

Company No. 295400-W

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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

Domiciled in Malaysia  
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50050 Kuala Lumpur

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

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OCBC BANK (MALAYSIA) BERHAD  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013**

	Note	Group		Bank	
		30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
<b>ASSETS</b>					
Cash and cash equivalents		7,673,609	11,250,208	7,261,869	11,850,982
Deposits and placements with banks and other financial institutions		2,487,556	1,285,868	3,575,124	1,953,967
Financial assets held-for-trading	13	953,286	228,230	953,286	228,230
Financial investments available-for-sale	14	10,549,490	9,813,105	8,499,460	7,559,727
Loans, advances and financing	15	53,556,186	47,478,794	47,716,367	43,183,072
Derivative financial assets	17	864,165	544,241	864,143	544,129
Other assets	18	233,868	269,322	439,336	456,859
Statutory deposits with Bank Negara Malaysia		1,808,492	1,625,592	1,555,092	1,411,092
Investment in subsidiary companies		-	-	376,617	346,617
Property, plant and equipment		260,380	255,428	251,925	247,403
Prepaid lease payments		901	928	901	928
Investment properties		12,837	13,040	12,837	13,040
Non-current assets held for sale		-	2,822	-	2,822
Deferred tax assets		1,882	2,566	-	-
Current tax assets		-	443	-	-
<b>Total assets</b>		<b>78,402,652</b>	<b>72,770,587</b>	<b>71,506,957</b>	<b>67,798,868</b>
<b>LIABILITIES</b>					
Deposits from customers	19	61,097,531	55,480,255	54,976,305	51,071,317
Deposits and placements of banks and other financial institutions	20	8,196,854	8,479,493	7,687,670	8,078,172
Bills and acceptances payable		217,363	356,718	203,957	341,923
Recourse obligation on loans sold to Cagamas Berhad		-	25,662	-	25,662
Subordinated term loan/bonds	21	1,699,647	1,705,231	1,699,647	1,705,231
Derivative financial liabilities	17	726,138	503,574	726,158	503,511
Other liabilities	22	990,047	927,809	956,344	916,465
Current tax liabilities and zakat		31,868	32,868	28,730	32,843
Deferred tax liabilities		288	1,809	288	1,809
<b>Total liabilities</b>		<b>72,959,736</b>	<b>67,513,419</b>	<b>66,279,099</b>	<b>62,676,933</b>
<b>EQUITY</b>					
Share capital		291,500	291,500	291,500	291,500
Reserves		5,151,416	4,965,668	4,936,358	4,830,435
<b>Total equity</b>		<b>5,442,916</b>	<b>5,257,168</b>	<b>5,227,858</b>	<b>5,121,935</b>
<b>Total liabilities and equity</b>		<b>78,402,652</b>	<b>72,770,587</b>	<b>71,506,957</b>	<b>67,798,868</b>
<b>Commitments and contingencies</b>	32	<b>87,340,872</b>	<b>93,576,669</b>	<b>85,917,547</b>	<b>91,607,682</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 2012 and the accompanying explanatory notes on pages 10 to 37 of these unaudited condensed interim financial statements.*

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

<b>Group</b>	Note	<b>Quarter ended</b>		<b>Year to date ended</b>	
		<b>30 September 2013</b>	<b>30 September 2012</b>	<b>30 September 2013</b>	<b>30 September 2012</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	23	731,458	710,069	2,110,259	2,052,410
Interest expense	23	(411,383)	(404,360)	(1,164,045)	(1,143,912)
Net interest income	23	320,075	305,709	946,214	908,498
Income from Islamic banking operations	24	100,579	64,314	272,244	175,293
Net fee and commission income	25	87,204	58,845	225,071	212,694
Net trading income	26	9,454	43,398	115,217	166,589
Other operating income	27	11,286	15,268	43,656	50,869
Operating income		528,598	487,534	1,602,402	1,513,943
Operating expenses	28	(222,832)	(222,191)	(641,914)	(616,017)
Operating profit before impairment allowance and provision		305,766	265,343	960,488	897,926
Reversal of provision for commitments and contingencies		-	2,895	-	2,895
Impairment allowance on loans, advances and financing	29	(20,211)	(28,022)	(43,455)	(67,016)
Write back of impairment allowance on investment properties		-	341	-	1,642
Profit before income tax expense and zakat		285,555	240,557	917,033	835,447
Income tax expense	30	(69,959)	(61,112)	(226,498)	(210,402)
Zakat		(8)	(7)	(23)	(19)
<b>Profit for the period</b>		<b>215,588</b>	<b>179,438</b>	<b>690,512</b>	<b>625,026</b>
<b>Other comprehensive income, net of income tax expense</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Fair value (available-for-sale) reserve					
- Change in fair value		(16,093)	3,703	(66,834)	40,581
- Amount transferred to profit or loss		(1,625)	(9,005)	(32,881)	(38,436)
Income tax expense relating to components of other comprehensive income		4,293	1,306	22,678	(1,241)
<b>Other comprehensive (loss)/income for the period, net of tax</b>		<b>(13,425)</b>	<b>(3,996)</b>	<b>(77,037)</b>	<b>904</b>
<b>Total comprehensive income for the period</b>		<b>202,163</b>	<b>175,442</b>	<b>613,475</b>	<b>625,930</b>
Profit attributable to shareholder of the Bank		215,588	179,438	690,512	625,026
Total comprehensive income attributable to shareholder of the Bank		202,163	175,442	613,475	625,930
<b>Basic earnings per ordinary share (sen)</b>		<b>71.8</b>	<b>59.3</b>	<b>233.9</b>	<b>211.1</b>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2012 and the accompanying explanatory notes on pages 10 to 37 of these unaudited condensed interim financial statements.*

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013 (CONTINUED)**

<b>Bank</b>	Note	<b>Quarter ended</b>		<b>Year to date ended</b>	
		<b>30 September 2013</b>	<b>30 September 2012</b>	<b>30 September 2013</b>	<b>30 September 2012</b>
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	23	747,472	717,241	2,147,554	2,073,035
Interest expense	23	(413,882)	(406,143)	(1,172,053)	(1,151,242)
Net interest income	23	333,590	311,098	975,501	921,793
Net fee and commission income	25	87,204	58,845	225,071	212,694
Net trading income	26	9,454	43,398	115,217	166,589
Other operating income	27	27,679	31,707	93,761	94,441
Operating income		457,927	445,048	1,409,550	1,395,517
Operating expenses	28	(206,809)	(205,870)	(600,889)	(567,539)
Operating profit before impairment allowance and provision		251,118	239,178	808,661	827,978
Reversal of provision for commitments and contingencies		-	2,895	-	2,895
Impairment allowance on loans, advances and financing	29	(5,107)	(18,046)	(5,561)	(36,530)
Write back of impairment allowance on investment properties		-	341	-	1,642
Profit before income tax expense and zakat		246,011	224,368	803,100	795,985
Income tax expense	30	(61,511)	(58,150)	(202,794)	(201,814)
<b>Profit for the period</b>		<b>184,500</b>	<b>166,218</b>	<b>600,306</b>	<b>594,171</b>
<b>Other comprehensive income, net of income tax expense</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Fair value (available-for-sale) reserve					
- Change in fair value		(15,719)	3,241	(59,086)	35,124
- Amount transferred to profit or loss		(1,624)	(7,604)	(26,787)	(37,035)
Income tax expense relating to components of other comprehensive income		4,199	1,254	19,217	(45)
<b>Other comprehensive loss for the period, net of tax</b>		<b>(13,144)</b>	<b>(3,109)</b>	<b>(66,656)</b>	<b>(1,956)</b>
<b>Total comprehensive income for the period</b>		<b>171,356</b>	<b>163,109</b>	<b>533,650</b>	<b>592,215</b>
Profit attributable to shareholder of the Bank		184,500	166,218	600,306	594,171
Total comprehensive income attributable to shareholder of the Bank		171,356	163,109	533,650	592,215
<b>Basic earnings per ordinary share (sen)</b>		<b>61.0</b>	<b>54.7</b>	<b>202.5</b>	<b>200.4</b>

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

	<i>Non-distributable</i>				<i>Distributable</i>		<b>Total equity RM'000</b>
	<b>Share capital RM'000</b>	<b>Share premium RM'000</b>	<b>Statutory reserve RM'000</b>	<b>Capital reserve RM'000</b>	<b>Fair value reserve RM'000</b>	<b>Retained earnings RM'000</b>	
<b>Group</b>							
Balance at 1 January 2013	291,500	858,500	375,643	56,619	142,702	3,532,204	5,257,168
Fair value (available-for-sale) reserve							
- Change in fair value	-	-	-	-	(66,834)	-	(66,834)
- Amount transferred to profit or loss	-	-	-	-	(32,881)	-	(32,881)
Income tax expense relating to components of other comprehensive income	-	-	-	-	22,678	-	22,678
<b>Total other comprehensive loss for the period</b>	-	-	-	-	(77,037)	-	(77,037)
Profit for the period	-	-	-	-	-	690,512	690,512
<b>Total comprehensive (loss)/ income for the period</b>	-	-	-	-	(77,037)	690,512	613,475
<i>Contributions by and distributions to owner of the Bank</i>							
Dividends paid							
- Final 2012 ordinary	-	-	-	-	-	(345,000)	(345,000)
- Interim 2013 ordinary	-	-	-	-	-	(64,687)	(64,687)
- Preference	-	-	-	-	-	(18,040)	(18,040)
Balance at 30 September 2013	<u>291,500</u>	<u>858,500</u>	<u>375,643</u>	<u>56,619</u>	<u>65,665</u>	<u>3,794,989</u>	<u>5,442,916</u>
Balance at 1 January 2012	291,500	858,500	352,596	56,619	131,078	3,150,130	4,840,423
Fair value (available-for-sale) reserve							
- Change in fair value	-	-	-	-	40,581	-	40,581
- Amount transferred to profit or loss	-	-	-	-	(38,436)	-	(38,436)
Income tax expense relating to components of other comprehensive income	-	-	-	-	(1,241)	-	(1,241)
<b>Total other comprehensive income for the period</b>	-	-	-	-	904	-	904
Profit for the period	-	-	-	-	-	625,026	625,026
<b>Total comprehensive income for the period</b>	-	-	-	-	904	625,026	625,930
<i>Contributions by and distributions to owner of the Bank</i>							
Dividends paid							
- Final 2011 ordinary	-	-	-	-	-	(323,438)	(323,438)
- Interim 2012 ordinary	-	-	-	-	-	(64,687)	(64,687)
- Preference	-	-	-	-	-	(18,093)	(18,093)
Balance at 30 September 2012	<u>291,500</u>	<u>858,500</u>	<u>352,596</u>	<u>56,619</u>	<u>131,982</u>	<u>3,368,938</u>	<u>5,060,135</u>

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 2012 and the accompanying explanatory notes on pages 10 to 37 of these unaudited condensed interim financial statements.

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

	<i>Non-distributable</i>			<i>Distributable</i>		<b>Total equity RM'000</b>
	<b>Share capital RM'000</b>	<b>Share premium RM'000</b>	<b>Statutory reserve RM'000</b>	<b>Fair value reserve RM'000</b>	<b>Retained earnings RM'000</b>	
<b>Bank</b>						
Balance at 1 January 2013	291,500	858,500	322,000	137,027	3,512,908	5,121,935
Fair value (available-for-sale) reserve						
- Change in fair value	-	-	-	(59,086)	-	(59,086)
- Amount transferred to profit or loss	-	-	-	(26,787)	-	(26,787)
Income tax expense relating to components of other comprehensive income	-	-	-	19,217	-	19,217
<b>Total other comprehensive loss for the period</b>	-	-	-	(66,656)	-	(66,656)
Profit for the period	-	-	-	-	600,306	600,306
<b>Total comprehensive (loss)/ income for the period</b>	-	-	-	(66,656)	600,306	533,650
<i>Contributions by and distributions to the owner of the Bank</i>						
Dividends paid						
- Final 2012 ordinary	-	-	-	-	(345,000)	(345,000)
- Interim 2013 ordinary	-	-	-	-	(64,687)	(64,687)
- Preference	-	-	-	-	(18,040)	(18,040)
Balance at 30 September 2013	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>70,371</u>	<u>3,685,487</u>	<u>5,227,858</u>
Balance at 1 January 2012	291,500	858,500	322,000	128,533	3,154,398	4,754,931
Fair value (available-for-sale) reserve						
- Change in fair value	-	-	-	35,124	-	35,124
- Amount transferred to profit or loss	-	-	-	(37,035)	-	(37,035)
Income tax expense relating to components of other comprehensive income	-	-	-	(45)	-	(45)
<b>Total other comprehensive loss for the period</b>	-	-	-	(1,956)	-	(1,956)
Profit for the period	-	-	-	-	594,171	594,171
<b>Total comprehensive (loss)/ income for the period</b>	-	-	-	(1,956)	594,171	592,215
<i>Contributions by and distributions to owner of the Bank</i>						
Dividends paid						
- Final 2011 ordinary	-	-	-	-	(323,438)	(323,438)
- Interim 2012 ordinary	-	-	-	-	(64,687)	(64,687)
- Preference	-	-	-	-	(18,093)	(18,093)
Balance at 30 September 2012	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>126,577</u>	<u>3,342,351</u>	<u>4,940,928</u>

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

	<b>Group</b>		<b>Bank</b>	
	<b>Year to date ended</b>		<b>Year to date ended</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>				
Profit before income tax expense and zakat	917,033	835,447	803,100	795,985
<i>Adjustments for:</i>				
Net (gain)/loss from disposal of:				
- Financial investments available-for-sale	(32,881)	(38,436)	(26,787)	(37,035)
- Investment properties	(8,385)	(5,557)	(8,385)	(5,557)
- Property, plant and equipment	286	81	286	81
Amortisation of prepaid lease payments	27	27	27	27
Dividends on financial investments available-for-sale	(655)	(658)	(655)	(658)
Depreciation of property, plant and equipment	38,459	28,780	35,799	27,369
Depreciation of investment properties	129	162	129	162
Impairment allowance on loans, advances and financing	43,455	67,016	5,561	36,530
Share-based expenses	2,986	4,799	2,914	4,635
Unrealised (gain)/loss on:				
- Financial assets held-for-trading	582	3,270	582	3,270
- Trading derivatives	(140,564)	41,855	(140,564)	41,855
- Hedging derivatives	197	(70)	197	(70)
Write back of impairment allowance on investment properties	-	(1,642)	-	(1,642)
Operating profit before changes in working capital	820,669	935,074	672,204	864,952
<i>(Increase)/Decrease in operating assets and Increase/(Decrease) in operating liabilities:</i>				
Deposits and placements with banks and other financial institutions	(1,201,688)	(1,258,667)	(1,621,157)	(1,302,203)
Financial assets held-for-trading	(725,638)	(638,833)	(725,638)	(638,833)
Loans, advances and financing	(6,120,847)	(4,191,009)	(4,538,856)	(3,344,325)
Other assets	35,454	(53,514)	17,523	(62,411)
Statutory deposits with Bank Negara Malaysia	(182,900)	(201,100)	(144,000)	(160,000)
Derivative financial assets and liabilities	45,573	2,038	45,566	2,032
Deposits from customers	5,617,276	8,279,304	3,904,988	7,700,817
Deposits and placements of banks and other financial institutions	(282,639)	(2,214,795)	(390,502)	(2,493,950)
Bills and acceptances payable	(139,355)	54,321	(137,966)	69,541
Recourse obligation on loans sold to Cagamas Berhad	(25,662)	(39,476)	(25,662)	(39,476)
Other liabilities	59,245	153,665	36,967	118,172
<b>Cash (used in)/generated from operations</b>	<b>(2,100,512)</b>	<b>827,008</b>	<b>(2,906,533)</b>	<b>714,316</b>
Income tax and zakat paid	(205,235)	(150,311)	(189,210)	(147,727)
<b>Net cash (used in)/generated from operating activities</b>	<b>(2,305,747)</b>	<b>676,697</b>	<b>(3,095,743)</b>	<b>566,589</b>



**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013 (CONTINUED)**

	<b>Group</b>		<b>Bank</b>	
	<b>Year to date ended</b>		<b>Year to date ended</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from investing activities</b>				
Acquisition of financial investments				
available-for-sale	(9,742,131)	(14,011,674)	(7,608,624)	(9,870,466)
Acquisition of property, plant and equipment	(44,651)	(90,321)	(41,949)	(88,315)
Dividends received from financial investments				
available-for-sale	655	658	655	658
Increase in investments in subsidiary companies	-	-	(30,000)	(90,000)
Proceeds from disposal of financial investments				
available-for-sale	8,930,759	12,212,824	6,601,652	8,647,099
Proceeds from disposal of investment properties	11,281	9,184	11,281	9,184
Proceeds from disposal of property, plant and equipment	962	23,701	1,342	23,681
<b>Net cash used in investing activities</b>	<b>(843,125)</b>	<b>(1,855,628)</b>	<b>(1,065,643)</b>	<b>(1,368,159)</b>
<b>Cash flows from financing activities</b>				
Dividends paid to preference shareholders	(18,040)	(18,093)	(18,040)	(18,093)
Dividends paid to shareholders of the Bank	(409,687)	(323,438)	(409,687)	(323,438)
Proceed from subordinated term loan/bonds (net)	-	599,723	-	599,723
<b>Net cash used in financing activities</b>	<b>(427,727)</b>	<b>258,192</b>	<b>(427,727)</b>	<b>258,192</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,576,599)</b>	<b>(920,739)</b>	<b>(4,589,113)</b>	<b>(543,378)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>11,250,208</b>	<b>7,750,700</b>	<b>11,850,982</b>	<b>7,580,455</b>
<b>Cash and cash equivalents at 30 September</b>	<b>7,673,609</b>	<b>6,829,961</b>	<b>7,261,869</b>	<b>7,037,077</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 2012 and the accompanying explanatory notes on pages 10 to 37 of these unaudited condensed interim financial statements.*

## **NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013**

### **1 GENERAL INFORMATION**

The principal activities of the Bank are banking and related financial services. The subsidiaries of the Bank are principally engaged in the businesses of Islamic Banking and nominee services. There were no significant changes in the nature of these activities during the financial period.

The unaudited condensed interim financial statements of the Group as at and for the nine months ended 30 September 2013 comprise the Bank and its subsidiary companies, (together referred to as the "Group").

### **2 PERFORMANCE REVIEW**

The Bank and its subsidiary companies ("the Group") recorded a net profit of RM691 million for the first nine months of 2013, registering an increase of RM66 million or 10% compared to the corresponding period for 2012. The increase in net profit was mainly due to higher operating profit of RM63 million or 7% to RM960 million and lower allowances on loans, advances and financing by RM24 million.

Compared to the corresponding period in 2012, total income rose by RM88 million or 6% to RM1,602 million mainly from higher net interest income (+RM38 million or 4%) and increased income from Islamic banking operations (+RM97 million or 55%) supported by a controlled in operating expenses of 4%. The Group continued to improve on its accessibility and convenience to customers in opening two new Islamic branches in Kuala Lumpur at Masjid Jamek and Ampang Park in the first half of 2013.

Loan recoveries increased by RM31 million but was offset by lower individual impairment written back (-RM16 million) during the financial period.

Total assets increased by RM5.6 billion to RM78.4 billion compared against 31 December 2012, mainly attributed by gross loans, advances and financing increased by RM6.1 billion to RM54.4 billion mainly from lending to small medium enterprises (+RM2.2 billion) and house financing (+RM3.0 billion).

Group shareholders' funds strengthened to RM5.4 billion while the Group's and Bank's risk-weighted capital ratio as at 30 September 2013 remained strong at 16.832% and 17.080% respectively.

### **3 ECONOMIC PERFORMANCE AND PROSPECTS**

The 2014 National Budget focused on reinforcing the theme of fiscal responsibility and prudence amid the increased market scrutiny. Malaysia's GDP growth of 4.2% in the first half of this year cemented the view that the economic outlook is looking favourable for the rest of the year. Following the improvement of exports and the acceleration in the growth of the services sector which has kept the momentum going, the positive outlook should translate into a higher GDP forecast for the year 2014. Inflation is expected to remain at a fair level, although the introduction of Goods and Services Tax ("GST") may see a temporary spike in inflation rates despite many essential items being exempted from GST.

In line with the Government's aim to strengthen economic resilience as shared in the National Budget, the Group will continue to cautiously ride on the momentum of the implementation of the Economic Transformation Programme projects, mainly on its corporate and SME portfolios which form the largest contributor to its revenue base. The Group will sustain its market position in residential property financing, building on cross selling of wealth management services in particular in retail banking and Islamic banking, with plans to expand and create more branches to cater to customer needs. While investing in building capabilities and improving systems, the Group will continue to carefully manage its expenses and the quality of its assets.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013  
(continued)**

**4 BASIS OF PREPARATION**

The unaudited condensed interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB").

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 2012. The explanatory notes to 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 2012.

The accounting policies applied by the Group and the Bank in these unaudited condensed interim financial statements are consistent with those applied by the Group and the Bank in its consolidated annual financial statements for the year ended 31 December 2012, except for the adoption of the following MFRS and Amendments to MFRS have been adopted by the Group and the Bank during the current period:

MFRS 3	Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
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 (IAS 19 as amended by IASB in June 2011)
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 127	Consolidated and Separate Financial Statements (IAS 27 as amended by IASB in December 2003)
MFRS 128	Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards - Government Loans	
Amendments to MFRS 7, Financial Instruments: Disclosure - Offsetting Financial Assets and Financial Liabilities	
Amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134 contained in the documents entitled "Annual Improvements 2009 - 2011 Cycle"	
Amendments to MFRS 10, MFRS 11 and MFRS 12, Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance	

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine is not applicable to the Group and the Bank as it is not relevant to the business of the Group and the Bank.

The adoption of the above MFRS and Amendments to MFRS did not have any impact on the unaudited condensed interim financial statements as they mainly help to clarify the requirements of or provide further explanations to existing MFRS.

The Group and the Bank have not applied the following MFRS, Issues Committee ("IC") Interpretation and Amendments to MFRS that have been issued by the MASB as they are not yet effective:

Effective for annual periods commencing on or after 1 January 2014

Amendments to MFRS 132, Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12, Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127, Separate Financial Statements (2011): Investment Entities
Amendments to MFRS 136, Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139, Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21 Levies

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013  
(continued)**

**4 BASIS OF PREPARATION (continued)**

The Group and the Bank have not applied the following MFRS and Amendments to MFRS that have been issued by the MASB as they are not yet effective (continued):

Effective for annual periods commencing on or after 1 January 2015

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

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

Amendments to MFRS 7, Financial Instruments: Disclosures - Mandatory Date of MFRS 9 and Transition Disclosures

The initial application of the above MFRS, IC Interpretation and Amendments to MFRS is not expected to have any material impact to the financial statements upon their first time adoption, except for those discussed below:

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. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

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.

MFRS 10, Consolidated Financial Statements

MFRS 10 introduces a new single control model to determine which investees should be consolidated. MFRS 10 supersedes MFRS 127, Consolidated and Separate Financial Statements and IC Interpretation 112, Consolidation - Special Purpose Entities. There are three elements to the definition of control in MFRS 10: (1) power by investor over an investee, (2) exposure, or rights, to variable returns from investor's involvement with the investee, and (3) investor's ability to affect those returns through its power over the investee.

**5 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the financial statements for the financial year ended 31 December 2012 was not subject to any qualification.

**6 SEASONAL OR CYCLICAL FACTORS**

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

**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 30 September 2013.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013  
(continued)**

**8 CHANGES IN ACCOUNTING ESTIMATES**

There were no material changes in estimates of amounts reported in prior financial years that have a material effect on the financial results and position of the Group and the Bank for the financial period ended 30 September 2013.

**9 DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale or repayment of debt and equity securities during the financial period ended 30 September 2013.

**10 DIVIDEND**

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

- (i) A net cash dividend of 4.51% (on issue price) amounting to RM8.9 million to preference shareholders on 20 March 2013.
- (ii) A final gross dividend of 160.0 sen per ordinary share less tax at 25% amounting to RM345.0 million to the ordinary shareholders on 26 April 2013 in respect of the financial year ended 31 December 2012.
- (iii) A net cash dividend of 4.51% (on issue price) amounting to RM9.1 million to preference shareholders on 20 September 2013.
- (iv) A interim gross dividend of 30.0 sen per ordinary share less tax at 25% amounting to RM64.7 million to the ordinary shareholders on 26 September 2013 in respect of the current financial period 2013.

**11 SUBSEQUENT EVENTS**

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

**12 CHANGES IN THE COMPOSITION OF THE GROUP**

On 30 July 2013, the Bank has further subscribed to 10 million ordinary shares of RM1 each at RM3 per ordinary share issued by its subsidiary, OCBC Al-Amin Bank Berhad. There were no other significant changes in the composition of the Group during the financial period ended 30 September 2013.

**13 FINANCIAL ASSETS HELD-FOR-TRADING**

	<b>Group and Bank</b>	
	<b>30 September 2013</b>	<b>31 December 2012</b>
<b>At fair value</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysian Government Treasury Bills	6,623	23,258
Malaysian Government Securities	765,970	-
Bank Negara Malaysia Monetary Notes	85,828	47,178
Private Debt Securities	84,481	153,838
Quoted shares in Malaysia	10,384	3,956
	<b>953,286</b>	<b>228,230</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013  
(continued)****14 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
<b>At fair value</b>				
Malaysian Government Securities	3,547,139	2,438,721	3,547,139	2,438,721
Malaysian Government Investment Certificates	1,542,726	1,695,843	287,868	136,312
Malaysian Government Treasury Bills	51,743	-	51,743	-
Bank Negara Malaysia Monetary Notes	519,352	751,584	519,352	701,760
Private Debt Securities	2,772,421	2,438,359	2,330,517	2,058,051
Negotiable Instruments of Deposit	1,505,570	2,135,049	1,225,378	2,033,055
Malaysian Government Debt Securities	113,706	142,048	90,423	29,970
Foreign Government Debt Securities	388,109	85,622	338,316	35,979
Quoted shares outside Malaysia	-	17,155	-	17,155
Unquoted shares in Malaysia*	108,546	108,546	108,546	108,546
Debentures	190	190	190	190
	<u>10,549,502</u>	<u>9,813,117</u>	<u>8,499,472</u>	<u>7,559,739</u>
Impairment allowance				
- Debentures	(12)	(12)	(12)	(12)
	<u>10,549,490</u>	<u>9,813,105</u>	<u>8,499,460</u>	<u>7,559,727</u>

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

**15 LOANS, ADVANCES AND FINANCING**

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
<b>At amortised cost</b>				
Overdrafts	3,127,699	4,002,705	3,127,699	3,076,772
Term loans/financing:				
- Housing loans/financing	18,759,013	15,793,686	18,249,083	15,573,192
- Syndicated term loans/financing	2,068,727	2,081,983	2,028,721	2,041,977
- Hire purchase receivables	770,481	653,132	73	55
- Lease receivables	37	44	37	44
- Other term loans/financing	22,721,345	19,789,230	18,820,143	17,970,603
Credit/charge cards	407,088	439,794	407,088	439,794
Bills receivable	868,918	439,771	823,275	387,948
Trust receipts	28,530	35,950	27,958	35,950
Claims on customers under				
acceptance credits	1,992,234	1,920,050	1,765,302	1,693,978
Revolving credit	3,505,667	3,080,321	2,373,335	2,164,673
Staff loans/financing	95,634	98,915	95,634	98,915
Other loans/financing	739,972	406,480	713,195	398,469
	<u>55,085,345</u>	<u>48,742,061</u>	<u>48,431,543</u>	<u>43,882,370</u>
Less: Unearned income	(726,750)	(490,445)	(5,808)	-
Gross loans, advances and financing	<u>54,358,595</u>	<u>48,251,616</u>	<u>48,425,735</u>	<u>43,882,370</u>
Allowance for loans, advances and financing				
- Individual impairment	(259,361)	(264,575)	(219,950)	(232,242)
- Collective impairment	(543,048)	(508,247)	(489,418)	(467,056)
Net loans, advances and financing	<u>53,556,186</u>	<u>47,478,794</u>	<u>47,716,367</u>	<u>43,183,072</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013  
(continued)****15 LOANS, ADVANCES AND FINANCING (continued)**

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
i) By type of customer				
Domestic non-bank financial institutions	339,238	231,287	233,693	231,287
Domestic business enterprises:				
- Small medium enterprises	11,843,578	9,688,782	9,796,380	8,586,670
- Others	17,100,396	17,182,006	14,564,946	14,885,945
Individuals	23,658,772	20,591,838	22,480,468	19,656,662
Other domestic entities	78	310	78	310
Foreign entities	1,416,533	557,393	1,350,170	521,496
	<u>54,358,595</u>	<u>48,251,616</u>	<u>48,425,735</u>	<u>43,882,370</u>
ii) By interest/profit rate sensitivity				
Fixed rate				
- Housing loans/financing	538,003	505,446	502,852	475,751
- Hire purchase receivables	602,298	581,492	73	55
- Other fixed rate loans/financing	2,513,624	2,461,111	346,864	884,972
Variable rate				
- BLR plus	34,232,575	29,876,603	33,494,066	29,562,617
- Cost plus	15,858,576	14,172,952	13,468,361	12,304,963
- Other variable rates	613,519	654,012	613,519	654,012
	<u>54,358,595</u>	<u>48,251,616</u>	<u>48,425,735</u>	<u>43,882,370</u>
iii) By sector				
Agriculture, hunting, forestry and fishing	3,132,434	2,618,407	2,908,605	2,326,473
Mining and quarrying	818,233	845,423	627,460	639,716
Manufacturing	6,630,791	5,775,051	5,371,361	4,792,001
Electricity, gas and water	349,278	530,194	290,968	458,471
Construction	1,223,090	1,172,782	1,006,289	1,044,745
Real estate	6,561,975	6,809,106	5,549,689	5,919,061
Wholesale & retail trade and restaurants & hotels	6,239,051	5,362,645	5,328,310	4,940,925
Transport, storage and communication	1,786,929	1,707,541	1,576,391	1,558,577
Finance, insurance and business services	1,681,428	1,496,378	1,335,859	1,379,292
Community, social and personal services	1,271,636	820,942	1,044,526	710,295
Household				
- Purchase of residential properties	19,987,585	17,055,487	19,479,133	16,838,298
- Purchase of non-residential properties	1,394,650	1,250,708	1,366,783	1,238,131
- Others	2,757,615	2,524,717	2,081,369	1,813,483
Others	523,900	282,235	458,992	222,902
	<u>54,358,595</u>	<u>48,251,616</u>	<u>48,425,735</u>	<u>43,882,370</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013  
(continued)****15 LOANS, ADVANCES AND FINANCING (continued)**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
iv) By geographical distribution				
Malaysia	52,578,998	47,736,740	47,077,916	43,399,170
Singapore	185,468	185,908	182,660	184,457
Other ASEAN	117,144	105,644	84,830	75,571
Rest of the world	1,476,985	223,324	1,080,329	223,172
	<b>54,358,595</b>	<b>48,251,616</b>	<b>48,425,735</b>	<b>43,882,370</b>

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

## v) By residual contractual maturity

Maturity within one year	12,315,545	11,534,223	10,675,010	10,195,257
One year to five years	8,969,445	7,673,218	6,574,537	6,101,144
Over five years	33,073,605	29,044,175	31,176,188	27,585,969
	<b>54,358,595</b>	<b>48,251,616</b>	<b>48,425,735</b>	<b>43,882,370</b>

**16 IMPAIRED LOANS, ADVANCES AND FINANCING**

## a) Movements in impaired loans, advances and financing

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Balance at 1 January	952,805	1,105,135	897,867	1,057,651
Impaired during the period/year	854,795	902,317	737,671	825,562
Reclassified as unimpaired	(154,340)	(379,359)	(142,012)	(366,338)
Amount recovered	(319,525)	(550,973)	(284,582)	(531,166)
Amount written off	(72,036)	(123,162)	(47,165)	(86,689)
Effect of foreign exchange difference	401	(1,153)	401	(1,153)
Balance at 30 September/31 December	<b>1,262,100</b>	<b>952,805</b>	<b>1,162,180</b>	<b>897,867</b>
Individual impairment allowance	(259,361)	(264,575)	(219,950)	(232,242)
Collective impairment allowance	(10,117)	(7,337)	(9,566)	(7,122)
Net impaired loans, advances and financing	<b>992,622</b>	<b>680,893</b>	<b>932,664</b>	<b>658,503</b>



**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013  
(continued)****16 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)**

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
i) By sector				
Agriculture, hunting, forestry and fishing	17,077	9,871	16,550	9,274
Manufacturing	618,540	339,920	564,238	323,450
Construction	58,919	30,032	56,501	26,874
Real estate	93,989	67,620	93,989	67,620
Wholesale & retail trade and restaurants & hotels	124,919	139,042	112,497	129,522
Transport, storage and communication	24,528	26,846	22,920	25,581
Finance, insurance and business services	15,959	21,510	13,257	19,053
Community, social and personal services	7,769	6,808	7,001	6,136
Household				
- Purchase of residential properties	206,783	220,716	205,162	218,209
- Purchase of non-residential properties	20,626	17,480	20,626	17,480
- Others	66,731	65,950	43,179	47,900
Others	6,260	7,010	6,260	6,768
	<b>1,262,100</b>	<b>952,805</b>	<b>1,162,180</b>	<b>897,867</b>
ii) By geographical distribution				
Malaysia	1,262,100	952,805	1,162,180	897,867

## b) Movements in allowance for loans, advances and financing

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
<b>Individual impairment allowance</b>				
Balance at 1 January	264,575	318,091	232,242	289,280
Made during the period/year	134,539	177,736	81,502	118,492
Amount written back	(67,041)	(104,990)	(46,073)	(84,696)
Amount written off	(71,686)	(123,004)	(46,814)	(87,576)
Discount unwind	(1,487)	(2,899)	(1,368)	(2,899)
Effect of foreign exchange difference	461	(359)	461	(359)
Balance at 30 September/31 December	<b>259,361</b>	<b>264,575</b>	<b>219,950</b>	<b>232,242</b>
<b>Collective impairment allowance</b>				
Balance at 1 January	508,247	455,314	467,056	423,750
Made during the period/year	34,801	52,933	22,362	43,306
Balance at 30 September/31 December	<b>543,048</b>	<b>508,247</b>	<b>489,418</b>	<b>467,056</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013  
(continued)****17 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES**

<u>Group</u>	<u>30 September 2013</u>			<u>31 December 2012</u>		
	<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	6,505,601	105,574	49,026	4,821,479	33,846	32,404
- Swaps	24,796,387	476,470	403,998	24,094,664	207,646	173,076
- Options	1,434,875	22,486	12,294	1,825,511	21,758	20,073
- Others	942,644	25,306	21,942	39,469	14,496	14,496
Interest rate derivatives						
- Swaps	27,955,104	149,333	162,919	34,756,291	142,330	147,497
- Options	1,866,003	-	7,320	1,872,633	-	11,857
- Futures	68,720	-	1,413	8,111	10	-
- Swaptions	300,000	-	1,873	1,750,000	2,360	1,897
- Others	63,845	1,219	-	64,781	2,735	-
Equity and other derivatives						
- Swaps	418,200	10,236	10,236	256,500	7,356	7,356
- Exchange traded futures	29,649	116	7	3,777	-	14
- Options	548,432	31,099	14,136	1,039,371	38,211	15,745
- Commodity futures	134,289	2,300	2,595	50,200	2,391	2,394
- Warrants	-	-	-	1,148	296	-
- Bond forward	1,330,000	14,367	-	-	-	-
- Credit linked notes	2,492,000	21,271	24,479	3,183,000	63,533	57,610
	<b>68,885,749</b>	<b>859,777</b>	<b>712,238</b>	<b>73,766,935</b>	<b>536,968</b>	<b>484,419</b>
<b>Hedging</b>						
Interest rate derivatives						
- Swaps	1,493,530	4,388	13,900	1,482,786	7,273	19,155
	<b>70,379,279</b>	<b>864,165</b>	<b>726,138</b>	<b>75,249,721</b>	<b>544,241</b>	<b>503,574</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013  
(continued)****17 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (continued)**

<u>Bank</u>	30 September 2013			31 December 2012		
	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	6,496,030	105,921	48,976	5,195,217	30,816	33,512
- Swaps	25,725,868	476,101	404,068	23,720,916	210,564	171,905
- Options	1,434,875	22,486	12,294	1,825,511	21,758	20,073
- Others	942,644	25,306	21,942	39,469	14,496	14,496
Interest rate derivatives						
- Swaps	27,955,104	149,333	162,919	34,756,291	142,330	147,497
- Options	1,866,003	-	7,320	1,872,633	-	11,857
- Futures	68,720	-	1,413	8,111	10	-
- Swaptions	300,000	-	1,873	1,750,000	2,360	1,897
- Others	63,845	1,219	-	64,781	2,735	-
Equity and other derivatives						
- Swaps	418,200	10,236	10,236	256,500	7,356	7,356
- Exchange traded futures	29,649	116	7	3,777	-	14
- Options	548,432	31,099	14,136	1,039,371	38,211	15,745
- Commodity futures	134,289	2,300	2,595	50,200	2,391	2,394
- Warrants	-	-	-	1,148	296	-
- Bond forward	1,330,000	14,367	-	-	-	-
- Credit linked notes	2,492,000	21,271	24,479	3,183,000	63,533	57,610
	69,805,659	859,755	712,258	73,766,925	536,856	484,356
<b>Hedging</b>						
Interest rate derivatives						
- Swaps	1,493,530	4,388	13,900	1,482,786	7,273	19,155
	71,299,189	864,143	726,158	75,249,711	544,129	503,511

**18 OTHER ASSETS**

	Group		Bank	
	30 September 2013 RM'000	31 December 2012 RM'000	30 September 2013 RM'000	31 December 2012 RM'000
Interest receivable	93,998	123,919	91,091	107,283
Amount due from subsidiary	-	-	10,703	6,141
Unquoted Islamic subordinated bonds of subsidiary	-	-	200,000	200,000
Other receivables, deposits and prepayments	139,870	145,403	137,542	143,435
	233,868	269,322	439,336	456,859

The unquoted Islamic subordinated bonds issued by the Islamic subsidiary, OCBC Al-Amin Bank Berhad, were subscribed by the Bank in connection with the transfer and vesting of its Islamic Banking business to OCBC Al-Amin Bank Berhad.

The amount due from subsidiary is unsecured, interest free and payable on demand.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013  
(continued)****19 DEPOSITS FROM CUSTOMERS**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
i) By type of deposit				
Demand deposits	10,338,206	9,337,361	8,325,512	7,596,891
Savings deposits	5,230,320	4,002,613	4,905,149	3,676,736
Fixed/Investment deposits	37,403,554	34,225,868	34,819,594	32,091,676
Negotiable instruments of deposit	30,881	49,710	31,637	36,083
Short-term money market deposits	3,925,951	4,469,444	2,766,920	4,315,798
Structured investments	4,168,619	3,395,259	4,127,493	3,354,133
	<b>61,097,531</b>	<b>55,480,255</b>	<b>54,976,305</b>	<b>51,071,317</b>
ii) By type of customer				
Government and statutory bodies	11,617	19,191	2,201	4,859
Business enterprises	22,807,810	23,586,601	19,494,357	21,030,207
Individuals	26,754,760	24,611,564	25,825,913	23,321,127
Foreign entities	1,839,142	1,328,403	1,809,248	1,307,552
Others	9,684,202	5,934,496	7,844,586	5,407,572
	<b>61,097,531</b>	<b>55,480,255</b>	<b>54,976,305</b>	<b>51,071,317</b>
iii) By maturity structure				
Maturity within six months	49,449,190	44,771,493	43,723,064	40,816,326
Six months to one year	8,400,916	7,580,387	8,019,782	7,169,161
One year to three years	1,068,362	1,633,191	1,054,242	1,590,722
Three years to five years	1,329,226	1,395,184	1,329,217	1,395,108
Over five years	849,837	100,000	850,000	100,000
	<b>61,097,531</b>	<b>55,480,255</b>	<b>54,976,305</b>	<b>51,071,317</b>

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

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Licensed banks	7,960,889	8,106,890	7,451,705	7,705,569
Bank Negara Malaysia	235,965	372,603	235,965	372,603
	<b>8,196,854</b>	<b>8,479,493</b>	<b>7,687,670</b>	<b>8,078,172</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 September 2013  
(continued)****21 SUBORDINATED TERM LOAN / BONDS**

	<b>Group and Bank</b>	
	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
RM200 million Redeemable Islamic Subordinated Bonds 2006/2021	200,000	200,000
RM400 million Innovative Tier 1 Capital Securities	400,000	400,000
RM500 million Redeemable Subordinated Bonds 2010/2020	504,065	506,840
RM600 million Redeemable Subordinated Bonds 2012/2022	595,582	598,391
	<b>1,699,647</b>	<b>1,705,231</b>

**22 OTHER LIABILITIES**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Provision for commitments and contingencies	4,809	4,809	4,809	4,809
Interest payable	398,873	310,306	370,832	271,606
Other accruals and charges	355,199	399,513	309,461	354,436
Liabilities arising from structured investments	231,166	213,181	231,166	213,181
Amount due to subsidiary companies	-	-	40,076	72,433
	<b>990,047</b>	<b>927,809</b>	<b>956,344</b>	<b>916,465</b>

**23 NET INTEREST INCOME**

<b>Group</b>	<b>Quarter ended</b>		<b>Year to date ended</b>	
	<b>30 September 2013 RM'000</b>	<b>30 September 2012 RM'000</b>	<b>30 September 2013 RM'000</b>	<b>30 September 2012 RM'000</b>
<b>Interest income</b>				
Loans, advances and financing				
- Interest income other than recoveries	568,890	523,583	1,647,728	1,517,258
- Recoveries from impaired loans, advances and financing	15,474	14,025	50,986	37,473
- Discount unwind from impaired loans, advances and financing	524	914	1,368	2,451
Money at call and deposit placements with banks and other financial institutions	59,572	82,137	178,374	245,825
Financial assets held-for-trading	8,493	8,518	20,249	19,536
Financial investments available-for-sale	73,737	77,980	200,629	219,012
Others	4,768	2,912	10,925	10,855
	<b>731,458</b>	<b>710,069</b>	<b>2,110,259</b>	<b>2,052,410</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013  
(continued)****23 NET INTEREST INCOME (continued)**

<b>Group</b>	<b>Quarter ended</b>		<b>Year to date ended</b>	
	<b>30 September 2013 RM'000</b>	<b>30 September 2012 RM'000</b>	<b>30 September 2013 RM'000</b>	<b>30 September 2012 RM'000</b>
<b>Interest expense</b>				
Deposits from customers	365,996	357,224	1,036,428	1,020,497
Deposits and placements of banks and other financial institutions	14,757	21,806	48,599	54,970
Recourse obligation on loans sold to Cagamas Berhad	89	277	609	981
Subordinated term loan/bonds	19,888	20,452	59,048	54,888
Others	10,653	4,601	19,361	12,576
	<b>411,383</b>	<b>404,360</b>	<b>1,164,045</b>	<b>1,143,912</b>
<b>Net interest income</b>	<b>320,075</b>	<b>305,709</b>	<b>946,214</b>	<b>908,498</b>
<b>Bank</b>				
<b>Interest income</b>				
Loans, advances and financing				
- Interest income other than recoveries	568,748	523,583	1,647,728	1,517,259
- Recoveries from impaired loans, advances and financing	15,474	14,025	50,986	37,473
- Discount unwind from impaired loans, advances and financing	524	914	1,368	2,451
Money at call and deposit placements with banks and other financial institutions	72,179	85,957	205,370	256,486
Financial assets held-for-trading	8,493	8,518	20,249	19,536
Financial investments available-for-sale	74,538	78,592	202,775	220,815
Unquoted Islamic Subordinated Bonds of subsidiary	2,748	2,740	8,153	8,160
Others	4,768	2,912	10,925	10,855
	<b>747,472</b>	<b>717,241</b>	<b>2,147,554</b>	<b>2,073,035</b>
<b>Interest expense</b>				
Deposits from customers	365,996	357,224	1,036,428	1,020,497
Deposits and placements of banks and other financial institutions	17,398	23,585	56,607	62,283
Recourse obligation on loans sold to Cagamas Berhad	89	277	609	981
Subordinated term loan/bonds	19,888	20,452	59,048	54,888
Others	10,511	4,605	19,361	12,593
	<b>413,882</b>	<b>406,143</b>	<b>1,172,053</b>	<b>1,151,242</b>
<b>Net interest income</b>	<b>333,590</b>	<b>311,098</b>	<b>975,501</b>	<b>921,793</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013  
(continued)****24 INCOME FROM ISLAMIC BANKING OPERATIONS**

<u>Group</u>	<u>Quarter ended</u>		<u>Year to date ended</u>	
	<u>30 September</u> <u>2013</u> <u>RM'000</u>	<u>30 September</u> <u>2012</u> <u>RM'000</u>	<u>30 September</u> <u>2013</u> <u>RM'000</u>	<u>30 September</u> <u>2012</u> <u>RM'000</u>
Income derived from investment of depositors' funds and others	121,605	83,467	329,379	249,778
Income derived from investment of shareholder's funds	18,711	15,309	52,519	37,373
Income attributable to depositors	(39,737)	(34,462)	(109,654)	(111,858)
	<u>100,579</u>	<u>64,314</u>	<u>272,244</u>	<u>175,293</u>

**25 NET FEE AND COMMISSION INCOME**

<u>Group and Bank</u>	<u>Quarter ended</u>		<u>Year to date ended</u>	
	<u>30 September</u> <u>2013</u> <u>RM'000</u>	<u>30 September</u> <u>2012</u> <u>RM'000</u>	<u>30 September</u> <u>2013</u> <u>RM'000</u>	<u>30 September</u> <u>2012</u> <u>RM'000</u>
Commission	27,241	22,610	79,522	63,672
Service charges and fees	47,101	26,786	112,731	122,928
Guarantee fees	10,356	6,993	25,011	19,057
Other fee income	2,506	2,456	7,807	7,037
	<u>87,204</u>	<u>58,845</u>	<u>225,071</u>	<u>212,694</u>

**26 NET TRADING INCOME**

<u>Group and Bank</u>	<u>Quarter ended</u>		<u>Year to date ended</u>	
	<u>30 September</u> <u>2013</u> <u>RM'000</u>	<u>30 September</u> <u>2012</u> <u>RM'000</u>	<u>30 September</u> <u>2013</u> <u>RM'000</u>	<u>30 September</u> <u>2012</u> <u>RM'000</u>
(Loss)/gain on foreign exchange	(23,398)	26,924	(57,176)	61,457
Realised gain on financial assets held-for-trading	4,541	15,873	23,647	32,881
Realised (loss)/gain on trading derivatives	(15,169)	13,546	8,764	117,376
Unrealised loss on financial assets held-for-trading	(1,326)	(4,192)	(582)	(3,270)
Unrealised gain/(loss) on trading derivatives	44,806	(8,753)	140,564	(41,855)
	<u>9,454</u>	<u>43,398</u>	<u>115,217</u>	<u>166,589</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013  
(continued)****27 OTHER OPERATING INCOME**

<b>Group</b>	<b>Quarter ended</b>		<b>Year to date ended</b>	
	<b>30 September 2013 RM'000</b>	<b>30 September 2012 RM'000</b>	<b>30 September 2013 RM'000</b>	<b>30 September 2012 RM'000</b>
Realised gain on financial investments available-for-sale	1,624	7,604	26,787	37,035
Rental of premises	1,786	1,362	5,240	4,742
Gross dividends from financial investments available-for-sale				
- Malaysia	245	-	582	605
- Outside Malaysia	-	3	73	53
Gross dividends from financial assets held-for-trading				
- Malaysia	21	117	144	412
(Loss)/gain on hedging derivatives	(17)	(55)	(197)	70
(Loss)/gain on disposal of property, plant and equipment	(11)	23	(286)	(81)
Gain on disposal of investment properties	7,127	5,539	8,385	5,557
Others	511	675	2,928	2,476
	<b>11,286</b>	<b>15,268</b>	<b>43,656</b>	<b>50,869</b>
<b>Bank</b>				
Realised gain on financial investments available-for-sale	1,624	7,604	26,787	37,035
Rental of premises	1,793	1,410	5,269	4,823
Gross dividends from financial investments available-for-sale				
- Malaysia	245	-	582	605
- Outside Malaysia	-	3	73	53
Gross dividends from financial assets held-for-trading				
- Malaysia	21	117	144	412
(Loss)/gain on hedging derivatives	(17)	(55)	(197)	70
(Loss)/gain on disposal of property, plant and equipment	(11)	23	(286)	(81)
Gain on disposal of investment properties	7,127	5,539	8,385	5,557
Shared services income received from subsidiary	16,385	16,391	50,076	43,491
Others	512	675	2,928	2,476
	<b>27,679</b>	<b>31,707</b>	<b>93,761</b>	<b>94,441</b>



**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013  
(continued)****28 OPERATING EXPENSES**

<b>Group</b>	<b>Quarter ended</b>		<b>Year to date ended</b>	
	<b>30 September 2013 RM'000</b>	<b>30 September 2012 RM'000</b>	<b>30 September 2013 RM'000</b>	<b>30 September 2012 RM'000</b>
<b>Establishment related expenses</b>				
Depreciation of property, plant and equipment	12,608	10,587	38,459	28,780
Rental of premises	4,121	3,288	12,303	9,631
Repair and maintenance	2,030	1,491	5,358	3,631
Information technology costs	916	632	2,032	3,397
Hire of equipment	311	258	959	849
Depreciation of investment properties	43	60	129	162
Amortisation of prepaid lease payments	9	9	27	27
Others	5,423	6,434	14,532	14,437
	<b>25,461</b>	<b>22,759</b>	<b>73,799</b>	<b>60,914</b>
<b>Promotion and marketing related expenses</b>				
Advertisement and business promotion	9,092	10,589	19,992	22,417
Transport and travelling	1,512	1,575	4,281	4,171
Others	594	411	1,378	1,079
	<b>11,198</b>	<b>12,575</b>	<b>25,651</b>	<b>27,667</b>
<b>General administrative expenses</b>				
Intercompany expenses	58,771	58,020	169,783	158,139
Others	21,437	20,188	55,883	52,753
	<b>80,208</b>	<b>78,208</b>	<b>225,666</b>	<b>210,892</b>
<b>Personnel expenses</b>				
Wages, salaries and bonus	82,530	84,897	253,859	248,985
Employees Provident Fund contributions	12,952	13,436	39,121	39,001
Share-based expenses	1,550	1,583	2,986	4,799
Others	8,933	8,733	20,832	23,759
	<b>105,965</b>	<b>108,649</b>	<b>316,798</b>	<b>316,544</b>
<b>Operating expenses</b>	<b>222,832</b>	<b>222,191</b>	<b>641,914</b>	<b>616,017</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013  
(continued)****28 OPERATING EXPENSES (continued)**

<b>Bank</b>	<b>Quarter ended</b>		<b>Year to date ended</b>	
	<b>30 September 2013 RM'000</b>	<b>30 September 2012 RM'000</b>	<b>30 September 2013 RM'000</b>	<b>30 September 2012 RM'000</b>
<b>Establishment related expenses</b>				
Depreciation of property, plant and equipment	11,751	10,154	35,799	27,369
Rental of premises	3,439	2,828	10,237	8,363
Repair and maintenance	1,934	1,394	5,058	3,354
Information technology costs	908	1,264	2,035	3,397
Hire of equipment	311	258	959	849
Depreciation of investment properties	43	60	129	162
Amortisation of prepaid lease payments	9	9	27	27
Others	4,924	4,596	13,161	12,040
	<b>23,319</b>	<b>20,563</b>	<b>67,405</b>	<b>55,561</b>
<b>Promotion and marketing related expenses</b>				
Advertisement and business promotion	8,309	9,500	19,071	20,705
Transport and travelling	1,403	1,419	3,870	3,751
Others	554	398	1,300	1,040
	<b>10,266</b>	<b>11,317</b>	<b>24,241</b>	<b>25,496</b>
<b>General administrative expenses</b>				
Intercompany expenses	53,396	54,078	155,502	146,724
Others	20,676	19,479	53,706	50,916
	<b>74,072</b>	<b>73,557</b>	<b>209,208</b>	<b>197,640</b>
<b>Personnel expenses</b>				
Wages, salaries and bonus	77,149	78,770	240,477	227,762
Employees Provident Fund contributions	12,094	12,398	37,056	35,235
Share-based expenses	1,520	1,529	2,914	4,635
Others	8,389	7,736	19,588	21,210
	<b>99,152</b>	<b>100,433</b>	<b>300,035</b>	<b>288,842</b>
<b>Operating expenses</b>	<b>206,809</b>	<b>205,870</b>	<b>600,889</b>	<b>567,539</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013  
(continued)****29 IMPAIRMENT ALLOWANCE ON LOANS, ADVANCES AND FINANCING**

<b>Group</b>	<b>Quarter ended</b>		<b>Year to date ended</b>	
	<b>30 September 2013 RM'000</b>	<b>30 September 2012 RM'000</b>	<b>30 September 2013 RM'000</b>	<b>30 September 2012 RM'000</b>
Allowance on loans, advances and financing				
Individual impairment				
- Made during the period	46,850	36,030	134,539	134,426
- Written back	(20,670)	(23,650)	(67,041)	(82,645)
Collective impairment				
- Made during the period	5,069	24,387	34,801	43,447
Impaired loans, advances and financing				
- Recovered during the period	(11,048)	(8,751)	(58,949)	(28,332)
Others	10	6	105	120
	<b>20,211</b>	<b>28,022</b>	<b>43,455</b>	<b>67,016</b>
<b>Bank</b>				
Allowance on loans, advances and financing				
Individual impairment				
- Made during the period	27,096	23,640	81,502	92,126
- Written back	(13,210)	(20,403)	(46,073)	(69,365)
Collective impairment				
- Made during the period	-	21,171	22,362	35,777
Impaired loans, advances and financing				
- Recovered during the period	(8,789)	(6,368)	(52,335)	(22,128)
Others	10	6	105	120
	<b>5,107</b>	<b>18,046</b>	<b>5,561</b>	<b>36,530</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013**  
**(continued)****30 INCOME TAX EXPENSE**

<b>Group</b>	<b>Quarter ended</b>		<b>Year to date ended</b>	
	<b>30 September 2013 RM'000</b>	<b>30 September 2012 RM'000</b>	<b>30 September 2013 RM'000</b>	<b>30 September 2012 RM'000</b>
Malaysian income tax				
- Current period	63,123	64,201	216,883	211,241
- Overprovision in prior years	(12,227)	(17,499)	(12,227)	(17,499)
Deferred tax				
- Origination and reversal of temporary differences	5,733	(4,462)	8,512	(2,212)
- Underprovision in prior years	13,330	18,872	13,330	18,872
	<b>69,959</b>	<b>61,112</b>	<b>226,498</b>	<b>210,402</b>
<b>Bank</b>				
Malaysian income tax				
- Current period	55,402	60,141	193,913	200,816
- Overprovision in prior years	(8,816)	(16,027)	(8,816)	(16,027)
Deferred tax				
- Origination and reversal of temporary differences	4,099	(3,146)	6,871	(157)
- Underprovision in prior years	10,826	17,182	10,826	17,182
	<b>61,511</b>	<b>58,150</b>	<b>202,794</b>	<b>201,814</b>

**31 CAPITAL COMMITMENTS**

	<b>Group</b>		<b>Bank</b>	
	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>	<b>30 September 2013 RM'000</b>	<b>31 December 2012 RM'000</b>
Capital expenditure in respect of property, plant and equipment				
- Authorised and contracted for	23,856	30,269	23,131	27,394
- Authorised but not contracted for	51,172	61,125	42,180	50,291
	<b>75,028</b>	<b>91,394</b>	<b>65,311</b>	<b>77,685</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013  
(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. 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 Bank Negara Malaysia's Capital Adequacy Framework (Basel II) - Internal Ratings Based Approach.

	30 September 2013			31 December 2012		
	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>						
<b>30 September 2013</b>						
Direct credit substitutes	994,280	994,280	777,228	777,022	777,022	641,439
Transaction-related contingent items	1,860,435	930,217	665,991	1,462,379	731,190	632,991
Short-term self-liquidating trade-related contingencies	626,067	125,213	58,668	583,969	116,794	87,023
Commitments with certain drawdowns	343,243	343,243	15,337	-	-	-
Foreign exchange related contracts						
- Less than one year	25,763,209	665,149	202,207	23,570,089	337,678	93,426
- One year to less than five years	5,655,293	825,046	439,696	5,932,670	668,810	373,729
- Five years and above	1,785,117	388,460	288,792	1,431,754	340,256	279,691
Interest rate contracts						
- Less than one year	7,124,565	18,461	5,359	11,255,304	46,810	17,926
- One year to less than five years	17,641,918	483,722	279,559	24,798,505	673,480	382,756
- Five years and above	2,253,287	182,474	148,923	3,008,359	246,061	198,060
Credit derivative contracts	991,000	87,360	61,210	1,336,500	149,447	119,901
Equity and commodity related contracts	333,024	64,580	46,900	384,185	57,577	11,380
Formal standby facilities and credit lines						
- Maturity not exceeding one year	17,925	17,925	6,997	171,676	27,394	9,022
- Maturity exceeding one year	4,982,308	4,628,043	724,437	4,340,858	3,986,504	657,007
Other unconditionally cancellable commitments	16,969,201	1,981,166	466,989	14,523,399	1,941,667	374,922
<b>Total</b>	<b>87,340,872</b>	<b>11,735,339</b>	<b>4,188,293</b>	<b>93,576,669</b>	<b>10,100,690</b>	<b>3,879,273</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013  
(continued)****32 COMMITMENTS AND CONTINGENCIES (continued)**

	30 September 2013			31 December 2012		
	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	949,791	949,791	729,048	764,598	764,598	618,937
Transaction-related contingent items	1,704,469	852,235	597,670	1,384,538	692,269	593,059
Short-term self-liquidating trade-related contingencies	564,590	112,918	52,179	540,380	108,076	81,066
Commitments with certain drawdowns	319,034	319,034	10,495	-	-	-
Foreign exchange related contracts						
- Less than one year	25,724,729	664,170	201,017	22,588,847	332,720	90,501
- One year to less than five years	5,655,293	825,046	439,696	5,932,670	668,810	373,729
- Five years and above	1,785,117	388,460	288,792	1,431,754	340,256	279,691
Interest rate contracts						
- Less than one year	7,124,565	18,461	5,308	11,255,304	46,810	17,926
- One year to less than five years	17,641,918	483,722	279,559	24,798,505	673,480	382,756
- Five years and above	2,253,287	182,474	148,923	3,008,359	246,061	198,060
Credit derivative contracts	991,000	87,360	61,210	1,336,500	149,447	119,901
Equity and commodity related contracts	333,024	64,578	46,854	384,185	57,577	11,380
Formal standby facilities and credit lines						
- Maturity not exceeding one year	14,907	14,907	4,995	168,126	24,101	7,423
- Maturity exceeding one year	4,657,219	4,356,571	649,244	4,185,170	3,865,821	619,652
Other unconditionally cancellable commitments	16,198,604	1,977,237	464,465	13,828,746	1,937,935	373,209
<b>Total</b>	<b>85,917,547</b>	<b>11,296,964</b>	<b>3,979,455</b>	<b>91,607,682</b>	<b>9,907,961</b>	<b>3,767,290</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013  
(continued)**

**33 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 the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

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 uses 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 and advances 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 require fair value information to be disclosed. These include property, plant and equipment, investment properties, prepaid lease payments and investments in subsidiary companies.

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 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

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

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.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013  
(continued)**

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

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

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

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 Group and the Bank deem the fair value of loans, advances and financing to approximate the carrying amount as substantially the loans, advances and financing are subject to frequent re-pricing.

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) Recourse obligation on loans sold to Cagamas Berhad

For floating rate contracts, the carrying amount is generally a reasonable estimate of the fair value. The fair value of fixed rate contracts is estimated based on discounted cash flows using prevailing rates offered by Cagamas Berhad for similar products and remaining period to maturity.

h) Subordinated term loan / bonds

Subordinated term loan / bonds are carried at face value, except for debts which are fair value hedged, which are then disclosed at their fair value. Fair value is estimated based on discounted cash flows using prevailing money market interest rates for interest rate swap with similar remaining period to maturity.

**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-statement of financial position financial instruments are disclosed in Note 17 of the unaudited condensed interim financial statements.

**B) Fair value hierarchy**

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

- Level 1 – quoted market prices (unadjusted) for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable market data either directly (i.e. as prices) or indirectly (i.e. derived from observable market data); and
- Level 3 – inputs for the valuation are not based on observable market data.



**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013  
(continued)****33 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)****B) Fair value hierarchy (continued)**

<u>Group</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>30 September 2013</b>				
<b>Financial assets at fair value</b>				
Held-for-trading	901,326	51,960	-	953,286
Available-for-sale	6,953,468	3,487,476	108,546	10,549,490
Derivative financial assets	10,292	791,167	62,706	864,165
	<u>7,865,086</u>	<u>4,330,603</u>	<u>171,252</u>	<u>12,366,941</u>
<b>Financial liabilities at fair value</b>				
Derivative financial liabilities	5,683	662,311	58,144	726,138
<b>31 December 2012</b>				
<b>Financial assets at fair value</b>				
Held-for-trading	74,392	153,838	-	228,230
Available-for-sale	5,011,205	4,693,354	108,546	9,813,105
Derivative financial assets	997	440,067	103,177	544,241
	<u>5,086,594</u>	<u>5,287,259</u>	<u>211,723</u>	<u>10,585,576</u>
<b>Financial liabilities at fair value</b>				
Derivative financial liabilities	2,527	414,865	86,182	503,574
<b>Bank</b>				
<b>30 September 2013</b>				
<b>Financial assets at fair value</b>				
Held-for-trading	901,326	51,960	-	953,286
Available-for-sale	5,488,038	2,902,876	108,546	8,499,460
Derivative financial assets	10,292	791,145	62,706	864,143
	<u>6,399,656</u>	<u>3,745,981</u>	<u>171,252</u>	<u>10,316,889</u>
<b>Financial liabilities at fair value</b>				
Derivative financial liabilities	5,676	662,338	58,144	726,158
<b>31 December 2012</b>				
<b>Financial assets at fair value</b>				
Held-for-trading	74,392	153,838	-	228,230
Available-for-sale	3,240,129	4,211,052	108,546	7,559,727
Derivative financial assets	1,015	439,937	103,177	544,129
	<u>3,315,536</u>	<u>4,804,827</u>	<u>211,723</u>	<u>8,332,086</u>
<b>Financial liabilities at fair value</b>				
Derivative financial liabilities	2,543	414,786	86,182	503,511

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013  
(continued)****33 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)****B) Fair value hierarchy (continued)**

Movements in 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>30 September 2013</b>			
<b>Financial assets at fair value</b>			
At 1 January	103,177	108,546	211,723
Purchases	683	-	683
Settlements/disposals	(2)	-	(2)
Recognised in profit or loss			
- Realised loss	(28,300)	-	(28,300)
- Unrealised loss	(12,852)	-	(12,852)
At 30 September	<u>62,706</u>	<u>108,546</u>	<u>171,252</u>
<b>Financial liabilities at fair value</b>			
At 1 January	86,182	-	86,182
Issues	2,352	-	2,352
Recognised in profit or loss			
- Realised loss	(28,086)	-	(28,086)
- Unrealised loss	(2,304)	-	(2,304)
At 30 September	<u>58,144</u>	<u>-</u>	<u>58,144</u>
<b>31 December 2012</b>			
<b>Financial assets at fair value</b>			
At 1 January	83,613	108,546	192,159
Purchases	1,191	-	1,191
Settlements/disposals	(5,255)	-	(5,255)
Recognised in profit or loss			
- Realised gain	1,305	-	1,305
- Unrealised gain	22,323	-	22,323
At 31 December	<u>103,177</u>	<u>108,546</u>	<u>211,723</u>
<b>Financial liabilities at fair value</b>			
At 1 January	91,562	-	91,562
Issues	4,390	-	4,390
Reclassified to other liabilities	(11,789)	-	(11,789)
Recognised in profit or loss			
- Realised loss	(15,226)	-	(15,226)
- Unrealised gain	17,245	-	17,245
At 31 December	<u>86,182</u>	<u>-</u>	<u>86,182</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013  
(continued)****34 CAPITAL ADEQUACY**

With effect from 1 January 2013, the capital ratio is computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components). Recognition of the Group's and the Bank's Tier 2 capital instruments is subject to a gradual phase out as required by Bank Negara Malaysia's Capital Adequacy Framework (Capital Components).

Comparative figures are computed in accordance with Bank Negara Malaysia's Guidelines on Risk Weighted Capital Adequacy Framework (RWCAF-Basel II) and have not been restated.

	<b>Basel III</b>	
	<b>Group</b>	<b>Bank</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>30 September 2013</b>		
<u>Common Equity Tier 1 (CET1) Capital</u>		
Paid-up ordinary share capital	287,500	287,500
Ordinary share premium	462,500	462,500
Retained earnings	3,520,283	3,500,987
Unrealised gain on financial investment available-for-sale	65,665	70,371
Other reserves	375,643	322,000
Capital reserves	56,619	-
CET1 capital	<u>4,768,210</u>	<u>4,643,358</u>
Regulatory adjustment for CET 1	(236,779)	(204,479)
Eligible CET1 capital	<u>4,531,431</u>	<u>4,438,879</u>
<u>Additional Tier 1 Capital</u>		
Paid-up non-cumulative, non-convertible perpetual preference shares	3,600	3,600
Preference share premium	356,400	356,400
Innovative Tier 1 capital	360,000	360,000
Eligible Tier 1 capital	<u>5,251,431</u>	<u>5,158,879</u>
<u>Tier 2 capital</u>		
Collective impairment allowance under the Standardised Approach*	18,065	10,032
Subordinated term loans/bonds	1,170,000	1,170,000
	<u>1,188,065</u>	<u>1,180,032</u>
Regulatory adjustment for Tier 2 capital	-	(576,617)
Eligible Tier 2 capital	<u>1,188,065</u>	<u>603,415</u>
<b>Capital base</b>	<u>6,439,496</u>	<u>5,762,294</u>
<u>Before deducting proposed dividend</u>		
CET 1 capital ratio	11.844%	13.158%
Tier 1 capital ratio	13.726%	15.292%
Risk-weighted capital ratio	<u>16.832%</u>	<u>17.080%</u>
<u>After deducting proposed dividend</u>		
CET 1 capital ratio	11.844%	13.158%
Tier 1 capital ratio	13.726%	15.292%
Risk-weighted capital ratio	<u>16.832%</u>	<u>17.080%</u>

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013  
(continued)****34 CAPITAL ADEQUACY (continued)**

	Basel II	
	Group	Bank
	RM'000	RM'000
<b>31 December 2012</b>		
<u>Tier 1 capital</u>		
Paid-up ordinary share capital	287,500	287,500
Paid-up non-cumulative, non-convertible perpetual preference shares	4,000	4,000
Share premium	858,500	858,500
Retained earnings	3,532,204	3,512,908
Other reserves	375,643	322,000
Innovative Tier 1 Capital	400,000	400,000
Capital reserves	56,619	-
	<u>5,514,466</u>	<u>5,384,908</u>
Deferred tax adjustment	(16,650)	(12,327)
Eligible Tier 1 capital	<u>5,497,816</u>	<u>5,372,581</u>
<u>Tier 2 capital</u>		
Collective impairment allowance under the Standardised Approach*	22,294	12,343
Subordinated term loans/bonds	1,299,467	1,099,467
Total Tier 2 capital	<u>1,321,761</u>	<u>1,111,810</u>
Investments in subsidiary companies	-	(346,617)
Excess of Expected Loss over Eligible Provisions under the Internal Ratings Based Approach	(56,032)	(40,430)
Eligible Tier 2 capital	<u>1,265,729</u>	<u>724,763</u>
<b>Capital base</b>	<u><b>6,763,545</b></u>	<u><b>6,097,344</b></u>

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

Before payment of dividend

Tier 1 capital ratio	14.469%	15.913%
Risk-weighted capital ratio	<u>17.800%</u>	<u>18.059%</u>

After payment of dividend

Tier 1 Capital Ratio	13.537%	14.864%
Risk-weighted capital ratio	<u>16.868%</u>	<u>17.011%</u>

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

	Group		Bank	
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
	RM'000	RM'000	RM'000	RM'000
Credit risk	33,484,047	33,661,280	29,353,889	29,734,320
Market risk	1,021,349	721,979	1,019,974	723,156
Operational risk	3,752,916	3,614,636	3,362,503	3,305,337
	<u>38,258,312</u>	<u>37,997,895</u>	<u>33,736,366</u>	<u>33,762,813</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2013**  
**(continued)****34 CAPITAL ADEQUACY (continued)**

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

	<b>OCBC Al-Amin Bank Berhad</b>	
	<b>Basel III</b>	<b>Basel II</b>
	<b>30 September</b>	<b>31 December</b>
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
CET 1 capital ratio	9.842%	-
Tier 1 capital ratio	9.842%	10.736%
Risk-weighted capital ratio	13.838%	15.240%

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 (Risk-Weighted Assets). 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.

**35 COMPARATIVE FIGURES**

The following comparative figures have been restated to conform with the current period's presentation:

**STATEMENTS OF FINANCIAL POSITION**

	<b>Group</b>		<b>Bank</b>	
	<b>31 December 2012</b>		<b>31 December 2012</b>	
	<b>As previously reported</b>	<b>As restated</b>	<b>As previously reported</b>	<b>As restated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>				
Cash and cash equivalents	11,361,095	11,250,208	11,961,869	11,850,982
Other assets	259,769	269,322	447,306	456,859
<b>LIABILITIES</b>				
Deposits from customers	55,484,372	55,480,255	51,075,434	51,071,317
Deposits and placements of banks and other financial institutions	8,590,337	8,479,493	8,189,016	8,078,172
Other liabilities	914,182	927,809	902,838	916,465
<b>Quarter ended</b>				
<b>30 September 2012</b>				
<b>Year to date ended</b>				
<b>30 September 2012</b>				
	<b>As previously reported</b>	<b>As restated</b>	<b>As previously reported</b>	<b>As restated</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>				
<b>Statements of Profit or Loss and Other Comprehensive Income</b>				
Interest income	706,224	710,069	2,052,410	2,052,410
Interest expense	(395,122)	(404,360)	(1,130,601)	(1,143,912)
Income from Islamic banking operations	58,921	64,314	161,982	175,293