

Company No. 295400-W

OCBC BANK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

Domiciled in Malaysia
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18 Jalan Tun Perak
50050 Kuala Lumpur

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ENDED 31 MARCH 2013**

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2013**

	Note	Group		Bank	
		31 March 2013 RM'000	31 December 2012 RM'000	31 March 2013 RM'000	31 December 2012 RM'000
ASSETS					
Cash and cash equivalents		6,553,244	11,361,095	6,228,650	11,961,869
Deposits and placements with banks and other financial institutions		2,752,682	1,285,868	3,378,651	1,953,967
Financial assets held-for-trading	13	688,220	228,230	688,220	228,230
Financial investments available-for-sale	14	9,389,851	9,813,105	7,032,717	7,559,727
Loans, advances and financing	15	49,112,883	47,478,794	44,465,525	43,183,072
Derivative financial assets	17	508,234	544,241	508,175	544,129
Other assets	18	206,250	259,769	402,796	447,306
Statutory deposits with Bank Negara Malaysia		1,752,692	1,625,592	1,532,092	1,411,092
Investments in subsidiary companies		-	-	346,617	346,617
Property, plant and equipment		266,802	255,428	258,388	247,403
Prepaid lease payments		919	928	919	928
Investment properties		12,997	13,040	12,997	13,040
Non-current assets held for sale		-	2,822	-	2,822
Deferred tax assets		2,573	2,566	-	-
Current tax assets		-	443	-	-
Total assets		71,247,347	72,871,921	64,855,747	67,900,202
LIABILITIES					
Deposits from customers	19	57,593,564	55,479,218	51,835,150	51,070,280
Deposits and placements of banks and other financial institutions	20	4,754,327	8,590,337	4,341,055	8,189,016
Bills and acceptances payable		371,656	356,718	343,992	341,923
Recourse obligation on loans sold to Cagamas Berhad		25,170	25,662	25,170	25,662
Subordinated term loan/bonds	21	1,704,506	1,705,231	1,704,506	1,705,231
Derivative financial liabilities	17	387,248	503,574	387,242	503,511
Other liabilities	22	880,633	919,336	852,107	907,992
Current tax liabilities and zakat		38,278	32,868	36,033	32,843
Deferred tax liabilities		8,857	1,809	8,857	1,809
Total Liabilities		65,764,239	67,614,753	59,534,112	62,778,267
EQUITY					
Share capital		291,500	291,500	291,500	291,500
Reserves		5,191,608	4,965,668	5,030,135	4,830,435
Total equity		5,483,108	5,257,168	5,321,635	5,121,935
Total liabilities and equity		71,247,347	72,871,921	64,855,747	67,900,202
Commitments and contingencies	32	91,642,325	93,576,669	89,625,419	91,607,682

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 9 to 29 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 31 MARCH 2013**

	Note	Group		Bank	
		Year to date ended 31 March 2013 RM'000	Year to date ended 31 March 2012 RM'000	Year to date ended 31 March 2013 RM'000	Year to date ended 31 March 2012 RM'000
Interest income	23	682,531	649,953	693,994	656,379
Interest expense	23	(363,798)	(346,226)	(366,545)	(349,194)
Net interest income	23	318,733	303,727	327,449	307,185
Income from Islamic banking operations	24	83,228	54,231	-	-
Net fee and commission income	25	61,212	70,690	61,212	70,690
Net trading income	26	35,572	40,019	35,572	40,019
Other operating income	27	7,079	24,480	23,161	37,906
Operating income		505,824	493,147	447,394	455,800
Personnel and operating expenses	28	(200,765)	(191,660)	(186,573)	(174,915)
Operating profit before allowance for impairment loss and provision		305,059	301,487	260,821	280,885
Write back of /(Impairment) allowance on loans, advances and financing	29	6,871	(5,307)	14,656	(304)
Write back of impairment allowance on investment properties		-	1,301	-	1,301
Profit before income tax expense and zakat		311,930	297,481	275,477	281,882
Income tax expense	30	(77,469)	(74,846)	(69,743)	(71,055)
Zakat		(8)	(6)	-	-
Profit for the period		234,453	222,629	205,734	210,827
Other comprehensive income, net of income tax expense					
Items that may be reclassified subsequently to profit or loss					
Fair value (available-for-sale) reserve					
- Change in fair value		7,025	19,799	5,611	19,257
- Amount transferred to profit or loss		(7,411)	(21,354)	(2,692)	(21,354)
Income tax expense relating to components of other comprehensive income		819	684	(7)	819
Other comprehensive expense for the period, net of tax		433	(871)	2,912	(1,278)
Total comprehensive income for the period		234,886	221,758	208,646	209,549
Profit attributable to shareholder of the Bank		234,453	222,629	205,734	210,827
Total comprehensive income attributable to shareholder of the Bank		234,886	221,758	208,646	209,549
Basic earnings per ordinary share (sen)		78.4	74.3	68.4	70.2

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 9 to 29 of these unaudited condensed interim financial statements.

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013**

	<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	
Group							
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	-	-	-	-	7,025	-	7,025
- Amount transferred to profit or loss	-	-	-	-	(7,411)	-	(7,411)
Income tax expense relating to components of other comprehensive income	-	-	-	-	819	-	819
Total other comprehensive income for the period	-	-	-	-	433	-	433
Profit for the period	-	-	-	-	-	234,453	234,453
Total comprehensive income for the period	-	-	-	-	433	234,453	234,886
<i>Contributions by and distributions to owners of the Group</i>							
Dividends paid							
- Preference	-	-	-	-	-	(8,946)	(8,946)
Balance at 31 March 2013	<u>291,500</u>	<u>858,500</u>	<u>375,643</u>	<u>56,619</u>	<u>143,135</u>	<u>3,757,711</u>	<u>5,483,108</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	-	-	-	-	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
Total 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
<i>Contributions by and distributions to owners of the Group</i>							
Dividends paid							
- Preference	-	-	-	-	-	(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>3,363,764</u>	<u>5,053,186</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 9 to 29 of these unaudited condensed interim financial statements.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

	<i>Non-distributable</i>			<i>Distributable</i>		<u>Total equity</u> RM'000
	<u>Share capital</u> RM'000	<u>Share premium</u> RM'000	<u>Statutory reserve</u> RM'000	<u>Fair value reserve</u> RM'000	<u>Retained earnings</u> RM'000	
Bank						
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	-	-	-	5,611	-	5,611
- Amount transferred to profit or loss	-	-	-	(2,692)	-	(2,692)
Income tax expense relating to components of other comprehensive income	-	-	-	(7)	-	(7)
Total other comprehensive income for the period	-	-	-	2,912	-	2,912
Profit for the period	-	-	-	-	205,734	205,734
Total comprehensive income for the period	-	-	-	2,912	205,734	208,646
<i>Contributions by and distributions to owners of the Group</i>						
Dividends paid						
- Preference	-	-	-	-	(8,946)	(8,946)
Balance at 31 March 2013	<u>291,500</u>	<u>858,500</u>	<u>322,000</u>	<u>139,939</u>	<u>3,709,696</u>	<u>5,321,635</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	-	-	-	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
Total 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
<i>Contributions by and distributions to owners of the Group</i>						
Dividends paid						
- Preference	-	-	-	-	(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>3,356,230</u>	<u>4,955,485</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 9 to 29 of these unaudited condensed interim financial statements.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

	Group		Bank	
	Year to date ended		Year to date ended	
	31 March 2013 RM'000	31 March 2012 RM'000	31 March 2013 RM'000	31 March 2013 RM'000
Cash flows from operating activities				
Profit before income tax expense and zakat	311,930	297,481	275,477	281,882
<i>Adjustments for:</i>				
Net gains from disposal of:				
- Financial investments available-for-sale	(7,410)	(24,458)	(2,692)	(21,354)
- Property, plant and equipment	(1,151)	(13)	(1,227)	(19)
Dividends on financial investments available-for-sale	(36)	(265)	(36)	(265)
Depreciation of property, plant and equipment	12,761	8,143	11,879	7,585
Depreciation of investment properties	43	53	43	53
Amortisation of prepaid lease payments	9	9	9	9
Impairment allowance/(write back) on investment properties	-	(1,301)	-	(1,301)
Impairment allowance/(write back) on loans, advances and financing	(6,871)	5,307	(14,656)	304
Equity compensation benefits	1,636	1,454	1,581	1,411
Unrealised (gains)/losses on:				
- Financial assets held-for-trading	(457)	65	(457)	65
- Trading derivatives	(82,994)	132,822	(82,994)	132,822
- Hedging derivatives	(185)	21	(185)	21
Operating profit before changes in working capital	<u>227,275</u>	<u>419,318</u>	<u>186,742</u>	<u>401,213</u>
<i>(Increase)/Decrease in operating assets and Increase/(Decrease) in operating liabilities:</i>				
Deposits and placements with banks and other financial institutions	(1,466,814)	(1,287,232)	(1,424,684)	(1,167,259)
Financial assets held-for-trading	(459,533)	120,148	(459,533)	120,148
Loans, advances and financing	(1,627,218)	(110,213)	(1,267,797)	46,398
Other assets	53,519	(23,949)	44,510	(29,227)
Statutory deposits with Bank Negara Malaysia	(127,100)	(69,000)	(121,000)	(59,000)
Derivative financial assets and liabilities	2,728	(6,729)	2,732	(6,744)
Deposits from customers	2,114,346	6,524,612	764,870	5,460,853
Deposits and placements of banks and other financial institutions	(3,836,010)	(2,437,865)	(3,847,961)	(2,690,685)
Bills and acceptances payable	14,938	(76,174)	2,069	(68,160)
Recourse obligation on loans sold to Cagamas Berhad	(492)	(38,484)	(492)	(38,484)
Other liabilities	(40,308)	144,528	(57,434)	138,289
Cash generated from operations	<u>(5,144,669)</u>	<u>3,158,960</u>	<u>(6,177,978)</u>	<u>2,107,342</u>
Income tax and zakat paid	(63,763)	(49,369)	(59,512)	(48,887)
Net cash (used in)/generated from operating activities	<u>(5,208,432)</u>	<u>3,109,591</u>	<u>(6,237,490)</u>	<u>2,058,455</u>

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013 (CONTINUED)

	Group		Bank	
	Year to date ended		Year to date ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2013
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Proceeds from disposal of financial investments available-for-sale	3,284,924	4,424,642	2,579,757	3,238,869
Acquisition of financial investments available-for-sale	(2,855,271)	(4,679,459)	(2,047,761)	(3,139,864)
Acquisition of property, plant and equipment	(25,032)	(30,767)	(24,154)	(29,946)
Proceeds from disposal of investment properties	2,822	-	2,822	-
Proceeds from disposal of property, plant and equipment	2,048	10,846	2,517	10,477
Dividends received from financial investments available-for-sale	36	265	36	265
Net cash generated from/(used in) investing activities	409,527	(274,473)	513,217	79,801
Cash flows from financing activities				
Dividends paid to preference shareholders	(8,946)	(8,995)	(8,946)	(8,995)
Net cash used in financing activities	(8,946)	(8,995)	(8,946)	(8,995)
Net (decrease)/increase in cash and cash equivalents	(4,807,851)	2,826,123	(5,733,219)	2,129,261
Cash and cash equivalents at 1 January	11,361,095	7,759,574	11,961,869	7,589,329
Cash and cash equivalents at 31 March	6,553,244	10,585,697	6,228,650	9,718,590

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 9 to 29 of these unaudited condensed interim financial statements.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2013

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") operations. 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 period.

The unaudited condensed interim financial statements of the Group as at and for the first quarter ended 31 March 2013 comprise the Bank and its subsidiary companies.

2 REVIEW OF PERFORMANCE

The Bank and its subsidiary companies ("the Group") recorded a net profit of RM234 million for the first three months of 2013, registering an increase of RM12 million or 5% compared to the corresponding period for 2012. The increase in net profit was mainly due to higher operating profits of RM4 million or 1% to RM305 million and lower allowances on loans, advances and financing by RM12 million.

Compared to the corresponding quarter in 2012, total income rose by RM13 million or 3% to RM506 million mainly from higher net interest income (+RM15 million or 5%) and increased income from Islamic banking operations (+RM29 million or 53%). Operating expenses increased by RM9 million or 5% to RM201 million as a result of investments in infrastructure such as technology and branch expansion to support business growth.

Loan recoveries increased by RM26 million but was offset by higher collective impairment allowance during the quarter (+RM13 million) in tandem with loan growth.

While total assets declined to RM71.2 billion compared against 31 December 2012, gross loans, advances and financing continued to expand by RM1.6 billion to RM49.9 billion. The decrease in total assets was largely attributed to lower cash and cash equivalents (-RM4.8 billion).

Group shareholders' funds strengthened to RM5.5 billion while the Group's and Bank's risk-weighted capital ratio as at 31 March 2013 remained strong at 16.34% and 16.42% respectively.

3 ECONOMIC PERFORMANCE AND PROSPECTS

The Malaysian economy grew by 5.6% in 2012, performing better than expected amid a challenging global environment. The positive development stemmed from higher domestic demand and investment spending. The economic outlook for 2013 is expected to remain steady, anchored by the resilience in domestic demand and capital expenditure mainly from the commencement and progress of infrastructure projects, especially those under the Economic Transformation Programme.

In line with the country's outlook, the Group will continue to grow its consumer financial services, and corporate and SME lending activities. Alongside this, the Bank is looking to strengthen its residential lending portfolio as well as its wealth management services. While delivering more innovative treasury investment products, the Group will continue to expand its Islamic banking branch network to further widen its reach to customers.

The Group will continue to preserve the quality of assets by enhancing its risk management capabilities as well as by remaining well-capitalised to cater for loans growth.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)

4 BASIS OF PREPARATION

The unaudited condensed interim financial statements of the Group and the Bank for the period ended 31 March 2013 have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB"), and the International Accounting Standards ("IAS") 34, *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB").

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 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 2012.

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

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	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)
MFRS 3	Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)

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 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, IC Interpretation 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 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, 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

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

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 2012.

5 AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditor's 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.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)

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 2013.

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 31 March 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 31 March 2013.

10 DIVIDEND

A net cash dividend of 4.51% (on issue price) amounting to RM8.9 million was paid to preference shareholders on 20 March 2013. The final dividend amounting to RM345 million was paid on 26 April 2013 in respect of the financial year ended 31 December 2012.

11 SUBSEQUENT EVENTS

There were no material events subsequent to the statement of financial position that require 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 2013.

13 FINANCIAL ASSETS HELD-FOR-TRADING

	Group and Bank	
	31 March	31 December
	2013	2012
	RM'000	RM'000
At fair value		
Malaysian Government treasury bills	-	23,258
Malaysian Government securities	10,036	-
Bank Negara Malaysia monetary notes	554,022	47,178
Private debt securities	122,543	153,838
Quoted shares in Malaysia	1,619	3,956
	688,220	228,230

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)**14 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	Group		Bank	
	31 March 2013 RM'000	31 December 2012 RM'000	31 March 2013 RM'000	31 December 2012 RM'000
At fair value				
Malaysian Government securities	2,575,898	2,438,721	2,575,898	2,438,721
Malaysian Government Investment Certificate	1,488,557	1,695,843	41,029	136,312
Bank Negara Malaysia monetary notes	889,132	751,584	889,132	701,760
Private debt securities	2,617,348	2,438,359	2,216,573	2,058,051
Negotiable instruments of deposit	1,527,386	2,135,049	1,116,609	2,033,055
Malaysian Government debt securities	78,621	142,048	29,907	29,970
Foreign Government debt securities	84,765	85,622	35,425	35,979
Quoted shares outside Malaysia	19,420	17,155	19,420	17,155
Unquoted shares in Malaysia*	108,546	108,546	108,546	108,546
Debentures	190	190	190	190
	<u>9,389,863</u>	<u>9,813,117</u>	<u>7,032,729</u>	<u>7,559,739</u>
Impairment allowance				
- Debentures	(12)	(12)	(12)	(12)
	<u>9,389,851</u>	<u>9,813,105</u>	<u>7,032,717</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	
	31 March 2013 RM'000	31 December 2012 RM'000	31 March 2013 RM'000	31 December 2012 RM'000
At amortised cost				
Overdrafts	4,006,220	4,003,363	3,090,583	3,077,430
Term loans/financing:				
- Housing loans/financing	16,855,756	15,793,727	16,548,349	15,573,233
- Syndicated term loans/financing	1,885,077	2,081,983	1,845,058	2,041,977
- Hire purchase receivables	652,783	653,132	54	55
- Lease receivables	34	44	34	44
- Other term loans/financing	20,288,688	19,767,534	18,173,874	17,948,907
Credit/charge cards	441,093	460,727	441,093	460,727
Bills receivable	601,561	439,666	553,888	387,843
Trust receipts	29,587	35,950	29,587	35,950
Claims on customers under acceptance credits	1,959,076	1,920,050	1,750,927	1,693,978
Loans to banks and other financial institutions	209,998	149,566	209,998	149,566
Revolving credit	2,917,606	2,930,819	1,942,949	2,015,171
Staff loans/financing	97,476	98,915	97,476	98,915
Other loans/financing	509,870	406,585	485,096	398,574
	<u>50,454,825</u>	<u>48,742,061</u>	<u>45,168,966</u>	<u>43,882,370</u>
Less: Unearned income	(565,240)	(490,445)	(1,962)	-
Gross loans, advances and financing	<u>49,889,585</u>	<u>48,251,616</u>	<u>45,167,004</u>	<u>43,882,370</u>
Allowance for loans, advances and financing				
- Individual impairment	(254,584)	(264,575)	(220,552)	(232,242)
- Collective impairment	(522,118)	(508,247)	(480,927)	(467,056)
Net loans, advances and financing	<u>49,112,883</u>	<u>47,478,794</u>	<u>44,465,525</u>	<u>43,183,072</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)**15 LOANS, ADVANCES AND FINANCING (continued)**

	Group		Bank	
	31 March 2013 RM'000	31 December 2012 RM'000	31 March 2013 RM'000	31 December 2012 RM'000
i) By type of customer				
Domestic non-bank financial institutions	236,969	231,287	236,969	231,287
Domestic business enterprises				
- Small medium enterprises	10,408,101	9,688,782	9,051,308	8,586,670
- Others	16,693,203	17,182,006	14,395,003	14,885,945
Individuals	21,669,899	20,591,838	20,643,959	19,656,662
Other domestic entities	666	310	666	310
Foreign entities	880,747	557,393	839,099	521,496
	49,889,585	48,251,616	45,167,004	43,882,370
ii) By interest/profit rate sensitivity				
Fixed rate				
- Housing loans/financing	533,751	505,446	505,092	475,751
- Hire purchase receivables	567,918	581,492	54	55
- Other fixed rate loans/financing	2,800,447	2,461,111	1,147,194	884,972
Variable rate				
- BLR plus	31,344,086	29,876,603	30,907,384	29,562,617
- Cost plus	14,001,034	14,172,952	11,964,931	12,304,963
- Other variable rates	642,349	654,012	642,349	654,012
	49,889,585	48,251,616	45,167,004	43,882,370
iii) By sector				
Agriculture, hunting, forestry and fishing	2,585,518	2,618,407	2,409,388	2,326,473
Mining and quarrying	787,277	845,423	589,608	639,716
Manufacturing	6,108,849	5,775,051	4,990,738	4,792,001
Electricity, gas and water	391,043	530,194	319,195	458,471
Construction	1,216,862	1,172,782	1,082,497	1,044,745
Real estate	6,547,909	6,809,106	5,638,031	5,919,061
Wholesale & retail trade and restaurants & hotels	5,694,188	5,362,645	5,141,701	4,940,925
Transport, storage and communication	1,665,586	1,707,541	1,494,316	1,558,577
Finance, insurance and business services	1,593,106	1,496,378	1,449,266	1,379,292
Community, social and personal services	863,125	820,942	719,488	710,295
Household, of which:				
- Purchase of residential properties	18,124,348	17,055,487	17,819,130	16,838,298
- Purchase of non-residential properties	1,315,646	1,250,708	1,298,771	1,238,131
- Others	2,607,202	2,524,717	1,891,920	1,813,483
Others	388,926	282,235	322,955	222,902
	49,889,585	48,251,616	45,167,004	43,882,370

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)**15 LOANS, ADVANCES AND FINANCING (continued)**

	Group		Bank	
	31 March	31 December	31 March	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
iv) By geographical distribution				
Malaysia	49,319,925	48,024,986	44,986,561	43,687,416
Singapore	159,583	185,908	157,275	184,457
Other ASEAN	35,870	38,374	5,488	8,301
Rest of the world	374,207	2,348	17,680	2,196
	49,889,585	48,251,616	45,167,004	43,882,370

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

v) By residual contractual maturity

Maturity within one year	11,651,852	11,534,223	10,268,278	10,195,257
One year to five years	8,057,600	7,673,218	6,295,322	6,101,144
Over five years	30,180,133	29,044,175	28,603,404	27,585,969
	49,889,585	48,251,616	45,167,004	43,882,370

16 IMPAIRED LOANS, ADVANCES AND FINANCING

a) Movements in impaired loans, advances and financing

	Group		Bank	
	31 March	31 December	31 March	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Balance at 1 January	952,805	1,105,135	897,867	1,057,651
Impaired during the period/year	176,644	902,317	159,107	825,562
Reclassified as performing	(51,793)	(379,359)	(47,558)	(366,338)
Amount recovered	(137,658)	(550,973)	(133,030)	(531,166)
Amount written off	(24,215)	(123,162)	(15,983)	(86,689)
Effect of foreign exchange difference	11	(1,153)	11	(1,153)
Balance at 31 March/31 December	915,794	952,805	860,414	897,867
Individual impairment allowance	(254,584)	(264,575)	(220,552)	(232,242)
Collective impairment allowance	(7,035)	(7,337)	(6,847)	(7,122)
Net impaired loans, advances and financing	654,175	680,893	633,015	658,503

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)**16 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)**

	<u>Group</u>		<u>Bank</u>	
	<u>31 March 2013 RM'000</u>	<u>31 December 2012 RM'000</u>	<u>31 March 2013 RM'000</u>	<u>31 December 2012 RM'000</u>
i) By sector				
Agriculture, hunting, forestry and fishing	8,218	9,871	7,628	9,274
Manufacturing	324,857	339,920	309,515	323,450
Construction	26,251	30,032	23,123	26,874
Real estate	66,964	67,620	66,964	67,620
Wholesale & retail trade and restaurants & hotels	130,129	139,042	120,091	129,522
Transport, storage and communication	26,235	26,846	24,841	25,581
Finance, insurance and business services	19,953	21,510	17,714	19,053
Community, social and personal services	8,363	6,808	7,639	6,136
Household, of which:				
- Purchase of residential properties	211,439	220,716	209,540	218,209
- Purchase of non-residential properties	17,940	17,480	17,940	17,480
- Others	69,039	65,950	49,256	47,900
Others	6,406	7,010	6,163	6,768
	<u>915,794</u>	<u>952,805</u>	<u>860,414</u>	<u>897,867</u>
ii) By geographical distribution				
Malaysia	<u>915,794</u>	<u>952,805</u>	<u>860,414</u>	<u>897,867</u>
b) Movements in allowance for loans, advances and financing				
<u>Individual impairment allowance</u>				
Balance at 1 January	264,575	318,091	232,242	289,280
Made during the period/year	40,516	177,736	24,310	118,492
Amount written back	(25,976)	(104,990)	(19,749)	(84,696)
Amount written off	(24,215)	(123,004)	(15,982)	(87,576)
Discount unwind	(316)	(3,258)	(269)	(3,258)
Balance at 31 March/31 December	<u>254,584</u>	<u>264,575</u>	<u>220,552</u>	<u>232,242</u>
<u>Collective impairment allowance</u>				
Balance at 1 January	508,247	455,314	467,056	423,750
Made during the period/year	13,871	52,933	13,871	43,306
Balance at 31 March/31 December	<u>522,118</u>	<u>508,247</u>	<u>480,927</u>	<u>467,056</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)**17 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES**

Group	31 March 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
Trading						
Foreign exchange derivatives						
- Forward	4,846,392	21,467	15,125	4,821,479	33,846	32,404
- Swaps	23,184,689	217,693	101,816	24,094,664	207,646	173,076
- Options	1,749,956	10,265	5,136	1,825,511	21,758	20,073
- Others	334,499	18,075	18,050	39,469	14,496	14,496
Interest rate derivatives						
- Swaps	33,172,396	131,978	133,760	34,756,291	142,330	147,497
- Options	1,870,423	-	10,638	1,872,633	-	11,857
- Futures	-	-	-	8,111	10	-
- Swaptions	2,000,000	-	3,070	1,750,000	2,360	1,897
- Others	64,231	2,227	-	64,781	2,735	-
Equity and other derivatives						
- Swaps	343,500	13,280	13,280	256,500	7,356	7,356
- Exchange traded futures	4,143	10	21	3,777	-	14
- Options	1,031,121	28,661	10,655	1,039,371	38,211	15,745
- Commodity futures	38,078	2,020	1,998	50,200	2,391	2,394
- Warrants	4,997	1,699	-	1,148	296	-
- Credit linked notes	3,250,500	54,418	55,429	3,183,000	63,533	57,610
	<u>71,894,925</u>	<u>501,793</u>	<u>368,978</u>	<u>73,766,935</u>	<u>536,968</u>	<u>484,419</u>
Hedging						
Interest rate derivatives						
- Swaps	1,481,645	6,441	18,270	1,482,786	7,273	19,155
	<u>73,376,570</u>	<u>508,234</u>	<u>387,248</u>	<u>75,249,721</u>	<u>544,241</u>	<u>503,574</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)**17 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (continued)**

	31 March 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
Bank						
Trading						
Foreign exchange derivatives						
- Forward	4,850,980	22,210	16,770	5,195,217	30,816	33,512
- Swaps	22,211,307	216,891	100,165	23,720,916	210,564	171,905
- Options	1,749,956	10,265	5,136	1,825,511	21,758	20,073
- Others	334,499	18,075	18,050	39,469	14,496	14,496
Interest rate derivatives						
- Swaps	33,172,396	131,978	133,760	34,756,291	142,330	147,497
- Options	1,870,423	-	10,638	1,872,633	-	11,857
- Futures	-	-	-	8,111	10	-
- Swaptions	2,000,000	-	3,070	1,750,000	2,360	1,897
- Others	64,231	2,227	-	64,781	2,735	-
Equity and other derivatives						
- Swaps	343,500	13,280	13,280	256,500	7,356	7,356
- Exchange traded futures	4,143	10	21	3,777	-	14
- Options	1,031,121	28,661	10,655	1,039,371	38,211	15,745
- Commodity futures	38,078	2,020	1,998	50,200	2,391	2,394
- Warrants	4,997	1,699	-	1,148	296	-
- Credit linked notes	3,250,500	54,418	55,429	3,183,000	63,533	57,610
	70,926,131	501,734	368,972	73,766,925	536,856	484,356
Hedging						
Interest rate derivatives						
- Swaps	1,481,645	6,441	18,270	1,482,786	7,273	19,155
	72,407,776	508,175	387,242	75,249,711	544,129	503,511

18 OTHER ASSETS

	Group		Bank	
	31 March 2013 RM'000	31 December 2012 RM'000	31 March 2013 RM'000	31 December 2012 RM'000
Interest receivable	83,513	123,919	76,811	107,283
Amount due from subsidiary	-	-	5,155	-
Unquoted Islamic Subordinated Bond of subsidiary	-	-	200,000	200,000
Other receivables, deposits and prepayments	122,737	135,850	120,830	140,023
	206,250	259,769	402,796	447,306

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)**19 DEPOSITS FROM CUSTOMERS**

	Group		Bank	
	31 March 2013 RM'000	31 December 2012 RM'000	31 March 2013 RM'000	31 December 2012 RM'000
i) By type of deposit				
Demand deposits	9,283,267	9,337,361	7,460,230	7,596,891
Savings deposits	4,756,175	4,002,613	4,427,529	3,676,736
Fixed/Investment deposits	34,694,820	34,225,868	32,004,805	32,091,676
Negotiable instruments of deposit	34,975	49,710	35,364	36,083
Short-term money market deposits	4,872,762	4,468,407	3,996,783	4,314,761
Structured investments	3,951,565	3,395,259	3,910,439	3,354,133
	57,593,564	55,479,218	51,835,150	51,070,280
ii) By type of customer				
Government and statutory bodies	94,344	19,191	80,101	4,859
Business enterprises	23,335,006	23,585,564	20,424,292	21,029,170
Individuals	24,472,277	24,611,564	23,273,309	23,321,127
Foreign entities	1,374,149	1,328,403	1,340,285	1,307,552
Others	8,317,788	5,934,496	6,717,163	5,407,572
	57,593,564	55,479,218	51,835,150	51,070,280
iii) By maturity structure				
Maturity within six months	46,812,354	44,770,456	41,773,673	40,815,289
Six months to one year	7,383,953	7,580,387	6,665,092	7,169,161
One year to three years	1,591,833	1,633,191	1,591,030	1,590,722
Three years to five years	1,505,424	1,395,184	1,505,355	1,395,108
More than five years	300,000	100,000	300,000	100,000
	57,593,564	55,479,218	51,835,150	51,070,280

20 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	31 March 2013 RM'000	31 December 2012 RM'000	31 March 2013 RM'000	31 December 2012 RM'000
Licensed banks	4,401,856	8,217,734	3,988,584	7,816,413
Other financial institutions	352,471	372,603	352,471	372,603
	4,754,327	8,590,337	4,341,055	8,189,016

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)**21 SUBORDINATED TERM LOAN / BONDS**

	Group and Bank	
	31 March 2013	31 December 2012
	RM'000	RM'000
RM200 million redeemable Islamic subordinated bond 2006/2021	200,000	200,000
RM400 million Innovative Tier 1 Capital Securities	400,000	400,000
RM500 million redeemable subordinated bonds 2010/2020	506,020	506,840
RM500 million redeemable subordinated bonds 2012/2022	598,486	598,391
	<u>1,704,506</u>	<u>1,705,231</u>

22 OTHER LIABILITIES

	Group		Bank	
	31 March 2013	31 December 2012	31 March 2013	31 December 2012
	RM'000	RM'000	RM'000	RM'000
Accruals for personnel costs	33,886	83,275	33,854	83,243
Equity compensation benefits	14,887	13,075	14,887	13,075
Provision for commitments and contingencies	4,809	4,809	4,809	4,809
Interest payable	340,170	310,306	320,077	271,606
Other accruals and charges	264,470	294,690	222,485	249,645
Liabilities arising from structured investments	222,411	213,181	222,411	213,181
Amount due to subsidiary companies	-	-	33,584	72,433
	<u>880,633</u>	<u>919,336</u>	<u>852,107</u>	<u>907,992</u>

23 NET INTEREST INCOME

	Group		Bank	
	Year to date ended 31 March 2013	31 March 2012	Year to date ended 31 March 2013	31 March 2012
	RM'000	RM'000	RM'000	RM'000
<u>Interest income</u>				
Loans, advances and financing				
- Interest income other than recoveries	531,429	491,684	531,429	491,684
- Recoveries from impaired loans, advances and financing	23,448	12,031	23,448	12,031
- Discount unwind from impaired loans, advances and financing	339	1,169	339	1,169
Money at call and deposit placements with banks and other financial institutions	55,198	68,202	63,361	71,318
Financial assets held-for-trading	4,432	4,755	4,432	4,755
Financial investments available-for-sale	64,709	68,248	65,321	68,840
Unquoted Islamic Subordinated Bond of subsidiary	-	-	2,688	2,718
Others	2,976	3,864	2,976	3,864
	<u>682,531</u>	<u>649,953</u>	<u>693,994</u>	<u>656,379</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)**23 NET INTEREST INCOME (continued)**

	Group		Bank	
	Year to date ended		Year to date ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<u>Interest expense</u>				
Deposits from customers	322,311	306,052	322,311	306,052
Deposits and placements of banks and other financial institutions	17,016	18,590	19,763	21,552
Recourse obligation on loans sold to Cagamas Berhad	261	425	261	425
Subordinated term loan/bonds	19,472	17,250	19,472	17,250
Others	4,738	3,909	4,738	3,915
	363,798	346,226	366,545	349,194
Net interest income	318,733	303,727	327,449	307,185

24 INCOME FROM ISLAMIC BANKING OPERATIONS

	Group	
	Year to date ended	
	31 March	31 March
	2013	2012
	RM'000	RM'000
Income derived from investment of depositors' funds and others	101,032	79,594
Income derived from investment of shareholder's funds	15,303	10,777
Income attributable to depositors	(33,107)	(36,140)
	83,228	54,231

25 NET FEE AND COMMISSION INCOME

	Group		Bank	
	Year to date ended		Year to date ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Commission	25,187	20,042	25,187	20,042
Service charges and fees	26,451	42,765	26,451	42,765
Guarantee fees	6,658	5,504	6,658	5,504
Other fee income	2,916	2,379	2,916	2,379
	61,212	70,690	61,212	70,690

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)**26 NET TRADING INCOME**

	<u>Group and Bank</u>	
	<u>Year to date ended</u>	
	<u>31 March 2013 RM'000</u>	<u>31 March 2012 RM'000</u>
Gains on foreign exchange	10,996	57,018
Realised gains on financial assets held-for-trading	4,087	12,005
Realised (losses)/gains on trading derivatives	(62,962)	103,883
Unrealised gains/(losses) on financial assets held-for-trading	457	(65)
Unrealised gains/(losses) on trading derivatives	82,994	(132,822)
	<u>35,572</u>	<u>40,019</u>

27 OTHER OPERATING INCOME

	<u>Group</u>		<u>Bank</u>	
	<u>Year to date ended</u>		<u>Year to date ended</u>	
	<u>31 March 2013 RM'000</u>	<u>31 March 2012 RM'000</u>	<u>31 March 2013 RM'000</u>	<u>31 March 2012 RM'000</u>
Gains/(losses) on hedging derivatives	185	(21)	185	(21)
Gross dividends from financial investments available-for-sale				
- Malaysia	-	240	-	240
- Outside Malaysia	36	25	36	25
Gross dividends from financial assets held-for-trading				
- Malaysia	9	262	9	262
Rental of premises	1,844	1,569	1,854	1,636
Rental of safe deposit box	1,215	1,007	1,215	1,007
Realised gains on disposal of financial investments available-for-sale	2,692	21,354	2,692	21,354
Gains from disposal of property, plant and equipment	1,227	19	1,227	19
Shared services income received from subsidiary	-	-	16,072	13,359
Others	(129)	25	(129)	25
	<u>7,079</u>	<u>24,480</u>	<u>23,161</u>	<u>37,906</u>

28 PERSONNEL AND OPERATING EXPENSES

	<u>Group</u>		<u>Bank</u>	
	<u>Year to date ended</u>		<u>Year to date ended</u>	
	<u>31 March 2013 RM'000</u>	<u>31 March 2012 RM'000</u>	<u>31 March 2013 RM'000</u>	<u>31 March 2012 RM'000</u>
Personnel expenses	100,054	100,402	93,139	89,677
Establishment expenses	32,283	23,336	29,751	21,800
Marketing expenses	5,937	6,951	6,009	6,570
Administration and general expenses	62,491	60,971	57,674	56,868
	<u>200,765</u>	<u>191,660</u>	<u>186,573</u>	<u>174,915</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)**28 PERSONNEL AND OPERATING EXPENSES (continued)**

	Group		Bank	
	Year to date ended		Year to date ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
i) Personnel expenses				
Wages, salaries and bonus	81,656	78,212	75,825	70,258
Employees Provident Fund Contributions	13,020	13,373	12,086	11,509
Equity compensation benefits	1,636	1,454	1,581	1,411
Other personnel costs	3,742	7,363	3,647	6,499
	<u>100,054</u>	<u>100,402</u>	<u>93,139</u>	<u>89,677</u>
ii) Establishment expenses				
Depreciation of property, plant and equipment	12,761	8,143	11,879	7,585
Information and technology costs	9,325	6,434	9,325	6,151
Rental of premises	4,153	3,083	3,469	2,704
Repair and maintenance	1,184	1,491	1,105	1,388
Hire of equipment	197	272	197	272
Depreciation of investment properties	43	53	43	53
Amortisation of prepaid lease payments	9	9	9	9
Others	4,611	3,851	3,724	3,638
	<u>32,283</u>	<u>23,336</u>	<u>29,751</u>	<u>21,800</u>
iii) Marketing expenses				
Advertisement and business promotion	4,329	5,309	4,547	5,043
Transport and travelling	1,184	1,229	1,054	1,127
Others	424	413	408	400
	<u>5,937</u>	<u>6,951</u>	<u>6,009</u>	<u>6,570</u>
iv) Administration and general expenses				
Printing and stationery	1,456	1,264	1,293	1,133
Postage and courier	1,494	1,500	1,447	1,432
Telephone, telex and fax	2,697	2,526	2,561	2,352
Legal and consultancy fees	661	1,460	586	1,309
Intercompany expenses	46,762	45,070	42,636	41,411
Auditors' remuneration				
- Statutory audit	104	94	85	75
- Other services	41	40	34	34
Other administrative and general expenses	9,276	9,017	9,032	9,122
	<u>62,491</u>	<u>60,971</u>	<u>57,674</u>	<u>56,868</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)**29 IMPAIRMENT ALLOWANCE/(WRITE BACK) ON LOANS, ADVANCES AND FINANCING**

	Group		Bank	
	Year to date ended		Year to date ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Impairment allowance/(write back) on impaired loans, advances and financing				
i) Individual impairment				
- Made during the period	40,516	41,658	24,310	31,801
- Written back	(25,976)	(27,930)	(19,749)	(23,371)
ii) Collective impairment				
- Made/(written back) during the period	13,871	1,175	13,871	(481)
Impaired loans, advances and financing				
- Recovered during the period	(35,314)	(9,661)	(33,120)	(7,710)
Others	32	65	32	65
	(6,871)	5,307	(14,656)	304

30 INCOME TAX EXPENSE

	Group		Bank	
	Year to date ended		Year to date ended	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current period	69,608	65,036	62,702	61,431
Deferred tax				
- Origination and reversal of temporary difference	7,861	9,810	7,041	9,624
	77,469	74,846	69,743	71,055

31 CAPITAL COMMITMENTS

	Group		Bank	
	31 March	31 March	31 March	31 March
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Capital expenditure in respect of property, plant and equipment				
- Authorised and contracted for	30,408	30,269	29,077	27,394
- Authorised but not contracted for	52,963	61,125	42,934	50,291
	83,371	91,394	72,011	77,685

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

The credit equivalent and risk weighted amounts are computed using the credit conversion factors and risk weights as defined in Bank Negara Malaysia's Capital Adequacy Framework - Internal Ratings Based Approach.

	31 March 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
Group						
Direct credit substitutes	843,360	843,360	723,304	777,022	777,022	641,439
Transaction-related contingent items	1,552,400	776,200	662,722	1,462,379	731,190	632,991
Short-term self-liquidating trade-related contingencies	594,807	118,961	64,722	583,969	116,794	87,023
Foreign exchange related contracts:						
- Less than one year	21,858,377	358,621	84,122	23,570,089	337,678	93,426
- One year to less than five years	5,980,226	670,082	356,280	5,932,670	668,810	373,729
- Five years and above	1,487,143	338,090	292,789	1,431,754	340,256	279,691
Interest rate contracts:						
- Less than one year	9,372,143	30,585	11,544	11,255,304	46,810	17,926
- One year to less than five years	25,108,041	694,073	403,052	24,798,505	673,480	382,756
- Five years and above	3,001,090	247,610	179,425	3,008,359	246,061	198,060
Equity and commodity related contracts	1,799,541	225,595	131,418	1,720,685	207,024	131,281
Formal standby facilities and credit lines:						
- Maturity not exceeding one year	19,875	19,875	5,891	171,676	27,394	9,022
- Maturity exceeding one year	4,596,068	4,301,005	729,217	4,340,858	3,986,504	657,007
Other unconditionally cancellable commitments	15,429,254	1,978,684	384,761	14,523,399	1,941,667	374,922
Total	91,642,325	10,602,741	4,029,247	93,576,669	10,100,690	3,879,273

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)**32 COMMITMENTS AND CONTINGENCIES (continued)**

	31 March 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
Bank						
Direct credit substitutes	818,976	818,976	681,487	764,598	764,598	618,937
Transaction-related contingent items	1,429,728	714,864	594,265	1,384,538	692,269	593,059
Short-term self-liquidating trade-related contingencies	553,057	110,611	59,150	540,380	108,076	81,066
Foreign exchange related contracts:						
- Less than one year	20,864,735	343,035	78,224	22,588,847	332,720	90,501
- One year to less than five years	5,980,226	670,082	356,280	5,932,670	668,810	373,729
- Five years and above	1,487,143	338,090	292,789	1,431,754	340,256	279,691
Interest rate contracts:						
- Less than one year	9,372,143	30,585	11,544	11,255,304	46,810	17,926
- One year to less than five years	25,108,041	694,073	403,052	24,798,505	673,480	382,756
- Five years and above	3,001,090	247,610	179,425	3,008,359	246,061	198,060
Equity and commodity related contracts	1,799,541	225,595	131,418	1,720,685	207,024	131,281
Formal standby facilities and credit lines:						
- Maturity not exceeding one year	19,063	19,063	5,758	168,126	24,101	7,423
- Maturity exceeding one year	4,381,146	4,130,041	678,797	4,185,170	3,865,821	619,652
Other unconditionally cancellable commitments	14,810,530	1,973,685	381,805	13,828,746	1,937,935	373,209
Total	89,625,419	10,316,310	3,853,994	91,607,682	9,907,961	3,767,290

33 CAPITAL ADEQUACY

With effect from 1 January 2013, the capital ratios have been 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 gradual phase out as required by the BNM Capital Adequacy Framework (Capital Components).

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)**33 CAPITAL ADEQUACY (continued)**

	Basel III	
	<u>Group</u>	<u>Bank</u>
	RM'000	RM'000
31 March 2013		
<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	3,523,258	3,503,962
Unrealised gains on financial investments available-for-sale	143,135	139,939
Other reserves	375,643	322,000
Capital reserves	56,619	-
CET1 capital	4,848,655	4,715,901
Regulatory adjustment for CET1	(138,197)	(118,691)
Eligible CET1 capital	4,710,458	4,597,210
<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	5,430,458	5,317,210
<u>Tier 2 capital</u>		
Collective impairment allowance under the Standardised Approach*	21,215	12,352
Subordinated term loans/bonds	1,170,000	1,170,000
	1,191,215	1,182,352
Regulatory adjustment for Tier 2 capital	-	(546,617)
Eligible Tier 2 capital	1,191,215	635,735
Capital base	6,621,673	5,952,945
<u>Before proposed dividend</u>		
CET 1 capital ratio	12.26%	13.46%
Tier 1 capital ratio	14.14%	15.56%
Risk-weighted capital ratio	17.24%	17.43%
<u>After deducting proposed dividend</u>		
CET 1 capital ratio	11.37%	12.45%
Tier 1 capital ratio	13.24%	14.55%
Risk-weighted capital ratio	16.34%	16.42%

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)**33 CAPITAL ADEQUACY (continued)**

	Basel II	
	Group	Bank
	RM'000	RM'000
31 December 2012		
<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
Preference share premium	858,500	858,500
Retained earnings	3,532,204	3,512,908
Other reserves	375,643	322,000
Capital reserves	400,000	400,000
Innovative Tier 1 capital	56,619	-
	<u>5,514,466</u>	<u>5,384,908</u>
Deferred tax adjustments	(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
Tier 2 capital	1,321,761	1,111,810
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>
Capital base	<u>6,763,545</u>	<u>6,097,344</u>

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

Before proposed dividend

Tier 1 capital ratio	14.47%	15.91%
Risk-weighted capital ratio	17.80%	18.06%

After proposed dividend

Tier 1 capital ratio	13.54%	14.86%
Risk-weighted capital ratio	16.87%	17.01%

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

	Group		Bank	
	31 March	31 December	31 March	31 December
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Credit risk RWA	33,968,536	33,661,280	30,073,327	29,734,320
Market risk RWA	760,146	721,979	748,307	723,156
Operational risk RWA	3,646,150	3,614,636	3,311,460	3,305,337
Large exposure risk RWA for equity holdings	19,403	-	19,403	-
	<u>38,394,235</u>	<u>37,997,895</u>	<u>34,152,497</u>	<u>33,762,813</u>

Company No. 2954000-W

OCBC BANK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2013 (continued)

33 CAPITAL ADEQUACY (continued)

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

	OCBC Al-Amin Bank Berhad	
	Basel III	Basel II
	31 March	31 December
	2013	2012
	RM'000	RM'000
CET 1 capital ratio	10.14%	-
Tier 1 capital ratio	10.14%	10.74%
Risk-weighted capital ratio	14.37%	15.24%