advances and financing	5,307	29,479	304	23,311
Equity compensation benefits	1,454	2,188	1,411	2,134
Unrealised losses/(gains) on revaluation of:				
- Securities held-for-trading	65	(13,972)	65	(13,972)
- Trading derivatives	132,822	38,581	132,822	38,581
- Hedging derivatives	21	395	21	395
Operating profit before changes in working capital	418,754	318,581	401,212	304,832
<i>(Increase)/Decrease in operating assets and   Increase/(Decrease) in operating liabilities:</i>				
Deposits and placements with banks and other financial institutions	(1,287,232)	(4,241,595)	(1,167,259)	(3,985,306)
Securities held-for-trading	120,148	(140,281)	120,148	(140,281)
Loans, advances and financing	(110,213)	(799,991)	46,398	(721,626)
Other assets	(23,949)	7,652	(29,227)	3,740
Statutory deposits with Bank Negara Malaysia	(69,000)	29,330	(59,000)	32,500
Derivative assets and liabilities	(6,729)	83,326	(6,744)	83,337
Deposits from customers	6,524,612	154,951	5,460,853	(224,365)
Deposits and placements of banks and other financial institutions	(2,437,865)	1,373,547	(2,690,685)	1,496,248
Bills and acceptances payable	(76,174)	26,852	(68,160)	24,963
Recourse obligation on loans sold to Cagamas Berhad	(38,484)	(7,366)	(38,484)	(7,366)
Other liabilities	144,528	17,322	138,289	(4,025)
<b>Cash generated from/(used in) operations</b>	3,158,396	(3,177,672)	2,107,341	(3,137,349)
Income tax and zakat paid	(49,369)	(33,378)	(48,887)	(32,716)
<b>Net cash generated from/(used in) operating   activities</b>	3,109,027	(3,211,050)	2,058,454	(3,170,065)



**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012 (CONTINUED)**

	<b>Group</b>		<b>Bank</b>	
	Year to date ended		Year to date ended	
	31 Mar 2012	31 Mar 2011	31 Mar 2012	31 Mar 2011
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from investing activities</b>				
Proceeds from disposal of securities available-for-sale (net)	4,424,642	2,503,928	3,238,870	1,440,509
Acquisition of securities available-for-sale	(4,679,459)	(3,207,137)	(3,139,864)	(1,859,572)
Acquisition of property, plant and equipment	(30,767)	(3,871)	(29,946)	(3,734)
Proceeds from disposal of property, plant and equipment	11,404	3	10,477	2
Dividends received from securities available-for-sale	265	258	265	258
<b>Net cash (used in)/generated from investing activities</b>	<b>(273,915)</b>	<b>(706,819)</b>	<b>79,802</b>	<b>(422,537)</b>
<b>Cash flows from financing activities</b>				
Dividends paid to preference shareholders	(8,995)	(8,946)	(8,995)	(8,946)
<b>Net cash used in financing activities</b>	<b>(8,995)</b>	<b>(8,946)</b>	<b>(8,995)</b>	<b>(8,946)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,826,117</b>	<b>(3,926,815)</b>	<b>2,129,261</b>	<b>(3,601,548)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>7,759,574</b>	<b>11,004,041</b>	<b>7,589,329</b>	<b>10,616,038</b>
<b>Cash and cash equivalents at end of the period</b>	<b>10,585,691</b>	<b>7,077,226</b>	<b>9,718,590</b>	<b>7,014,490</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 2011 and the accompanying explanatory notes on pages 9 to 44 of these unaudited condensed interim financial statements.*

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
- 31 MARCH 2012**

**1 GENERAL INFORMATION**

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

The condensed interim financial statements of the Group as at and for the three months period ended 31 March 2012 comprise the Bank and its subsidiary companies (together referred to as the Group).

**2 REVIEW OF PERFORMANCE**

The Bank and its subsidiary companies (the "Group") recorded a net profit of RM223 million for the first three months of 2012, registering an increase of RM34 million or 18% compared to the corresponding period for 2011. The increase in net profit were mainly due to higher operating profits of RM18 million or 6% to RM301 million and decrease allowances for loans, advances and financing by RM24 million or 83% to RM5 million.

Total income was higher by RM41 million or 9%, rising to RM493 million, due mainly to higher non-interest income, which in turn rose by of RM17 million or 14% to RM135 million in the first three months of 2012 compared to the corresponding quarter in 2011. Net interest increased by RM12 million or 4% to RM301 million with average interest earning assets increasing by RM8 billion although the net interest margin was lower by 18 bps, decreasing to 2.21%. Islamic banking income grew by RM 13 million or 3% to RM 57 million due to increased average financing assets of RM1.6 billion. Overhead expenses rose by RM23 million or 14% to RM192 million as a result of an increase in headcount and branch expansion.

Individual and collective impairment allowances declined by RM14 million and RM7 million respectively.

Compared with 31 December 2011, gross loans outstanding as at 31 March 2012 grew marginally by RM0.1 billion to RM43.2 billion for the first three months.

Group shareholders' funds strengthened to RM5 billion while the Bank's risk weighted capital ratio as at 31 March 2012 stood at 14.68%.

**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 Group 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 Group will continue to expand customer reach by improving product capabilities and the effectiveness of its delivery channels while opening more Islamic banking 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.

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

**4 BASIS OF PREPARATION**

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

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

Since the previous annual audited financial statements as at 31 December 2011 were issued, the Group and the Bank have 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 how the transition to MFRSs has affected the reported financial position, financial performance and cash flows of the Group and the bank is provided in Note 34.

The following MFRS, IC Interpretation and Amendments to MFRSs have been adopted by the Group 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 IC Interpretation and Amendments to MFRSs above did not have any financial impact on the Group and the Bank as they mainly help to clarify the requirements of or provide further explanations to existing MFRSs.

The following MFRSs and IC Interpretations have been issued by the MASB and are not yet effective:

Effective for annual periods commencing on or after 1 January 2013

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests 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)	

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

**4 BASIS OF PREPARATION (continued)**

The following MFRSs and IC Interpretations have been issued by the MASB and are not yet effective (continued):

Effective for annual periods commencing on or after 1 January 2014

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

Effective for annual periods commencing on or after 1 January 2015

MFRS9 Financial Instruments (IFRS 9 issued by IASB in November 2009)

MFRS9 Financial Instruments (IFRS 9 issued by IASB in October 2010)

IC Interpretation 20 will not have any financial impact to the Group and the Bank as it is not relevant to the Group's and 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 Group and the Bank have early adopted the amendments to MFRS 101, Presentation of Financial Statements which is originally effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the financial statements other than the presentation format of the statement of profit or loss and other comprehensive income.

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

i) Impairment of loans, advances and financing

Collective assessment of impairment loss

With effect from 1 January 2012, the Group and 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.

With effect from 1 January 2012, the Group and the Bank have 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/loans 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 34.

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

**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.

**6 SEASONAL OR CYCLICAL FACTORS**

The business operations of the Group and 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 Group and 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 cash flows of the Group and the Bank for the financial period ended 31 March 2012.

**8 CHANGES 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 EQUITY SECURITIES**

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

**10 DIVIDEND**

A net cash dividend of 4.51% (on issue price) amounting to RM9.0 million was paid to preference shareholders on 20 March 2012 and final gross dividend of 150.0 sen per ordinary share less tax at 25% amounting to RM323.44 million will be paid on 2 May 2012 in respect of the financial year ended 31 December 2011.

**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 CHANGES IN THE COMPOSITION OF THE GROUP**

There were no significant changes in the composition of the Group during the financial period ended 31 March 2012.

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
- 31 MARCH 2012 (continued)****13 SECURITIES HELD-FOR-TRADING**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2012 RM'000	31 Dec 2011 RM'000	31 Mar 2012 RM'000	31 Dec 2011 RM'000
<u>At fair value</u>				
Malaysia Government treasury bills	-	9,969	-	9,969
Malaysia Government securities	71,011	133,346	71,011	133,346
Government Investment Certificate	85,288	15,687	85,288	15,687
Private debt securities	172,349	296,266	172,349	296,266
Quoted shares in Malaysia	17,441	11,034	17,441	11,034
	<b>346,089</b>	<b>466,302</b>	<b>346,089</b>	<b>466,302</b>

**14 SECURITIES AVAILABLE-FOR-SALE**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2012 RM'000	31 Dec 2011 RM'000	31 Mar 2012 RM'000	31 Dec 2011 RM'000
<u>At fair value</u>				
Malaysia Government securities	2,447,292	3,054,048	2,447,292	3,054,048
Government Investment Certificate	1,251,126	1,760,443	153,301	743,759
Bank Negara Malaysia Monetary Notes	1,012,057	646,125	913,378	546,249
Private debt securities	2,334,585	2,377,853	1,882,216	1,944,761
Negotiable instruments of deposit	2,713,033	1,643,050	2,170,549	1,358,813
Quoted shares outside Malaysia	13,380	11,946	13,380	11,946
Unquoted shares in Malaysia	108,545	108,546	108,545	108,546
Debentures	190	190	190	190
	<b>9,880,208</b>	<b>9,602,201</b>	<b>7,688,851</b>	<b>7,768,312</b>
Impairment allowance:				
- Debentures	(12)	(12)	(12)	(12)
	<b>9,880,196</b>	<b>9,602,189</b>	<b>7,688,839</b>	<b>7,768,300</b>

The accumulated impairment allowance for securities available-for-sale is as follows:

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2012 RM'000	31 Dec 2011 RM'000	31 Mar 2012 RM'000	31 Dec 2011 RM'000
Balance at 1 January	121	121	121	121
Reversal of impairment allowance	(109)	(109)	(109)	(109)
Balance at 31 March/31 December	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
- 31 MARCH 2012 (continued)****15 LOANS, ADVANCES AND FINANCING**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2012 RM'000	31 Dec 2011 RM'000	31 Mar 2012 RM'000	31 Dec 2011 RM'000
<u>At amortised cost</u>				
i) By type				
Overdrafts	3,880,466	3,840,440	3,005,416	2,973,679
Term loans/financing:				
- Housing loans/financing	13,153,460	12,472,884	12,982,338	12,310,453
- Syndicated term loans/financing	2,775,102	2,893,114	2,583,453	2,691,712
- Hire purchase receivables	643,617	624,920	55	72
- Lease receivables	190	294	190	294
- Other term loans	17,588,238	17,197,367	16,557,810	16,276,746
Credit/charge card receivables	398,649	413,884	398,649	413,884
Bills receivable	267,508	1,446,312	234,195	1,415,809
Trust receipts	40,611	44,481	40,611	44,481
Claims on customers under acceptance credits	1,944,617	1,891,209	1,754,700	1,687,484
Loans to banks and other financial institutions	149,566	179,854	149,566	179,854
Revolving credit	2,222,039	1,965,861	1,599,642	1,371,973
Staff loans	104,985	106,836	104,985	106,836
Other loans	457,213	448,566	430,023	418,956
	<u>43,626,261</u>	<u>43,526,022</u>	<u>39,841,633</u>	<u>39,892,233</u>
Less: Unearned interest and income	(381,273)	(384,207)	(103)	(106)
Gross loans, advances and financing	<u>43,244,988</u>	<u>43,141,815</u>	<u>39,841,530</u>	<u>39,892,127</u>
Impairment allowance:				
- Individually assessed	(315,183)	(318,091)	(285,866)	(289,280)
- Collectively assessed	(439,909)	(438,734)	(403,468)	(403,949)
Net loans, advances and financing	<u>42,489,896</u>	<u>42,384,990</u>	<u>39,152,196</u>	<u>39,198,898</u>
ii) By type of customer				
Domestic non-bank financial institutions	355,639	521,383	355,533	521,383
Domestic business enterprises:				
- Small medium enterprises	7,577,651	7,098,872	6,919,592	6,519,800
- Others	17,451,423	17,245,616	15,546,572	15,392,580
Individuals	17,531,390	16,769,545	16,705,864	15,968,785
Other domestic entities	9,346	646	9,346	646
Foreign entities	319,539	1,505,753	304,623	1,488,933
	<u>43,244,988</u>	<u>43,141,815</u>	<u>39,841,530</u>	<u>39,892,127</u>

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
- 31 MARCH 2012 (continued)****15 LOANS, ADVANCES AND FINANCING (continued)**

	Group		Bank	
	31 Mar 2012 RM'000	31 Dec 2011 RM'000	31 Mar 2012 RM'000	31 Dec 2011 RM'000
iii) By interest/profit rate sensitivity				
Fixed rate				
Housing loans/financing	491,904	513,431	452,876	475,784
Hire purchase receivables	585,515	567,861	54	72
Other fixed rate loans/financing	3,000,784	3,022,988	1,715,378	1,730,365
Variable rate				
BLR plus	25,808,434	26,546,536	25,610,160	26,373,222
Cost-plus	12,692,896	11,849,960	11,397,607	10,671,645
Other variable rates	665,455	641,039	665,455	641,039
	<u>43,244,988</u>	<u>43,141,815</u>	<u>39,841,530</u>	<u>39,892,127</u>
iv) By sector				
Agriculture, hunting and related activities	2,292,630	2,228,595	1,987,028	1,864,465
Mining and quarrying	789,281	741,082	431,971	446,485
Manufacturing	5,450,196	5,420,134	4,559,799	4,575,040
Electricity, gas and water	669,875	669,365	569,539	569,048
Construction	1,265,254	1,301,651	1,151,951	1,202,375
Real estate	6,078,750	5,956,177	5,785,897	5,705,044
Wholesale & retail trade and restaurants & hotels	4,903,679	4,793,238	4,684,266	4,587,946
Transport, storage and communication	1,673,820	1,660,805	1,493,882	1,479,358
Finance, insurance and business services	996,299	1,244,583	927,472	1,185,844
Community, social and personal services	735,136	643,832	693,511	597,491
Household, of which:				
- Purchase of residential properties	14,371,646	12,216,455	14,210,084	12,073,571
- Purchase of non-residential properties	1,050,952	1,534,992	1,044,429	1,529,666
- Others	2,211,741	3,116,799	1,553,161	2,461,720
Others	755,729	1,614,107	748,540	1,614,074
	<u>43,244,988</u>	<u>43,141,815</u>	<u>39,841,530</u>	<u>39,892,127</u>
v) By geographical distribution				
Malaysia	43,117,214	43,016,216	39,727,533	39,780,819
Singapore	107,490	65,943	107,490	65,943
Other ASEAN	14,100	17,920	323	3,629
Rest of the world	6,184	41,736	6,184	41,736
	<u>43,244,988</u>	<u>43,141,815</u>	<u>39,841,530</u>	<u>39,892,127</u>
The analysis by geography is determined based on where the credit risk resides.				
vi) By residual contractual maturity				
Maturity within one year	18,647,870	18,181,143	16,930,511	16,590,319
One year to five years	9,554,664	9,741,422	8,531,062	8,628,264
Over five years	15,042,454	15,219,250	14,379,957	14,673,544
	<u>43,244,988</u>	<u>43,141,815</u>	<u>39,841,530</u>	<u>39,892,127</u>



**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
- 31 MARCH 2012 (continued)****16 IMPAIRED LOANS, ADVANCES AND FINANCING**

a) Movements in impaired loans, advances and financing are as follows:

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2012 RM'000	31 Dec 2011 RM'000	31 Mar 2012 RM'000	31 Dec 2011 RM'000
Balance at 1 January	1,105,135	1,006,464	1,057,651	961,020
Classified as impaired during the period/year	343,121	678,046	329,501	628,061
Reclassified as unimpaired	(34,881)	(156,162)	(32,727)	(147,809)
Amount recovered	(113,470)	(294,973)	(109,416)	(281,391)
Amount written off	(15,132)	(128,636)	(10,341)	(102,626)
Effect of foreign exchange difference	(1,105)	396	(1,105)	396
Balance at 31 March/31 December	1,283,668	1,105,135	1,233,563	1,057,651
Less: Individually assessed impairment allowance	(315,183)	(318,091)	(285,866)	(289,280)
Net impaired loans, advances and financing	968,485	787,044	947,697	768,371

i) Impaired loans, advances and financing by sector are as follows:

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2012 RM'000	31 Dec 2011 RM'000	31 Mar 2012 RM'000	31 Dec 2011 RM'000
Agriculture, hunting and related activities	9,557	9,677	9,396	9,551
Mining and quarrying	1	3	1	3
Manufacturing	270,655	293,113	250,077	271,727
Construction	240,659	264,435	236,746	259,967
Real estate	37,586	38,133	37,585	38,133
Wholesale & retail trade and restaurants & hotels	350,568	142,616	345,382	137,661
Transport, storage and communication	24,795	25,004	23,997	24,651
Finance, insurance and business services	25,328	24,984	23,413	23,343
Community, social and personal services	7,152	5,843	6,118	4,810
Household, of which:				
- Purchase of residential properties	228,332	218,112	225,375	216,025
- Purchase of non-residential properties	21,958	18,778	21,958	18,778
- Others	62,097	60,978	48,535	49,543
Others	4,980	3,459	4,980	3,459
	1,283,668	1,105,135	1,233,563	1,057,651

ii) Impaired loans, advances and financing by geographical distribution are as follows:

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2012 RM'000	31 Dec 2011 RM'000	31 Mar 2012 RM'000	31 Dec 2011 RM'000
Malaysia	1,283,668	1,105,135	1,233,563	1,057,651

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
- 31 MARCH 2012 (continued)****16 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)**

b) Movements in allowance for impaired loans, advances and financing are as follows:

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2012 RM'000	31 Dec 2011 RM'000	31 Mar 2012 RM'000	31 Dec 2011 RM'000
<u>Individually assessed impairment allowance</u>				
Balance at 1 January	318,091	389,872	289,280	358,784
Allowance made during the period/year	41,658	180,375	31,801	142,795
Amount written back	(27,930)	(118,136)	(23,371)	(104,335)
Amount written off	(15,133)	(128,636)	(10,341)	(102,626)
Interest recognised	(1,169)	(6,013)	(1,169)	(5,967)
Effect of foreign exchange difference	(334)	629	(334)	629
Balance at 31 March/31 December	<u>315,183</u>	<u>318,091</u>	<u>285,866</u>	<u>289,280</u>
<u>Collectively assessed impairment allowance</u>				
Balance at 1 January	438,734	365,454	403,949	338,173
Allowance made during the period/year	1,175	73,280	(481)	65,776
Balance at 31 March/31 December	<u>439,909</u>	<u>438,734</u>	<u>403,468</u>	<u>403,949</u>

**17 DERIVATIVE ASSETS AND LIABILITIES**

	<b>31 Mar 2012</b>			<b>31 Dec 2011</b>		
	Contract or underlying principal amount RM'000	Fair value		Contract or underlying principal amount RM'000	Fair value	
<b>Group</b>		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>Trading:</b>						
Foreign exchange derivatives						
- Forward	7,493,859	40,632	34,424	4,843,690	52,688	13,519
- Swaps	24,393,876	180,556	221,250	19,851,860	239,522	179,658
- Options	1,759,238	10,977	8,255	1,935,305	22,126	5,957
- Others	39,469	12,654	12,654	39,469	6,725	6,725
Interest rate derivatives						
- Swaps	31,580,341	150,491	136,236	30,257,100	185,580	167,195
- Options	2,179,263	964	13,860	2,181,473	1,438	17,873
- Futures	29,625	-	108	-	-	-
- Swaptions	950,000	1,799	2,923	450,000	4,560	2,562
- Others	64,781	4,298	-	304,781	4,496	5,313
Equity and other derivatives						
- Swaps	71,340	544	544	71,340	512	512
- Exchange traded futures	8,631	-	38	11,009	1	100
- Options	1,194,557	38,026	17,282	1,195,090	67,934	67,004
- Commodity futures	38,749	2,292	2,291	45,621	2,502	2,502
- Warrants	93,738	6,601	3,402	42,542	2,487	2,913
- Credit linked notes	1,674,100	27,863	26,543	455,000	10,734	5,492
	<u>71,571,567</u>	<u>477,697</u>	<u>479,810</u>	<u>61,684,280</u>	<u>601,305</u>	<u>477,325</u>

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
- 31 MARCH 2012 (continued)****17 DERIVATIVE ASSETS AND LIABILITIES (continued)**

	31 Mar 2012			31 Dec 2011		
	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>Group</b>						
<b>Hedging:</b>						
Interest rate derivatives						
- Swaps	1,325,335	8,919	12,494	1,325,928	15,964	12,312
	<u>72,896,902</u>	<u>486,616</u>	<u>492,304</u>	<u>63,010,208</u>	<u>617,269</u>	<u>489,637</u>
<b>Bank</b>						
<b>Trading:</b>						
Foreign exchange derivatives						
- Forward	6,580,115	28,479	33,727	4,334,877	40,670	13,518
- Swaps	24,393,876	192,695	221,937	19,851,801	251,522	179,658
- Options	1,747,220	10,848	8,127	1,846,942	20,896	4,730
- Others	39,469	12,654	12,654	39,469	6,725	6,725
Interest rate derivatives						
- Swaps	31,580,341	150,491	136,236	30,257,100	185,580	167,195
- Options	2,179,263	964	13,860	2,181,473	1,438	17,873
- Swaptions	950,000	1,799	2,923	450,000	4,560	2,562
- Futures	29,625	-	108			
- Others	64,781	4,298	-	304,781	4,496	5,313
Equity and other derivatives						
- Swaps	71,340	544	544	71,340	512	512
- Exchange traded futures	8,631	-	38	11,009	1	100
- Options	1,194,557	38,026	17,282	1,195,090	67,934	67,004
- Commodity futures	38,749	2,292	2,291	45,621	2,502	2,502
- Warrants	93,738	6,601	3,402	42,542	2,487	2,913
- Credit linked notes	1,674,100	27,863	26,543	455,000	10,734	5,492
	<u>70,645,805</u>	<u>477,554</u>	<u>479,672</u>	<u>61,087,045</u>	<u>600,057</u>	<u>476,097</u>
<b>Hedging:</b>						
Interest rate derivatives						
- Swaps	1,325,335	8,919	12,494	1,325,928	15,964	12,312
	<u>71,971,140</u>	<u>486,473</u>	<u>492,166</u>	<u>62,412,973</u>	<u>616,021</u>	<u>488,409</u>

**18 OTHER ASSETS**

	Group		Bank	
	31 Mar 2012 RM'000	31 Dec 2011 RM'000	31 Mar 2012 RM'000	31 Dec 2011 RM'000
Interest receivable	98,497	114,827	89,814	102,770
Unquoted Islamic Subordinated Bonds of subsidiary	-	-	200,000	200,000
Other receivables, deposits and prepayments	169,886	129,608	171,121	128,939
	<u>268,383</u>	<u>244,435</u>	<u>460,935</u>	<u>431,709</u>

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
- 31 MARCH 2012 (continued)****19 DEPOSITS FROM CUSTOMERS**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2012 RM'000	31 Dec 2011 RM'000	31 Mar 2012 RM'000	31 Dec 2011 RM'000
i) By type of deposits				
Demand deposits	7,215,313	7,145,686	5,846,329	5,806,142
Savings deposits	3,159,796	3,146,779	2,788,584	2,818,034
Fixed deposits	38,638,671	32,694,716	35,304,454	30,329,200
Negotiable instruments of deposits	52,862	51,875	37,427	38,282
Short-term money market deposits	4,189,093	4,542,632	3,883,074	4,258,466
Structured investments	2,188,783	1,345,744	2,142,099	1,298,516
Others	14,755	7,229	14,755	7,229
	<b>55,459,273</b>	<b>48,934,661</b>	<b>50,016,722</b>	<b>44,555,869</b>
ii) By type of customers				
Government and statutory bodies	806,830	791,048	7,618	6,716
Business enterprises	25,537,353	22,629,361	22,821,556	19,920,293
Individuals	23,879,554	20,518,986	22,505,525	19,965,945
Foreign entities	1,146,404	1,194,313	1,130,144	1,182,729
Others	4,089,132	3,800,953	3,551,879	3,480,186
	<b>55,459,273</b>	<b>48,934,661</b>	<b>50,016,722</b>	<b>44,555,869</b>
iii) By maturity structure				
Maturity within six months	43,139,578	39,683,557	39,014,354	36,043,782
Six months to one year	10,273,258	7,880,910	8,998,280	7,184,118
One year to three years	1,274,544	823,399	1,232,361	781,340
Three years to five years	771,893	546,795	771,727	546,629
	<b>55,459,273</b>	<b>48,934,661</b>	<b>50,016,722</b>	<b>44,555,869</b>

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
- 31 MARCH 2012 (continued)****20 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2012 RM'000	31 Dec 2011 RM'000	31 Mar 2012 RM'000	31 Dec 2011 RM'000
Licensed banks	4,546,351	6,967,557	4,205,489	6,879,515
Other financial institutions	427,664	444,323	427,664	444,323
	<u>4,974,015</u>	<u>7,411,880</u>	<u>4,633,153</u>	<u>7,323,838</u>

**21 SUBORDINATED TERM LOAN / BONDS**

	<b>Group and Bank</b>	
	31 Mar 2012 RM'000	31 Dec 2011 RM'000
RM200 million redeemable Islamic subordinated bonds 2006/2021	200,000	200,000
RM400 million redeemable subordinated bonds 2007/2017	403,251	405,003
RM400 million Innovative Tier 1 Capital Securities	400,000	400,000
RM500 million redeemable subordinated bonds 2010/2020	504,509	509,669
	<u>1,507,760</u>	<u>1,514,672</u>

**22 OTHER LIABILITIES**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2012 RM'000	31 Dec 2011 RM'000	31 Mar 2012 RM'000	31 Dec 2011 RM'000
Accruals for personnel costs *	23,215	65,724	23,168	65,685
Equity compensation benefits	14,963	13,413	14,963	13,413
Obligations under finance lease	-	-	353	384
Provision for commitments and contingencies	7,704	7,704	7,704	7,704
Interest payable	334,681	259,230	305,811	242,023
Other accruals and charges	326,684	238,738	295,520	202,154
Liabilities arising from structured investment	317,470	293,942	317,470	293,942
	<u>1,024,717</u>	<u>878,751</u>	<u>964,989</u>	<u>825,305</u>

\* Includes accrual for salary, bonus, employee benefits and EPF.

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
- 31 MARCH 2012 (continued)****23 NET INTEREST INCOME**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2012 RM'000	31 Mar 2011 RM'000	31 Mar 2012 RM'000	31 Mar 2011 RM'000
<b>Interest income</b>				
Loans, advances and financing				
- Other than recoveries from impaired loans, advances and financing	491,684	430,553	491,684	430,553
- Recoveries from impaired loans, advances and financing	12,031	3,249	12,031	3,249
- Interest earned from impaired loans, advances and financing	1,169	1,665	1,169	1,665
Money at call and deposit placements with banks and other financial institutions	67,455	74,726	69,998	78,692
Securities held-for-trading	4,755	2,222	4,755	2,222
Securities available-for-sale	68,840	39,248	68,840	39,248
Unquoted Islamic Subordinated Bonds of subsidiary	-	-	3,883	3,113
Others	4,019	901	4,019	901
	<b>649,953</b>	<b>552,564</b>	<b>656,379</b>	<b>559,643</b>
<b>Interest expense</b>				
Deposits from other customers	306,052	226,671	306,052	226,671
Deposits and placements of banks and other financial institutions	21,552	15,524	21,552	15,524
Loans sold to Cagamas Berhad	425	3,281	425	3,281
Subordinated term loan/bonds	17,250	16,545	17,250	16,545
Others	3,909	1,535	3,915	1,541
	<b>349,188</b>	<b>263,556</b>	<b>349,194</b>	<b>263,562</b>
<b>Net interest income</b>	<b>300,765</b>	<b>289,008</b>	<b>307,185</b>	<b>296,081</b>

**24 INCOME FROM ISLAMIC BANKING OPERATIONS**

	<b>Group</b>	
	31 Mar 2012 RM'000	31 Mar 2011 RM'000
Income derived from investment of depositors' funds	79,625	51,486
Income attributable to depositors	(33,178)	(16,340)
Income attributable to the Group	46,447	35,146
Income derived from investment of Islamic banking capital funds and shareholder's funds	10,746	9,219
	<b>57,193</b>	<b>44,365</b>

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
- 31 MARCH 2012 (continued)****25 NET FEE AND COMMISSION INCOME**

	Group		Bank	
	31 Mar 2012 RM'000	31 Mar 2011 RM'000	31 Mar 2012 RM'000	31 Mar 2011 RM'000
Commission	20,042	23,650	20,042	23,650
Service charges and fees	42,765	33,610	42,765	33,610
Guarantee fees	5,504	4,811	5,504	4,811
Other fee income	2,379	3,112	2,379	3,112
	<b>70,690</b>	<b>65,183</b>	<b>70,690</b>	<b>65,183</b>

**26 NET TRADING INCOME**

	Group		Bank	
	31 Mar 2012 RM'000	31 Mar 2011 RM'000	31 Mar 2012 RM'000	31 Mar 2011 RM'000
Gains on foreign exchange	57,018	74,401	57,018	74,401
Realised gains on securities held-for-trading	12,005	5,423	12,005	5,423
Realised gains/(losses) on trading derivatives	103,883	(5,890)	103,883	(5,890)
Unrealised (losses)/gains on securities held-for-trading	(65)	13,972	(65)	13,972
Unrealised losses on trading derivatives	(132,822)	(38,581)	(132,822)	(38,581)
	<b>40,019</b>	<b>49,325</b>	<b>40,019</b>	<b>49,325</b>

**27 OTHER OPERATING INCOME**

	Group		Bank	
	31 Mar 2012 RM'000	31 Mar 2011 RM'000	31 Mar 2012 RM'000	31 Mar 2011 RM'000
Losses on hedging derivatives	(21)	(395)	(21)	(395)
Gross dividends from securities available-for-sale				
- Malaysia	240	241	240	241
- Outside Malaysia	25	17	25	17
Gross dividends from securities held-for-trading				
- Malaysia	262	605	262	605
Rental of premises	1,569	1,653	1,636	1,678
Rental of safe deposit box	1,007	772	1,007	772
Realised gains on securities available-for-sale	21,355	1,075	21,355	1,075
Gains/(Losses) on disposal of property, plant and equipment	19	(1)	19	(1)
Shared services income received from subsidiary	-	-	13,359	11,677
Others	24	5	24	5
	<b>24,480</b>	<b>3,972</b>	<b>37,906</b>	<b>15,674</b>

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
- 31 MARCH 2012 (continued)****28 PERSONNEL AND OPERATING EXPENSES**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2012 RM'000	31 Mar 2011 RM'000	31 Mar 2012 RM'000	31 Mar 2011 RM'000
Personnel expenses (i)	100,364	90,539	89,677	83,459
Establishment expenses (ii)	23,232	20,276	21,800	19,069
Marketing expenses (iii)	6,951	5,344	6,570	5,096
Administration and general expenses (iv)	61,113	52,790	56,868	48,780
	<b>191,660</b>	<b>168,949</b>	<b>174,915</b>	<b>156,404</b>
<b>(i) Personnel expenses</b>				
Wages, salaries and bonus	78,212	70,220	70,258	64,634
Defined contribution plan (EPF)	13,373	11,110	11,509	10,206
Equity compensation benefits	2,031	2,188	1,988	2,134
Other personnel costs	6,748	7,021	5,922	6,485
	<b>100,364</b>	<b>90,539</b>	<b>89,677</b>	<b>83,459</b>
<b>(ii) Establishment expenses</b>				
Rental of premises	3,083	3,041	2,704	2,671
Rental of equipment	272	488	272	488
Depreciation of property, plant and equipment	8,143	9,546	7,585	8,896
Depreciation of investment properties	53	262	53	262
Amortisation of prepaid lease payments	9	9	9	9
Repair and maintenance	1,491	1,096	1,388	1,049
Others	10,181	5,834	9,789	5,694
	<b>23,232</b>	<b>20,276</b>	<b>21,800</b>	<b>19,069</b>
<b>(iii) Marketing expenses</b>				
Transport and travelling	1,229	1,127	1,127	1,054
Advertisement and business promotion	5,309	3,765	5,043	3,599
Others	413	452	400	443
	<b>6,951</b>	<b>5,344</b>	<b>6,570</b>	<b>5,096</b>
<b>(iv) Administration and general expenses</b>				
Printing and stationery	1,264	1,440	1,133	1,306
Postage and courier	1,500	1,538	1,432	1,430
Telephone, telex and fax	2,526	2,113	2,352	1,980
Legal and consultancy fees	1,469	1,349	1,309	1,254
Transaction processing fees*	45,070	34,596	41,411	31,225
Other administrative and general expenses	9,284	11,754	9,231	11,585
	<b>61,113</b>	<b>52,790</b>	<b>56,868</b>	<b>48,780</b>

\* Transaction processing fees were incurred for transactions processed by e2 Power Sdn. Bhd., a related company.



**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
- 31 MARCH 2012 (continued)****29 IMPAIRMENT ALLOWANCE ON LOANS, ADVANCES AND FINANCING**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2012 RM'000	31 Mar 2011 RM'000	31 Mar 2012 RM'000	31 Mar 2011 RM'000
Impairment allowance on impaired loans, advances and financing:				
i) Individually assessed				
- Made during the period	41,658	57,352	31,801	46,047
- Written back	(27,930)	(28,940)	(23,371)	(24,492)
ii) Collectively assessed				
- Made/(written back) during the period	1,175	7,970	(481)	7,197
Impaired loans, advances and financing				
- Recovered during the period	(9,661)	(6,903)	(7,710)	(5,426)
Others	65	-	65	(15)
	<u>5,307</u>	<u>29,479</u>	<u>304</u>	<u>23,311</u>

**30 INCOME TAX EXPENSE**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2012 RM'000	31 Mar 2011 RM'000	31 Mar 2012 RM'000	31 Mar 2011 RM'000
Malaysian income tax:				
- Current period	65,036	55,452	61,431	54,211
Deferred tax:				
- Origination and reversal of temporary differences	9,810	8,704	9,624	8,151
	<u>74,846</u>	<u>64,156</u>	<u>71,055</u>	<u>62,362</u>

**31 CAPITAL COMMITMENTS**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2012 RM'000	31 Dec 2011 RM'000	31 Mar 2012 RM'000	31 Dec 2011 RM'000
Capital expenditure in respect of property, plant and equipment:				
- Authorised and contracted for	27,083	24,106	23,015	23,015
- Authorised but not contracted for	167,873	164,799	153,559	153,559
	<u>194,956</u>	<u>188,905</u>	<u>176,574</u>	<u>176,574</u>

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
- 31 MARCH 2012 (continued)****32 COMMITMENTS AND CONTINGENCIES**

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to their customers. Apart from the provision for commitments and contingencies already made in the unaudited condensed interim financial statements (Note 22), no material losses are anticipated as a result of these transactions.

	31 Mar 2012			31 Dec 2011		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
<b>Group</b>						
Direct credit substitutes	646,734	646,734	518,942	805,801	805,801	766,688
Transaction-related contingent items	1,631,604	815,802	724,659	1,633,406	816,703	793,910
Short-term self-liquidating trade-related contingencies	512,584	102,517	73,251	442,553	88,511	60,075
Commitments with certain drawdowns	10,405	10,405	-	45,000	45,000	41,831
Obligations under underwriting agreement	5,000	2,500	2,500	5,000	2,500	2,500
Foreign exchange related contracts:						
- Less than one year	29,723,922	441,256	103,398	22,077,986	442,706	135,860
- One year to less than five years	2,911,252	383,661	250,298	2,873,262	313,613	174,182
- Five years and above	1,275,073	267,227	199,531	1,437,339	323,649	271,847
Interest rate contracts:						
- Less than one year	12,186,490	66,827	25,582	12,543,838	75,568	29,862
- One year to less than five years	20,545,166	540,282	255,975	18,074,636	505,009	245,661
- Five years and above	2,055,700	168,478	102,839	1,862,870	151,572	115,492
Equity and commodity related contracts	1,055,864	419,738	388,980	458,949	199,608	153,690
Formal standby facilities and credit lines:						
- Maturity not exceeding one year	25,745	25,745	8,746	22,885	22,885	8,413
- Maturity exceeding one year	3,201,892	3,188,000	516,409	2,922,095	2,920,671	482,119
Other unconditionally cancellable commitments	13,411,642	1,768,841	355,005	12,718,535	1,800,676	375,119
<b>Total</b>	<b>89,199,073</b>	<b>8,848,013</b>	<b>3,526,115</b>	<b>77,924,155</b>	<b>8,514,472</b>	<b>3,657,249</b>

\* 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 (Basel II) - Internal Ratings Approach.

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
- 31 MARCH 2012 (continued)****32 COMMITMENTS AND CONTINGENCIES (continued)**

	31 Mar 2012			31 Dec 2011		
	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount* RM'000	Risk weighted amount RM'000
<b>Bank</b>						
Direct credit substitutes	633,609	633,609	513,458	805,801	805,801	766,688
Transaction-related contingent items	1,543,463	771,731	692,620	1,533,234	766,617	755,250
Short-term self-liquidating trade-related contingencies	444,551	88,910	63,246	413,308	82,662	56,812
Commitments with certain drawdowns	10,405	10,405	-	15,000	15,000	13,944
Obligations under underwriting agreement	5,000	2,500	2,500	5,000	2,500	2,500
Foreign exchange related contracts:						
- Less than one year	27,903,724	412,312	95,095	21,071,907	419,171	127,568
- One year to less than five years	2,910,690	383,176	249,814	2,869,456	310,692	171,260
- Five years and above	1,275,072	267,228	199,531	1,437,339	323,649	271,847
Interest rate contracts:						
- Less than one year	12,186,490	66,827	25,582	12,543,838	75,568	29,862
- One year to less than five years	20,545,166	540,283	255,975	18,074,636	505,009	245,661
- Five years and above	2,055,699	168,478	102,839	1,862,870	151,572	115,492
Equity and commodity related contracts	1,055,864	419,738	388,980	458,949	199,608	153,690
Formal standby facilities and credit lines:						
- Maturity not exceeding one year	25,108	25,108	8,396	20,991	20,991	7,429
- Maturity exceeding one year	3,160,050	3,146,158	502,869	2,894,996	2,893,573	474,759
Other unconditionally cancellable commitments	12,797,006	1,765,185	353,259	12,068,424	1,786,982	368,250
<b>Total</b>	<b>86,551,897</b>	<b>8,701,648</b>	<b>3,454,164</b>	<b>76,075,749</b>	<b>8,359,395</b>	<b>3,561,012</b>

\* 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 (Basel II) - Internal Ratings Approach.

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
- 31 MARCH 2012 (continued)****33 CAPITAL ADEQUACY**

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2012 RM'000	31 Dec 2011 RM'000	31 Mar 2012 RM'000	31 Dec 2011 RM'000
<u>Tier-1 capital</u>				
Paid-up share capital	287,500	287,500	287,500	287,500
Paid-up non-cumulative, non-convertible perpetual preference shares	4,000	4,000	4,000	4,000
Share premium	858,500	858,500	858,500	858,500
Retained earnings	3,000,600	3,009,595	3,017,429	3,026,424
Other reserves	352,596	352,596	322,000	322,000
Innovative Tier 1 Capital	400,000	400,000	400,000	400,000
Capital reserves	56,619	56,619	-	-
	<u>4,959,815</u>	<u>4,968,810</u>	<u>4,889,429</u>	<u>4,898,424</u>
Less: Deferred tax assets	(42,979)	(42,979)	(38,794)	(38,794)
Eligible Tier-1 capital	<u>4,916,836</u>	<u>4,925,831</u>	<u>4,850,635</u>	<u>4,859,630</u>
<u>Tier-2 capital</u>				
Collectively assessed impairment allowance on unimpaired loans, advances and financing computed under standardised approach	25,896	22,449	17,147	13,799
Subordinated debt capital	1,053,977	1,053,844	898,841	898,708
Regulatory reserves for CIP adjustment	161,393	161,393	150,533	150,533
Total Tier-2 capital	<u>1,241,266</u>	<u>1,237,686</u>	<u>1,066,521</u>	<u>1,063,040</u>
Less:				
Investments in subsidiary companies	-	-	(256,617)	(256,617)
Excess of total Expected Loss ("EL") over total Eligible Provisions ("EP") under the IRB approach	(338,331)	(263,772)	(328,279)	(257,891)
Eligible Tier-2 capital	<u>902,935</u>	<u>973,914</u>	<u>481,625</u>	<u>548,532</u>
Capital base	<u>5,819,771</u>	<u>5,899,745</u>	<u>5,332,260</u>	<u>5,408,162</u>
<u>Before payment of dividend</u>				
Core capital ratio	13.25%	13.22%	14.43%	14.31%
Risk-weighted capital ratio	<u>15.69%</u>	<u>15.84%</u>	<u>15.86%</u>	<u>15.92%</u>
<u>After payment of dividend</u>				
Core capital ratio	12.38%	12.33%	13.47%	13.33%
Risk-weighted capital ratio	<u>14.82%</u>	<u>14.94%</u>	<u>14.90%</u>	<u>14.95%</u>

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

	<b>Group</b>		<b>Bank</b>	
	31 Mar 2012 RM'000	31 Dec 2011 RM'000	31 Mar 2012 RM'000	31 Dec 2011 RM'000
Credit risk RWA	32,530,243	32,762,323	29,313,436	29,650,155
Market risk RWA	1,214,265	1,279,477	1,204,144	1,272,885
Operational risk RWA	3,353,581	3,211,131	3,098,279	3,033,959
Total RWA	<u>37,098,089</u>	<u>37,252,931</u>	<u>33,615,859</u>	<u>33,956,999</u>

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

**33 CAPITAL ADEQUACY (continued)**

The core capital ratio is a ratio of eligible Tier 1 capital over Total RWA, while the risk-weighted capital ratio is a ratio of capital base over Total RWA. The Total RWA of the Group is derived from the consolidated balances of the Bank and all its subsidiaries. There are no other banking subsidiaries that are not included in the consolidation for regulatory purposes and for those consolidated, there are no differences in the basis of consolidation for accounting and regulatory purposes.

The Group and the Bank have 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 risk and operational risk, the Group and Bank have adopted the Standardised Approach and the Basic Indicator Approach, respectively.

The capital adequacy ratios of the banking subsidiary company of the Group are as follows:

	<b>OCBC Al-Amin Bank Berhad</b>	
	31 Mar 2012 RM'000	31 Dec 2011 RM'000
Core capital ratio	8.48%	8.88%
Risk-weighted capital ratio	<u>12.77%</u>	<u>13.43%</u>

The capital adequacy ratios of OCBC Al-Amin Bank Berhad are computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework for Islamic Banks (CAFIB), which is based on the Basel II. OCBC Al-Amin Bank Berhad has adopted the Internal Ratings Based Approach for Credit Risk for its major credit portfolios, the Standardised Approach for Market Risk and the Basic Indicator Approach for Operational Risk.

OCBC BANK (MALAYSIA) BERHAD  
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**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2012 (continued)**

**34 TRANSITION TO MFRS**

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

In preparing its opening MFRS statements of financial position, the Group and the Bank have 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 Group's and the Bank's financial position, financial performance and cash flows are set out in the following tables and the accompanying notes.

i) Statements of Financial Position

	Note	1 Jan 2011			31 Mar 2011			31 Dec 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
<b>Group</b>										
<b>Assets</b>										
Cash and cash equivalents		11,004,041	-	11,004,041	7,077,226	-	7,077,226	7,759,574	-	7,759,574
Deposits and placements with banks and other financial institutions		1,935,632	-	1,935,632	6,177,227	-	6,177,227	1,868,584	-	1,868,584
Securities held-for-trading		505,657	-	505,657	659,910	-	659,910	466,302	-	466,302
Securities available-for-sale		5,964,308	-	5,964,308	6,643,509	-	6,643,509	9,602,189	-	9,602,189
Loans, advances and financing	34 iv) a)	35,143,119	170,273	35,313,392	35,909,990	173,914	36,083,904	42,181,029	203,961	42,384,990
Derivative assets		499,772	-	499,772	524,823	-	524,823	617,269	-	617,269
Other assets		203,813	-	203,813	196,161	-	196,161	244,435	-	244,435
Current tax assets		-	50,551	50,551	-	28,462	28,462	3,858	(2,668)	1,190
Statutory deposits with Bank										
Negara Malaysia		79,342	-	79,342	50,012	-	50,012	1,400,992	-	1,400,992
Property, plant and equipment		210,647	-	210,647	204,969	-	204,969	207,905	-	207,905
Prepaid lease payments		1,000	-	1,000	991	-	991	964	-	964
Investment properties		20,731	-	20,731	20,411	-	20,411	16,439	-	16,439
Non-current assets held for sale		-	-	-	58	-	58	-	-	-
Deferred tax assets	34 iv) b)	137,896	(129,987)	7,909	137,952	(130,897)	7,055	31,292	(8,422)	22,870
<b>Total assets</b>		<b>55,705,958</b>	<b>90,837</b>	<b>55,796,795</b>	<b>57,603,239</b>	<b>71,479</b>	<b>57,674,718</b>	<b>64,400,832</b>	<b>192,871</b>	<b>64,593,703</b>

OCBC BANK (MALAYSIA) BERHAD  
(Incorporated in Malaysia)

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

**34 TRANSITION TO MFRS (continued)**

i) Statements of Financial Position (continued)

	Note	1 Jan 2011			31 Mar 2011			31 Dec 2011		
		FRS	Effect of transition to MFRS	MFRS	FRS	Effect of transition to MFRS	MFRS	FRS	Effect of transition to MFRS	MFRS
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group Liabilities</b>										
Deposits from customers		43,236,933	-	43,236,933	43,391,884	-	43,391,884	48,934,661	-	48,934,661
Deposits and placements of banks and other financial institutions		5,013,388	-	5,013,388	6,386,935	-	6,386,935	7,411,880	-	7,411,880
Bills and acceptances payable		281,944	-	281,944	308,796	-	308,796	351,990	-	351,990
Recourse obligation on loans sold to Cagamas Berhad		329,988	-	329,988	322,622	-	322,622	65,611	-	65,611
Subordinated term loan/bonds		1,504,132	-	1,504,132	1,499,459	-	1,499,459	1,514,672	-	1,514,672
Derivative liabilities		485,177	-	485,177	638,486	-	638,486	489,637	-	489,637
Other liabilities		472,329	-	472,329	491,839	-	491,839	878,751	-	878,751
Current tax liabilities and zakat		30,022	(30,022)	-	52,111	(52,111)	-	53,742	39,900	93,642
<b>Total liabilities</b>		<b>51,353,913</b>	<b>(30,022)</b>	<b>51,323,891</b>	<b>53,092,132</b>	<b>(52,111)</b>	<b>53,040,021</b>	<b>59,700,944</b>	<b>39,900</b>	<b>59,740,844</b>
<b>Equity</b>										
Share capital		291,500	-	291,500	291,500	-	291,500	291,500	-	291,500
Share premium		858,500	-	858,500	858,500	-	858,500	858,500	-	858,500
Statutory reserve		330,660	-	330,660	342,582	-	342,582	352,596	-	352,596
Capital reserve		56,619	-	56,619	56,619	-	56,619	56,619	-	56,619
Fair value reserve		125,915	-	125,915	107,400	-	107,400	131,078	-	131,078
Retained earnings	34 iv) c)	2,688,851	120,859	2,809,710	2,854,506	123,590	2,978,096	3,009,595	152,971	3,162,566
<b>Total equity</b>		<b>4,352,045</b>	<b>120,859</b>	<b>4,472,904</b>	<b>4,511,107</b>	<b>123,590</b>	<b>4,634,697</b>	<b>4,699,888</b>	<b>152,971</b>	<b>4,852,859</b>
<b>Total liabilities and equity</b>		<b>55,705,958</b>	<b>90,837</b>	<b>55,796,795</b>	<b>57,603,239</b>	<b>71,479</b>	<b>57,674,718</b>	<b>64,400,832</b>	<b>192,871</b>	<b>64,593,703</b>

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

**34 TRANSITION TO MFRS (continued)**

i) Statements of Financial Position (continued)

	Note	1 Jan 2011			31 Mar 2011			31 Dec 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
<b>Bank Assets</b>										
Cash and cash equivalents		10,616,038	-	10,616,038	7,014,490	-	7,014,490	7,589,329	-	7,589,329
Deposits and placements with banks and other financial institutions		2,235,614	-	2,235,614	6,220,920	-	6,220,920	2,144,699	-	2,144,699
Securities held-for-trading		505,657	-	505,657	659,910	-	659,910	466,302	-	466,302
Securities available-for-sale		4,904,779	-	4,904,779	5,303,362	-	5,303,362	7,768,300	-	7,768,300
Loans, advances and financing	34 iv) a)	32,656,423	159,600	32,816,023	33,351,334	163,004	33,514,338	39,008,465	190,433	39,198,898
Derivative assets		492,132	-	492,132	520,167	-	520,167	616,021	-	616,021
Other assets		395,030	-	395,030	391,069	-	391,069	431,709	-	431,709
Current tax assets		-	48,559	48,559	-	27,064	27,064	-	-	-
Statutory deposits with Bank Negara Malaysia		52,592	-	52,592	20,092	-	20,092	1,241,592	-	1,241,592
Investments in subsidiary companies		256,611	-	256,611	256,611	-	256,611	256,611	-	256,611
Property, plant and equipment		202,825	-	202,825	197,660	-	197,660	201,813	-	201,813
Prepaid lease payments		1,000	-	1,000	991	-	991	964	-	964
Investment properties		20,731	-	20,731	20,411	-	20,411	16,439	-	16,439
Non-current assets held for sale		-	-	-	58	-	58	-	-	-
Deferred tax assets	34 iv) b)	127,725	(124,606)	3,119	127,449	(125,457)	1,992	27,579	(7,708)	19,871
<b>Total assets</b>		<b>52,467,157</b>	<b>83,553</b>	<b>52,550,710</b>	<b>54,084,524</b>	<b>64,611</b>	<b>54,149,135</b>	<b>59,769,823</b>	<b>182,725</b>	<b>59,952,548</b>



**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2012 (continued)****34 TRANSITION TO MFRS (continued)**

## i) Statements of Financial Position (continued)

	Note	1 Jan 2011			31 Mar 2011			31 Dec 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
<b>Bank</b>										
<b>Liabilities</b>										
Deposits from customers		40,381,661	-	40,381,661	40,157,296	-	40,157,296	44,555,869	-	44,555,869
Deposits and placements of banks and other financial institutions		4,734,425	-	4,734,425	6,230,673	-	6,230,673	7,323,838	-	7,323,838
Bills and acceptances payable		270,837	-	270,837	295,800	-	295,800	315,440	-	315,440
Recourse obligation on loans sold to Cagamas Berhad		329,988	-	329,988	322,622	-	322,622	65,611	-	65,611
Subordinated term loan/bonds		1,504,132	-	1,504,132	1,499,459	-	1,499,459	1,514,672	-	1,514,672
Derivative liabilities		477,549	-	477,549	633,853	-	633,853	488,409	-	488,409
Other liabilities		440,166	-	440,166	438,275	-	438,275	825,305	-	825,305
Current tax liabilities and zakat		28,124	(28,124)	-	49,619	(49,619)	-	53,722	39,900	93,622
<b>Total liabilities</b>		<b>48,166,882</b>	<b>(28,124)</b>	<b>48,138,758</b>	<b>49,627,597</b>	<b>(49,619)</b>	<b>49,577,978</b>	<b>55,142,866</b>	<b>39,900</b>	<b>55,182,766</b>
<b>Equity</b>										
Share capital		291,500	-	291,500	291,500	-	291,500	291,500	-	291,500
Share premium		858,500	-	858,500	858,500	-	858,500	858,500	-	858,500
Statutory reserve		322,000	-	322,000	322,000	-	322,000	322,000	-	322,000
Fair value reserve		124,058	-	124,058	108,023	-	108,023	128,533	-	128,533
Retained earnings	34 iv) c)	2,704,217	111,677	2,815,894	2,876,904	114,230	2,991,134	3,026,424	142,825	3,169,249
<b>Total equity</b>		<b>4,300,275</b>	<b>111,677</b>	<b>4,411,952</b>	<b>4,456,927</b>	<b>114,230</b>	<b>4,571,157</b>	<b>4,626,957</b>	<b>142,825</b>	<b>4,769,782</b>
<b>Total liabilities and equity</b>		<b>52,467,157</b>	<b>83,553</b>	<b>52,550,710</b>	<b>54,084,524</b>	<b>64,611</b>	<b>54,149,135</b>	<b>59,769,823</b>	<b>182,725</b>	<b>59,952,548</b>

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2012 (continued)****34 TRANSITION TO MFRS (continued)**

## ii) Statements of Profit or Loss and Other Comprehensive Income

	Note	Quarter ended 31 Mar 2011			Year to date ended 31 Dec 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
<b>Group</b>							
Interest income		552,564	-	552,564	2,446,088	-	2,446,088
Interest expense		(263,556)	-	(263,556)	(1,232,882)	-	(1,232,882)
Net interest income		289,008	-	289,008	1,213,206	-	1,213,206
Income from Islamic banking operations		44,365	-	44,365	188,056	-	188,056
Net fee and commission income	34 iv) g)	65,955	(772)	65,183	272,034	-	272,034
Net trading income	34 iv) g)	48,930	395	49,325	146,858	-	146,858
Other operating income	34 iv) g)	3,598	374	3,972	56,270	-	56,270
<b>Operating income</b>		451,856	(3)	451,853	1,876,424	-	1,876,424
Personnel and operating expenses	34 iv) g)	(168,877)	(72)	(168,949)	(746,218)	-	(746,218)
<b>Operating profit before allowance for impairment loss and provision</b>		282,979	(75)	282,904	1,130,206	-	1,130,206
Impairment allowance on loans, advances and financing	34 iv) d)	(33,195)	3,716	(29,479)	(129,068)	33,688	(95,380)
Impairment allowance on investment properties		-	-	-	(2,205)	-	(2,205)
Reversal of impairment allowance on property, plant and equipment		-	-	-	3,836	-	3,836
<b>Profit before income tax expense and zakat</b>		249,784	3,641	253,425	1,002,769	33,688	1,036,457
Income tax expense	34 iv) e)	(63,246)	(910)	(64,156)	(253,904)	(1,576)	(255,480)
Zakat		(15)	-	(15)	(20)	-	(20)
<b>Profit for the period</b>		186,523	2,731	189,254	748,845	32,112	780,957

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2012 (continued)****34 TRANSITION TO MFRS (continued)**

## ii) Statements of Profit or Loss and Other Comprehensive Income (continued)

	Quarter ended 31 Mar 2011			Year to date ended 31 Dec 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
<b>Group</b>						
<b>Other comprehensive income, net of tax Items that may be reclassified subsequently to profit or loss</b>						
Fair value of securities available-for-sale						
- Change in fair value	(22,120)	-	(22,120)	27,467	-	27,467
- Amount transferred to profit or loss	(3,517)	-	(3,517)	(17,721)	-	(17,721)
Income tax expense relating to components of other comprehensive income	7,122	-	7,122	(4,583)	-	(4,583)
<b>Other comprehensive (expense)/income for the period, net of tax</b>	(18,515)	-	(18,515)	5,163	-	5,163
<b>Total comprehensive income for the period</b>	168,008	2,731	170,739	754,008	32,112	786,120
<b>Profit attributable to shareholder of the Bank</b>	186,523	2,731	189,254	748,845	32,112	780,957
<b>Total comprehensive income attributable to shareholder of the Bank</b>	168,008	2,731	170,739	754,008	32,112	786,120
<b>Basic earnings per ordinary share (sen)</b>	61.8	0.9	62.7	254.2	11.2	265.4

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2012 (continued)****34 TRANSITION TO MFRS (continued)**

ii) Statements of Profit or Loss and Other Comprehensive Income (continued)

	Note	Quarter ended 31 Mar 2011			Year to date ended 31 Dec 2011		
		FRS	Effect of transition to MFRS	MFRS	FRS	Effect of transition to MFRS	MFRS
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>							
Interest income		559,643	-	559,643	2,469,750	-	2,469,750
Interest expense		(263,562)	-	(263,562)	(1,232,907)	-	(1,232,907)
Net interest income		296,081	-	296,081	1,236,843	-	1,236,843
Net fee and commission income	34 iv) g)	77,632	(12,449)	65,183	272,034	-	272,034
Net trading income	34 iv) g)	48,930	395	49,325	146,858	-	146,858
Other operating income	34 iv) g)	3,623	12,051	15,674	107,669	-	107,669
<b>Operating income</b>		426,266	(3)	426,263	1,763,404	-	1,763,404
Personnel and operating expenses	34 iv) g)	(156,332)	(72)	(156,404)	(685,184)	-	(685,184)
<b>Operating profit before allowance for impairment loss and provision</b>		269,934	(75)	269,859	1,078,220	-	1,078,220
Impairment allowance on loans, advances and financing	34 iv) d)	(26,790)	3,479	(23,311)	(101,477)	30,833	(70,644)
Impairment allowance on investment properties		-	-	-	(2,205)	-	(2,205)
Reversal of impairment allowance on property, plant and equipment		-	-	-	3,836	-	3,836
<b>Profit before income tax expense and zakat</b>		243,144	3,404	246,548	978,374	30,833	1,009,207
Income tax expense	34 iv) e)	(61,511)	(851)	(62,362)	(250,002)	315	(249,687)
<b>Profit for the period</b>		181,633	2,553	184,186	728,372	31,148	759,520

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2012 (continued)****34 TRANSITION TO MFRS (continued)**

## ii) Statements of Profit or Loss and Other Comprehensive Income (continued)

	Quarter ended 31 Mar 2011			Year to date ended 31 Dec 2011		
	FRS	Effect of transition to MFRS	MFRS	FRS	Effect of transition to MFRS	MFRS
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>						
<b>Other comprehensive income, net of tax items that may be reclassified subsequently to profit or loss</b>						
Fair value of securities available-for-sale						
- Change in fair value	(21,984)	-	(21,984)	25,717	-	25,717
- Amount transferred to profit or loss on disposal	(1,075)	-	(1,075)	(17,097)	-	(17,097)
Income tax expense relating to components of other comprehensive income/(expense)	7,024	-	7,024	(4,145)	-	(4,145)
<b>Other comprehensive (expense)/income for the period, net of tax</b>	(16,035)	-	(16,035)	4,475	-	4,475
<b>Total comprehensive income for the period</b>	165,598	2,553	168,151	732,847	31,148	763,995
<b>Profit attributable to shareholder of the Bank</b>	181,633	2,553	184,186	728,372	31,148	759,520
<b>Total comprehensive income attributable to shareholder of the Bank</b>	165,598	2,553	168,151	732,847	31,148	763,995
<b>Basic earnings per ordinary share (sen)</b>	60.1	0.9	61.0	247.1	10.8	257.9

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

**34 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) Loans, advances and financing

	1 Jan 2011			31 Mar 2011			31 Dec 2011		
	FRS	Effect of transition to MFRS	MFRS	FRS	Effect of transition to MFRS	MFRS	FRS	Effect of transition to MFRS	MFRS
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>									
Gross loans, advances and financing	36,068,718	-	36,068,718	36,858,502	-	36,858,502	43,141,815	-	43,141,815
Impairment allowance:									
- Individually assessed	(389,872)	-	(389,872)	(401,174)	-	(401,174)	(318,091)	-	(318,091)
- Collectively assessed	(535,727)	170,273	(365,454)	(547,338)	173,914	(373,424)	(642,695)	203,961	(438,734)
Net loans, advances and financing	<u>35,143,119</u>	<u>170,273</u>	<u>35,313,392</u>	<u>35,909,990</u>	<u>173,914</u>	<u>36,083,904</u>	<u>42,181,029</u>	<u>203,961</u>	<u>42,384,990</u>
<b>Bank</b>									
Gross loans, advances and financing	33,512,980	-	33,512,980	34,226,323	-	34,226,323	39,892,127	-	39,892,127
Impairment allowance:									
- Individually assessed	(358,784)	-	(358,784)	(366,615)	-	(366,615)	(289,280)	-	(289,280)
- Collectively assessed	(497,773)	159,600	(338,173)	(508,374)	163,004	(345,370)	(594,382)	190,433	(403,949)
Net loans, advances and financing	<u>32,656,423</u>	<u>159,600</u>	<u>32,816,023</u>	<u>33,351,334</u>	<u>163,004</u>	<u>33,514,338</u>	<u>39,008,465</u>	<u>190,433</u>	<u>39,198,898</u>

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2012 (continued)****34 TRANSITION TO MFRS (continued)**

## iv) Explanatory Notes (continued)

## a) Loans, advances and financing (continued)

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

Collectively assessed impairment allowance

	31 Mar 2011			31 Dec 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
<b>Group</b>						
Balance at 1 January	535,727	(170,273)	365,454	535,727	(170,273)	365,454
Allowance made during the period/year	11,611	(3,641)	7,970	106,968	(33,688)	73,280
Balance at 31 March/31 December	<b>547,338</b>	<b>(173,914)</b>	<b>373,424</b>	<b>642,695</b>	<b>(203,961)</b>	<b>438,734</b>
<b>Bank</b>						
Balance at 1 January	497,773	(159,600)	338,173	497,773	(159,600)	338,173
Allowance made during the period/year	10,601	(3,404)	7,197	96,609	(30,833)	65,776
Balance at 31 March/31 December	<b>508,374</b>	<b>(163,004)</b>	<b>345,370</b>	<b>594,382</b>	<b>(190,433)</b>	<b>403,949</b>

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

**34 TRANSITION TO MFRS (continued)**

iv) Explanatory Notes (continued)

b) Deferred tax assets

	1 Jan 2011			31 Mar 2011			31 Dec 2011		
	FRS	Effect of transition to MFRS	MFRS	FRS	Effect of transition to MFRS	MFRS	FRS	Effect of transition to MFRS	MFRS
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>									
Impairment allowance on securities available-for-sale	190	-	190	190	-	190	165	-	165
Temporary differences arising from leasing business	4,317	-	4,317	4,410	-	4,410	5,015	-	5,015
Excess of capital allowance over depreciation	(14,886)	(324) #	(15,210)	(13,859)	(324) #	(14,183)	(13,015)	-	(13,015)
Collectively assessed impairment allowance on loans, advances and financing	133,773	(133,769) #	4	136,679	(134,679) ^	2,000	26,753	(8,422)	18,331
Changes in fair value of financial instruments	(7,103)	-	(7,103)	539	-	539	(11,686)	-	(11,686)
Other temporary differences	21,605	4,106 #	25,711	9,993	4,106 #	14,099	24,060	-	24,060
	<b>137,896</b>	<b>(129,987)</b>	<b>7,909</b>	<b>137,952</b>	<b>(130,897)</b>	<b>7,055</b>	<b>31,292</b>	<b>(8,422)</b>	<b>22,870</b>

# Under provision of deferred tax in respect of prior year provided in 2011 being accounted retrospectively in preparing the Group's opening MFRS statements of financial position.

^ Included is the under provision of deferred tax in respect of prior year provided in 2011 being accounted retrospectively in preparing the Group's opening MFRS statements of financial position of RM133,769.



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

**34 TRANSITION TO MFRS (continued)**

iv) Explanatory Notes (continued)

b) Deferred tax assets (continued)

	1 Jan 2011			31 Mar 2011			31 Dec 2011		
	FRS	Effect of transition to MFRS	MFRS	FRS	Effect of transition to MFRS	MFRS	FRS	Effect of transition to MFRS	MFRS
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Bank</b>									
Impairment allowance on securities available-for-sale	190	-	190	190	-	190	165	-	165
Temporary differences arising from leasing business	4,322	-	4,322	4,410	-	4,410	4,967	-	4,967
Excess of capital allowance over depreciation	(13,878)	(322) #	(14,200)	(12,908)	(322) #	(13,230)	(12,145)	-	(12,145)
Collectively assessed impairment allowance on loans, advances and financing	124,284	(124,284) #	-	126,934	(125,135) ^	1,799	24,152	(7,708)	16,444
Changes in fair value of financial instruments	(7,070)	-	(7,070)	(46)	-	(46)	(11,215)	-	(11,215)
Other temporary differences	19,877	-	19,877	8,869	-	8,869	21,655	-	21,655
	<b>127,725</b>	<b>(124,606)</b>	<b>3,119</b>	<b>127,449</b>	<b>(125,457)</b>	<b>1,992</b>	<b>27,579</b>	<b>(7,708)</b>	<b>19,871</b>

# Under provision of deferred tax in respect of prior year provided in 2011 being accounted retrospectively in preparing the Bank's opening MFRS statements of financial position.

^ Included is the under provision of deferred tax in respect of prior year provided in 2011 being accounted retrospectively in preparing the Bank's opening MFRS statements of financial position of RM124,284.

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

**34 TRANSITION TO MFRS (continued)**

iv) Explanatory Notes (continued)

c) Retained earnings

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

	Group			Bank		
	1 Jan 2011 RM'000	31 Mar 2011 RM'000	31 Dec 2011 RM'000	1 Jan 2011 RM'000	31 Mar 2011 RM'000	31 Dec 2011 RM'000
Collectively assessed impairment loss on loans, advances and financing	170,273	173,914	203,961	159,600	163,004	190,433
Tax effect of collectively assessed impairment loss on loans, advances and financing	(42,568)	(43,478)	(50,990)	(39,900)	(40,751)	(47,608)
Adjustment of under provision of deferred tax in prior year provided in 2011 <sup>#</sup>	(129,987)	(129,987)	-	(124,606)	(124,606)	-
Adjustment of over provision of current tax in prior year provided in 2011 <sup>#</sup>	123,141	123,141	-	116,583	116,583	-
	<u>120,859</u>	<u>123,590</u>	<u>152,971</u>	<u>111,677</u>	<u>114,230</u>	<u>142,825</u>

<sup>#</sup> Under provision of deferred tax and over provision of current tax in respect of prior year provided in 2011 being accounted retrospectively in preparing the Group's and the Bank's opening MFRS statements of financial position.

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

**34 TRANSITION TO MFRS (continued)**

iv) Explanatory Notes (continued)

d) Impairment allowance on impaired loans, advances and financing

	Note	Quarter ended 31 Mar 2011			Year to date ended 31 Dec 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
<b>Group</b>							
Impairment allowance of impaired loans, advances and financing:							
i) Individually assessed							
- Made during the period		57,352	-	57,352	180,375	-	180,375
- Written back		(28,940)	-	(28,940)	(118,136)	-	(118,136)
ii) Collectively assessed							
- Made/(Written back) during the period	34 iv) a)	11,611	(3,641)	7,970	106,968	(33,688)	73,280
Impaired loans, advances and financing							
- Recovered during the period	34 iv) f)	(6,918)	15	(6,903)	(40,203)	-	(40,203)
Others	34 iv) f)	90	(90)	-	64	-	64
		<b>33,195</b>	<b>(3,716)</b>	<b>29,479</b>	<b>129,068</b>	<b>(33,688)</b>	<b>95,380</b>
<b>Bank</b>							
Impairment allowance of impaired loans, advances and financing:							
i) Individually assessed							
- Made during the period		46,047	-	46,047	142,795	-	142,795
- Written back		(24,492)	-	(24,492)	(104,335)	-	(104,335)
ii) Collectively assessed							
- Made/(Written back) during the period	34 iv) a)	10,601	(3,404)	7,197	96,609	(30,833)	65,776
Impaired loans, advances and financing							
- Recovered during the period	34 iv) f)	(5,441)	15	(5,426)	(33,641)	-	(33,641)
Others	34 iv) f)	75	(90)	(15)	49	-	49
		<b>26,790</b>	<b>(3,479)</b>	<b>23,311</b>	<b>101,477</b>	<b>(30,833)</b>	<b>70,644</b>

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

**34 TRANSITION TO MFRS (continued)**

iv) Explanatory Notes (continued)

e) Income tax expense

	Quarter ended 31 Mar 2011			Year to date ended 31 Dec 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
<b>Group</b>						
Malaysian income tax:						
- Current period	55,452	-	55,452	274,817	-	274,817
- Over provision in prior years	-	-	-	(123,141)	123,141 #	-
	55,452	-	55,452	151,676	123,141	274,817
Deferred tax:						
- Origination and reversal of temporary differences	7,794	910	8,704	(27,759)	8,422	(19,337)
- Under provision in prior years	-	-	-	129,987	(129,987) #	-
	7,794	910	8,704	102,228	(121,565)	(19,337)
	63,246	910	64,156	253,904	1,576	255,480
<b>Bank</b>						
Malaysian income tax:						
- Current period	54,211	-	54,211	270,584	-	270,584
- Over provision in prior years	-	-	-	(116,583)	116,583 #	-
	54,211	-	54,211	154,001	116,583	270,584
Deferred tax:						
- Origination and reversal of temporary differences	7,300	851	8,151	(28,605)	7,708	(20,897)
- Under provision in prior years	-	-	-	124,606	(124,606) #	-
	7,300	851	8,151	96,001	(116,898)	(20,897)
	61,511	851	62,362	250,002	(315)	249,687

# Under provision of deferred tax in respect of prior year provided in 2011 being accounted retrospectively in preparing the Group's and the Bank's opening MFRS statements of financial position.

The effect of transition to MFRSs does not change the average effective tax rate of the Group and of the Bank which remains to be at 25.3% and 25.6% respectively.

**EXPLANATORY NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
- 31 MARCH 2012 (continued)****34 TRANSITION TO MFRS (continued)**

## iv) Explanatory Notes (continued)

## f) Capital Adequacy

The Group and bank has restated its comparatives for collective impairment allowances and the consequent changes to other comparatives are shown below.

	<b>Group</b>		<b>Bank</b>	
	As previously reported RM'000	As restated RM'000	As previously reported RM'000	As restated RM'000
<u>Tier-2 capital</u>				
Regulatory reserves for CIP adjustment	-	161,393	-	150,533
General provisions under standardised approach	32,898	22,449	20,314	13,799
Excess of total EL over total EP under the IRB approach	(70,455)	(263,771)	(74,091)	(257,891)
<u>Before deducting proposed dividends</u>				
Risk-weighted capital ratio	15.95%	15.84%	16.04%	15.92%
<u>After deducting proposed dividends</u>				
Risk-weighted capital ratio	15.06%	14.94%	15.06%	14.95%

## g) Change of comparative figures

Certain comparative figures have been restated to conform with current presentation as follows:

	<b>Group</b>		<b>Bank</b>	
	As previously reported RM'000	As restated RM'000	As previously reported RM'000	As restated RM'000
<b>Statements of Profit or Loss and Other Comprehensive Income</b>				
Net fee and commission income	65,955	65,183	77,632	65,183
Net trading income	48,930	49,325	48,930	49,325
Other operating income	3,598	3,972	3,623	15,674
Personnel and operating expenses	(168,877)	(168,949)	(156,332)	(156,404)
Impairment allowance on loans, advances and financing				
i) Impaired loans, advances and financing				
- Recovered during the period	(6,918)	(6,903)	(5,441)	(5,426)
ii) Others	90	-	75	(15)