

OCBC BANK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

Domiciled in Malaysia
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50050 Kuala Lumpur

Company No. 295400-W

OCBC BANK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

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OCBC BANK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Note	Group		Bank	
		31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
ASSETS					
Cash and cash equivalents		4,983,805	5,443,390	4,495,297	4,862,227
Deposits and placements with banks and other financial institutions		1,076,433	-	2,104,753	1,076,407
Financial assets held-for-trading	9	1,348,614	1,545,745	1,348,614	1,545,745
Financial investments available-for-sale	10	15,222,106	13,687,018	11,601,028	10,629,759
Loans, advances and financing	11	68,160,882	68,468,175	58,388,727	58,580,383
Derivative financial assets	13	1,540,522	2,104,912	1,538,182	2,104,507
Other assets	14	295,237	317,835	482,158	495,733
Statutory deposits with Bank Negara Malaysia		2,009,402	2,386,312	1,655,002	1,980,212
Investments in subsidiaries		-	-	556,617	556,617
Property and equipment		210,106	213,085	193,642	198,859
Prepaid lease payments		811	820	811	820
Investment properties		-	2,428	-	2,428
Non-current assets held for sale		-	1,595	-	1,595
Deferred tax assets		-	14,492	-	12,156
Current tax assets		18,567	4,907	11,769	-
Total assets		94,866,485	94,190,714	82,376,600	82,047,448
LIABILITIES					
Deposits from customers	15	74,283,458	73,465,634	63,303,061	63,366,892
Deposits and placements of banks and other financial institutions	16	8,040,159	8,098,511	7,097,964	6,665,892
Bills and acceptances payable		181,040	146,894	150,228	128,224
Recourse obligation on loans sold to Cagamas Berhad		1,144,559	1,148,897	1,144,559	1,148,897
Subordinated bonds	17	2,138,335	2,225,370	2,138,335	2,225,370
Derivative financial liabilities	13	1,746,557	1,979,824	1,746,311	1,979,249
Other liabilities	18	985,459	1,033,595	942,485	883,707
Current tax liabilities and zakat		51	21,600	-	21,560
Deferred tax liabilities		15,780	-	14,248	-
Total liabilities		88,535,398	88,120,325	76,537,191	76,419,791
EQUITY					
Share capital		287,500	287,500	287,500	287,500
Reserves		6,043,587	5,782,889	5,551,909	5,340,157
Total equity attributable to owner of the Bank		6,331,087	6,070,389	5,839,409	5,627,657
Total liabilities and equity		94,866,485	94,190,714	82,376,600	82,047,448
Commitments and contingencies	27	106,389,787	109,531,585	103,176,963	106,100,743

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 2015 and the accompanying explanatory notes to the unaudited condensed interim financial statements.

OCBC BANK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

	Note	Group		Bank	
		Year to date ended		Year to date ended	
		31 March 2016 RM'000	31 March 2015 RM'000	31 March 2016 RM'000	31 March 2015 RM'000
Interest income	19	890,219	860,482	908,447	876,066
Interest expense	19	(559,005)	(531,940)	(567,040)	(540,671)
Net interest income	19	331,214	328,542	341,407	335,395
Income from Islamic banking operations	20	126,494	129,955	-	-
Net fee and commission income	21	66,514	77,576	66,514	77,576
Net trading income	22	60,669	47,702	60,669	47,702
Other operating income	23	10,395	9,953	38,196	35,227
Operating income		595,286	593,728	506,786	495,900
Operating expenses	24	(261,788)	(243,323)	(239,695)	(225,349)
Operating profit before impairment allowance and provision		333,498	350,405	267,091	270,551
Impairment allowance on loans, advances and financing	25	(38,920)	(43,571)	(22,107)	(14,224)
Write back of impairment allowance on other receivables	14	1,618	-	1,618	-
Profit before income tax and zakat		296,196	306,834	246,602	256,327
Income tax expense	26	(72,392)	(74,865)	(61,506)	(64,719)
Zakat		(11)	(10)	-	-
Profit for the period		223,793	231,959	185,096	191,608
Other comprehensive income, net of income tax					
Items that are or may be reclassified subsequently to profit or loss					
Fair value (available-for-sale) reserve					
- Change in fair value		54,134	61,491	41,204	52,950
- Amount transferred to profit or loss		(2,162)	(7,456)	(2,774)	(4,110)
Income tax expense relating to components of other comprehensive income		(15,067)	(13,963)	(11,774)	(12,664)
Other comprehensive income for the period, net of tax		36,905	40,072	26,656	36,176
Total comprehensive income for the period		260,698	272,031	211,752	227,784
Profit attributable to owner of the Bank		223,793	231,959	185,096	191,608
Total comprehensive income attributable to owner of the Bank		260,698	272,031	211,752	227,784
Basic earnings per ordinary share (sen)		77.8	77.6	64.4	63.5

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 2015 and the accompanying explanatory notes to the unaudited condensed interim financial statements.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

<u>Group</u>	<i>Non-distributable</i>					<i>Distributable</i>		Total equity RM'000	
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Capital redemption reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000		Retained earnings RM'000
At 1 January 2016	287,500	462,500	507,000	155,000	4,000	56,619	96,457	4,501,313	6,070,389
Fair value (available-for-sale) reserve									
- Change in fair value	-	-	-	-	-	-	54,134	-	54,134
- Amount transferred to profit or loss	-	-	-	-	-	-	(2,162)	-	(2,162)
Income tax expense relating to components of other comprehensive income	-	-	-	-	-	-	(15,067)	-	(15,067)
Total other comprehensive income for the period	-	-	-	-	-	-	36,905	-	36,905
Profit for the period	-	-	-	-	-	-	-	223,793	223,793
Total comprehensive income for the period	-	-	-	-	-	-	36,905	223,793	260,698
<i>Contributions by and distributions to owner of the Bank</i>									
Dividends payable/paid									
- Final 2014 ordinary	-	-	-	-	-	-	-	-	-
- Preference	-	-	-	-	-	-	-	-	-
At 31 March 2016	287,500	462,500	507,000	155,000	4,000	56,619	133,362	4,725,106	6,331,087

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 2015 and the accompanying explanatory notes to the unaudited condensed interim financial statements.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016 (continued)**

<u>Group</u>	<u>Non-distributable</u>					<u>Distributable</u>			Total equity RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Capital redemption reserve RM'000	Capital reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
At 1 January 2015	291,500	858,500	464,653	130,000	-	56,619	69,059	4,145,417	6,015,748
Fair value (available-for-sale) reserve									
- Change in fair value	-	-	-	-	-	-	61,491	-	61,491
- Amount transferred to profit or loss	-	-	-	-	-	-	(7,456)	-	(7,456)
Income tax expense relating to components of other comprehensive income	-	-	-	-	-	-	(13,963)	-	(13,963)
Total other comprehensive income for the period	-	-	-	-	-	-	40,072	-	40,072
Profit for the period	-	-	-	-	-	-	-	231,959	231,959
Total comprehensive income for the period	-	-	-	-	-	-	40,072	231,959	272,031
<i>Contributions by and distributions to owner of the Bank</i>									
Dividends payable/paid									
- Final 2014 ordinary	-	-	-	-	-	-	-	(437,700)	(437,700)
- Preference	-	-	-	-	-	-	-	(8,946)	(8,946)
At 31 March 2015	291,500	858,500	464,653	130,000	-	56,619	109,131	3,930,730	5,841,133

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 2015 and the accompanying explanatory notes to the unaudited condensed interim financial statements.

OCBC BANK (MALAYSIA) BERHAD
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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

	<i>Non-distributable</i>					<i>Distributable</i>		Total equity RM'000
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Regulatory reserve RM'000	Capital redemption reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
<u>Bank</u>								
At 1 January 2016	287,500	462,500	322,000	155,000	4,000	99,719	4,296,938	5,627,657
Fair value (available-for-sale) reserve								
- Change in fair value	-	-	-	-	-	41,204	-	41,204
- Amount transferred to profit or loss	-	-	-	-	-	(2,774)	-	(2,774)
Income tax expense relating to components of other comprehensive income	-	-	-	-	-	(11,774)	-	(11,774)
Total other comprehensive income for the period	-	-	-	-	-	26,656	-	26,656
Profit for the period	-	-	-	-	-	-	185,096	185,096
Total comprehensive income for the period	-	-	-	-	-	26,656	185,096	211,752
At 31 March 2016	287,500	462,500	322,000	155,000	4,000	126,375	4,482,034	5,839,409

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 2015 and the accompanying explanatory notes to the unaudited condensed interim financial statements.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016 (continued)

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

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 2015 and the accompanying explanatory notes to the unaudited condensed interim financial statements.

OCBC BANK (MALAYSIA) BERHAD
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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

	Group		Bank	
	Year to date ended		Year to date ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before income tax and zakat	296,196	306,834	246,602	256,327
<i>Adjustments for:</i>				
Amortisation of prepaid lease payments	9	9	9	9
Depreciation of investment properties	-	44	-	44
Depreciation of property and equipment	9,891	11,089	8,903	10,538
Dividends received from financial assets held-for-trading	(611)	(126)	(611)	(126)
Impairment/(Write back of) allowance on:				
- Loans, advances and financing	38,920	43,571	22,107	14,224
- Other receivables	(1,618)	-	(1,618)	-
Net loss/(gain) on disposal of:				
- Financial investments available-for-sale	(2,162)	(7,456)	(2,774)	(4,110)
- Investment properties	(491)	-	(491)	-
- Property and equipment	1	(4)	1	(4)
Share-based expenses	1,554	1,569	1,475	1,515
Unrealised loss/(gain) on:				
- Financial assets held-for-trading	7,158	(5,763)	7,158	(5,763)
- Hedging derivatives	(729)	(220)	(729)	(220)
- Trading derivatives	284,453	(61,547)	284,453	(61,547)
- Subordinated bonds	(89,423)	-	(89,423)	-
Operating profit before changes in working capital	543,148	288,000	475,062	210,887
<i>Changes in operating assets and operating liabilities:</i>				
Deposits and placements with banks and other financial institutions	(1,076,433)	(197,047)	(1,028,346)	51,292
Financial assets held-for-trading	190,584	(319,934)	190,584	(319,934)
Loans, advances and financing	268,373	(1,621,524)	169,549	(1,237,383)
Other assets	24,220	(56,287)	15,195	(102,586)
Statutory deposits with Bank Negara Malaysia	376,910	(41,000)	325,210	(18,000)
Derivative financial assets and liabilities	38,544	(67,067)	40,808	(67,098)
Deposits from customers	817,824	3,053,560	(63,831)	1,662,468
Deposits and placements of banks and other financial institutions	(58,352)	1,653,995	432,072	1,734,744
Bills and acceptances payable	34,146	80,828	22,004	79,618
Other liabilities	(49,671)	68,536	57,322	7,688
Cash generated from operations	1,109,293	2,842,060	635,629	2,001,696
Income tax and zakat paid	(92,407)	(58,544)	(80,205)	(53,125)
Net cash generated from operating activities	1,016,886	2,783,516	555,424	1,948,571

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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016 (continued)

	Group		Bank	
	Year to date ended		Year to date ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Acquisition of financial investments available-for-sale	(5,197,062)	(7,158,773)	(3,673,967)	(5,631,791)
Acquisition of property and equipment	(4,509)	(3,363)	(1,261)	(3,318)
Proceeds from disposal of financial investments available-for-sale	3,727,332	3,887,195	2,755,126	2,967,648
Proceeds from disposal of investment properties	2,086	-	2,086	-
Proceeds from disposal of property and equipment	20	36	-	35
Net cash used in investing activities	(1,472,133)	(3,274,905)	(918,016)	(2,667,426)
Cash flows from financing activities				
Dividends paid to preference shareholders	-	(8,946)	-	(8,946)
Recourse obligation on loans sold to Cagamas Berhad	(4,338)	-	(4,338)	-
Net cash used in financing activities	(4,338)	(8,946)	(4,338)	(8,946)
Net decrease in cash and cash equivalents	(459,585)	(500,335)	(366,930)	(727,801)
Cash and cash equivalents at 1 January	5,443,390	8,273,458	4,862,227	7,780,124
Cash and cash equivalents at 31 March	4,983,805	7,773,123	4,495,297	7,052,323

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 2015 and the accompanying explanatory notes to the unaudited condensed interim financial statements.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2016

GENERAL INFORMATION

The unaudited condensed consolidated interim financial statements of the Bank as at and for the financial period ended 31 March 2016 comprise the Bank and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

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

FINANCIAL PERFORMANCE

Against the backdrop of moderate growth in the Malaysian economy, the Group recorded profit after tax of RM224 million for the financial period ended 31 March 2016, a 3.5% or RM8 million decrease from the corresponding period last year. Operating income rose by RM1.6 million or 0.3% to RM595 million largely due to higher net trading income which rose by RM13 million or 27.2%. Operating expenses increased by 7.6% or RM18 million to RM262 million while impairment allowances decreased by 14% or RM6 million to RM37 million.

Total assets grew by 0.7% or RM676 million to RM95 billion, mainly as a result of higher holdings of financial investments available-for-sale by 11% or RM1.5 billion but lower derivative financial assets (-RM0.6 billion) and loans, advances and financing (-RM0.3 billion, mainly from the small and medium enterprises segment). Customer deposits grew by RM818 million, mainly from demand and savings accounts which grew by RM545 million.

The Group and the Bank remained well capitalised after taking into consideration the proposed final dividend for the financial year ended 31 December 2015, with Common Equity Tier 1 (CET 1) capital ratios of 11.065% and 11.196%, Tier 1 capital ratios of 12.759% and 13.199% and total capital ratios of 15.920% and 15.821% respectively.

ECONOMIC PERFORMANCE AND PROSPECTS

The global economic environment remained subdued with the global economy continuing to expand at a moderate pace. Locally, uncertainty in the outlook of global crude oil prices continued to place downward pressure on the Ringgit. Against this challenging backdrop, the Malaysian economy is expected to expand at a moderate pace in 2016 after registering a 5% growth in 2015. Domestic demand is expected to remain the key driver of growth. While private consumption is expected to moderate, household spending will continue to be supported by the growth in income and employment, and the additional disposable income from the measures announced during the 2016 Budget Recalibration.

Amid the current economic outlook, the Group will continue to exercise prudent management of asset quality and operating expenses as well as to maintain sufficient capital and liquidity to weather stress.

1 BASIS OF PREPARATION

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

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

(a) Statement of compliance

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

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

1 BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

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

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

Effective for annual periods commencing on or after 1 January 2017

- Amendments to MFRS 107, *Disclosure Initiative*
- Amendments to MFRS 112, *Recognition of Deferred Tax Assets for Unrealised Losses*

Effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

Effective for annual periods commencing on or after 1 January 2019

- MFRS 16, *Leases*

Effective date to be announced by MASB

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Bank plan to apply the above mentioned accounting standards and amendments when they become effective in the respective financial periods. The initial application of the abovementioned accounting standards and amendments are not expected to have any material impact to the financial statements of the Group and the Bank except as described below:

MFRS 9, *Financial Instruments*

In November 2015, MASB issued MFRS 9, *Financial Instruments* effective for annual periods beginning or after 1 January 2018, which replaces MFRS 139, *Financial Instruments: Recognition and Measurement*. Retrospective application is required but comparative information is not compulsory.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in OCI rather than the income statement, unless this creates an accounting mismatch.

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

1 BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

MFRS 9, *Financial Instruments (continued)*

MFRS 9 requires an expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretations 131, *Revenue - Barter Transactions Involving Advertising Services*. Under MFRS 15, revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain benefits from the good and service.

The adoption of MFRS 9 and MFRS 15 will result in a change in accounting policy. The Group and the Bank are currently assessing the financial impact of adopting MFRS 9 and MFRS 15.

MFRS 16, *Leases*

On 15 April 2015, MASB issued MFRS 16 effective for annual periods beginning on or after 1 January 2019. MFRS 16 requires recognition of operating lease commitments on balance sheet together with a right of use asset. Given the timing of the release of the standard, the Group and Bank have not yet assessed the potential impact.

(b) Use of estimates and judgements

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

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited financial statements as at and for the financial year ended 31 December 2015.

2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these unaudited condensed interim financial statements are the same as those applied by the Group in its audited financial statements as at and for the financial year ended 31 December 2015.

3 SEASONALITY OF OPERATIONS

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

4 SHARE CAPITAL

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

5 CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial period ended 31 March 2016.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2016 (continued)

6 DIVIDENDS

During the Annual General Meeting held on 20 April 2016, a final dividend of 152.2 sen per ordinary share in respect of the financial year ended 31 December 2015 totalling RM437.7 million was approved by the shareholder.

No dividend has been proposed for the financial period ended 31 March 2016.

7 SUBSEQUENT EVENTS

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

8 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank for the financial period ended 31 March 2016.

9 FINANCIAL ASSETS HELD-FOR-TRADING

	Group and Bank	
	31 March 2016	31 December 2015
	RM'000	RM'000
At fair value		
Malaysian Government Investment Issues	60,696	79,782
Malaysian Government Securities	70,233	141,171
Private Debt Securities	1,108,275	1,213,649
Quoted shares in Malaysia	109,410	111,143
	1,348,614	1,545,745

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2016 (continued)**10 FINANCIAL INVESTMENTS AVAILABLE-FOR-SALE**

	Group		Bank	
	31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
At fair value				
Bank Negara Malaysia Monetary Notes	-	129,637	-	29,877
Foreign Government Debt Securities	894,880	726,654	627,704	507,182
Malaysian Government Investment Issues	5,860,737	4,313,713	3,667,932	2,448,108
Malaysian Government Securities	3,179,922	3,228,090	3,179,922	3,228,090
Malaysian Treasury Bills and Islamic Treasury Bills	329,378	319,518	29,752	89,513
Malaysian Government Debt Securities and Sukuk	189,916	193,610	63,832	63,586
Negotiable Instruments of Deposit and Islamic				
Negotiable Instruments	1,499,432	1,599,781	1,166,929	1,516,059
Private and Islamic Debt Securities, and Sanadat				
Mudharabah Cagamas	3,158,821	3,066,995	2,755,937	2,638,324
Quoted shares in Malaysia	296	296	296	296
Debentures	190	190	190	190
	15,113,572	13,578,484	11,492,494	10,521,225
At cost				
Unquoted shares in Malaysia*	108,546	108,546	108,546	108,546
	15,222,118	13,687,030	11,601,040	10,629,771
Impairment allowance				
- Debentures	(12)	(12)	(12)	(12)
	15,222,106	13,687,018	11,601,028	10,629,759

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

11 LOANS, ADVANCES AND FINANCING

	Group		Bank	
	31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
At amortised cost				
Overdrafts	3,175,421	3,199,251	3,175,421	3,199,251
Term loans/financing:				
- Housing loans/financing	27,606,038	27,206,933	25,671,399	25,329,117
- Syndicated term loans/financing	2,229,423	2,323,101	1,841,930	1,928,790
- Hire purchase receivables	775,298	838,167	10	10
- Other term loans/financing	25,365,489	25,999,014	20,593,887	21,121,492
Credit card	525,040	557,136	525,040	557,136
Bills receivable	218,594	432,115	205,308	417,771
Trust receipts	47,062	41,230	46,884	41,020
Claims on customers under acceptance credits	2,648,960	2,511,663	2,267,518	2,123,224
Revolving credit	5,169,367	5,015,232	3,522,748	3,351,192
Staff loans/financing	74,788	77,431	74,788	77,431
Other loans/financing	1,451,612	1,426,495	1,317,943	1,320,630
Gross loans, advances and financing	69,287,092	69,627,768	59,242,876	59,467,064
Allowance for loans, advances and financing				
- Individual impairment	(375,467)	(408,850)	(293,885)	(326,417)
- Collective impairment	(750,743)	(750,743)	(560,264)	(560,264)
Net loans, advances and financing	68,160,882	68,468,175	58,388,727	58,580,383

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2016 (continued)**11 LOANS, ADVANCES AND FINANCING (continued)**

	Group		Bank	
	31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
a) By type of customer				
Domestic banking institutions	3,227	367	3,227	367
Domestic non-bank financial institutions	1,080,631	1,104,668	927,181	936,542
Domestic business enterprises				
- Small and medium enterprises	14,132,410	14,369,297	11,344,401	11,471,632
- Others	19,195,477	19,301,951	15,491,025	15,622,232
Individuals	32,375,036	32,133,898	29,509,263	29,297,065
Foreign entities	2,500,311	2,717,587	1,967,779	2,139,226
	69,287,092	69,627,768	59,242,876	59,467,064
b) By interest/profit rate sensitivity				
Fixed rate				
- Housing loans/financing	136,345	159,086	112,499	133,468
- Hire purchase receivables	524,607	566,497	10	10
- Other fixed rate loans/financing	7,004,350	7,299,658	4,231,398	4,419,825
Variable rate				
- BLR/BFR plus	43,341,175	43,973,596	40,921,626	41,567,431
- Cost plus	15,726,781	15,857,607	11,583,678	11,686,520
- Other variable rates	2,553,834	1,771,324	2,393,665	1,659,810
	69,287,092	69,627,768	59,242,876	59,467,064
At amortised cost				
c) By sector				
Agriculture, hunting, forestry and fishing	2,813,960	2,922,444	2,180,172	2,166,205
Mining and quarrying	482,971	425,016	213,620	207,087
Manufacturing	8,581,951	8,776,131	6,670,096	6,703,245
Electricity, gas and water	419,851	332,857	278,082	257,884
Construction	1,932,717	1,925,997	1,571,961	1,583,937
Real estate	6,937,390	6,620,357	6,328,101	6,179,078
Wholesale & retail trade and restaurants & hotels	8,020,973	8,061,935	6,573,317	6,570,903
Transport, storage and communication	1,735,952	1,920,674	1,460,559	1,600,571
Finance, insurance and business services	2,084,816	2,316,106	1,592,413	1,797,626
Community, social and personal services	1,384,472	1,625,147	882,141	1,116,041
Household				
- Purchase of residential properties	28,778,261	28,400,582	26,798,918	26,479,554
- Purchase of non-residential properties	1,335,072	1,365,832	1,290,866	1,321,319
- Others	3,538,418	3,585,867	2,600,952	2,622,939
Others	1,240,288	1,348,823	801,678	860,675
	69,287,092	69,627,768	59,242,876	59,467,064

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2016 (continued)**11 LOANS, ADVANCES AND FINANCING (continued)**

	Group		Bank	
	31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
d) By geographical distribution				
Malaysia	67,110,132	67,260,994	57,271,609	57,328,049
Singapore	623,501	585,668	607,573	570,541
Other ASEAN	359,202	331,549	359,202	331,549
Rest of the world	1,194,257	1,449,557	1,004,492	1,236,925
	69,287,092	69,627,768	59,242,876	59,467,064

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

e) By residual contractual maturity

Within one year	14,982,937	15,381,828	12,477,902	12,869,653
One year to five years	9,103,594	8,850,320	6,542,261	6,105,534
Over five years	45,200,561	45,395,620	40,222,713	40,491,877
	69,287,092	69,627,768	59,242,876	59,467,064

12 IMPAIRED LOANS, ADVANCES AND FINANCING

(i) Movements in impaired loans, advances and financing

	Group		Bank	
	31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
At 1 January	1,434,370	1,277,026	1,148,946	1,080,344
Impaired during the period/year	274,189	1,271,177	199,390	840,253
Reclassified as unimpaired	(81,153)	(456,585)	(69,796)	(409,918)
Amount recovered	(89,680)	(542,631)	(49,507)	(315,198)
Amount written off	(78,652)	(165,646)	(57,232)	(80,064)
Effect of foreign exchange difference	(22,100)	51,029	(14,249)	33,529
At 31 March/31 December	1,436,974	1,434,370	1,157,552	1,148,946
Individual impairment allowance	(375,467)	(408,850)	(293,885)	(326,417)
Collective impairment allowance	(11,991)	(11,629)	(8,208)	(7,792)
Net impaired loans, advances and financing	1,049,516	1,013,891	855,459	814,737

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2016 (continued)**12 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)**

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

	Group		Bank	
	31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
a) By sector				
Agriculture, hunting, forestry and fishing	8,500	7,785	6,901	6,163
Mining and quarrying	166,395	194,701	85,799	102,039
Manufacturing	379,995	384,221	337,343	338,746
Electricity, gas and water	9	61	-	-
Construction	17,797	18,049	13,319	13,493
Real estate	89,339	71,567	65,393	48,370
Wholesale & retail trade and restaurants & hotels	199,884	207,361	164,106	173,387
Transport, storage and communication	70,012	88,944	62,494	80,702
Finance, insurance and business services	15,843	16,060	7,308	8,488
Community, social and personal services	13,926	12,162	10,557	9,155
Household				
- Purchase of residential properties	347,193	306,949	314,508	281,601
- Purchase of non-residential properties	31,926	31,732	31,495	31,302
- Others	94,960	93,577	57,781	54,956
Others	1,195	1,201	548	544
	1,436,974	1,434,370	1,157,552	1,148,946
b) By geographical distribution				
Malaysia	1,431,463	1,427,255	1,152,041	1,141,831
Singapore	3,082	5,391	3,082	5,391
Rest of the world	2,429	1,724	2,429	1,724
	1,436,974	1,434,370	1,157,552	1,148,946

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

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

	Group		Bank	
	31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
Individual impairment allowance				
At 1 January	408,850	323,671	326,417	261,273
Made during the period/year	80,740	379,040	45,474	223,818
Amount written back	(32,676)	(125,887)	(18,128)	(76,688)
Amount written off	(78,652)	(165,646)	(57,232)	(80,064)
Discount unwind	(1,260)	(4,068)	(1,111)	(3,662)
Effect of foreign exchange difference	(1,535)	1,740	(1,535)	1,740
At 31 March/31 December	375,467	408,850	293,885	326,417
Collective impairment allowance				
At 1 January	750,743	683,088	560,264	529,278
Made during the period/year	-	67,655	-	30,986
At 31 March/31 December	750,743	750,743	560,264	560,264

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2016 (continued)**13 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES**

Group	31 March 2016			31 December 2015		
	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						
- Forwards	5,191,723	90,532	145,964	3,839,872	72,832	31,671
- Swaps	20,731,503	1,218,576	1,317,418	21,225,065	1,759,213	1,683,902
- Options	1,484,464	31,907	8,901	1,274,707	68,742	3,543
- Others	-	-	-	11,220	51	51
Interest rate derivatives						
- Swaps	42,027,062	145,725	192,398	45,447,385	152,079	177,770
- Options	170,133	122	2,845	270,333	195	2,673
- Futures	9,794	18	-	107,257	84	-
- Swaptions	800,000	-	2,852	800,000	-	2,440
Equity and other derivatives						
- Swaps	304,260	41,376	41,378	236,660	37,204	37,204
- Exchange traded futures	9,305	11	-	9,425	21	-
- Options	2,499	28	-	2,999	35	-
- Commodity futures	11,656	564	-	14,186	495	-
- Warrants	49,923	-	4,949	52,805	-	16,546
- Credit linked notes	1,041,500	11,663	11,663	1,042,100	13,716	13,716
	71,833,822	1,540,522	1,728,368	74,334,014	2,104,667	1,969,516
Hedging						
Interest rate derivatives						
- Swaps	926,543	-	18,189	951,098	245	10,308
	72,760,365	1,540,522	1,746,557	75,285,112	2,104,912	1,979,824
Bank						
Trading						
Foreign exchange derivatives						
- Forwards	5,154,328	88,193	145,349	3,837,329	72,426	30,907
- Swaps	20,736,547	1,218,575	1,317,787	21,230,818	1,759,214	1,684,091
- Options	1,484,464	31,907	8,901	1,274,707	68,742	3,543
- Others	-	-	-	11,220	51	51
Interest rate derivatives						
- Swaps	42,027,062	145,725	192,398	45,447,385	152,079	177,770
- Options	170,133	122	2,845	270,333	195	2,673
- Futures	9,794	18	-	107,257	84	-
- Swaptions	800,000	-	2,852	800,000	-	2,440
Equity and other derivatives						
- Swaps	304,260	41,376	41,378	236,660	37,204	37,204
- Exchange traded futures	9,305	11	-	9,425	21	-
- Options	2,499	28	-	2,999	35	-
- Commodity futures	11,656	564	-	14,186	495	-
- Warrants	49,923	-	4,949	52,805	-	16,546
- Credit linked notes	1,041,500	11,663	11,663	1,042,100	13,716	13,716
	71,801,471	1,538,182	1,728,122	74,337,224	2,104,262	1,968,941
Hedging						
Interest rate derivatives						
- Swaps	926,543	-	18,189	951,098	245	10,308
	72,728,014	1,538,182	1,746,311	75,288,322	2,104,507	1,979,249

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2016 (continued)**14 OTHER ASSETS**

	Note	Group		Bank	
		31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
Amount due from subsidiary	(a)	-	-	9,856	9,345
Interest/Profit receivable		137,127	120,498	119,325	100,032
Unquoted Islamic subordinated bond of subsidiary	(b)	-	-	200,000	200,000
Other receivables, deposits and prepayments		158,692	200,199	153,559	189,218
Impairment provision for other assets	(c)	(582)	(2,862)	(582)	(2,862)
		<u>295,237</u>	<u>317,835</u>	<u>482,158</u>	<u>495,733</u>

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

(b) The Bank subscribed for RM200 million non-tradeable non-transferable redeemable Islamic subordinated bond on 1 December 2008, due in 2021 and non-callable until 2016 under the principle of Mudharabah at a projected constant rate of 5.45% per annum for the period from the issue date up to 23 November 2016 and a step up of 100 basis points commencing from 24 November 2016.

	Group		Bank	
	31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
(c) Impairment allowance on other receivables				
At 1 January	2,862	-	2,862	-
Allowance made during the period/year	14	2,862	14	2,862
Write back of allowance during the period/year	(1,632)	-	(1,632)	-
Allowance written-off during the period/year	(662)	-	(662)	-
At 31 March/31 December	<u>582</u>	<u>2,862</u>	<u>582</u>	<u>2,862</u>

15 DEPOSITS FROM CUSTOMERS

	Group		Bank	
	31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
a) By type of deposit				
Demand deposits	14,206,469	13,953,132	10,995,756	10,968,527
Fixed/Investment deposits	49,017,358	48,859,202	42,255,281	42,570,178
Negotiable instruments of deposit	293,210	99,703	-	-
Saving deposits	5,553,354	5,261,811	5,232,397	4,994,193
Short-term money market deposits	2,565,482	2,374,513	2,172,042	1,916,721
Structured investments	2,647,585	2,917,273	2,647,585	2,917,273
	<u>74,283,458</u>	<u>73,465,634</u>	<u>63,303,061</u>	<u>63,366,892</u>
b) By type of customer				
Government and statutory bodies	1,343,781	1,216,369	163,186	57,726
Non-bank financial institutions	6,009,415	5,075,306	4,450,041	4,005,061
Business enterprises	29,482,323	29,363,199	23,971,143	24,086,990
Individuals	33,985,096	34,491,204	31,624,240	32,115,043
Foreign entities	2,219,907	2,379,064	2,140,731	2,306,380
Others	1,242,936	940,492	953,720	795,692
	<u>74,283,458</u>	<u>73,465,634</u>	<u>63,303,061</u>	<u>63,366,892</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2016 (continued)**15 DEPOSITS FROM CUSTOMERS (continued)**

	Group		Bank	
	31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
c) By maturity structure				
Within six months	56,899,142	57,844,394	47,931,813	48,977,567
Six months to one year	13,814,776	12,990,950	11,953,137	11,766,224
One year to three years	2,321,262	966,905	2,170,232	960,117
Three years to five years	1,248,278	1,663,385	1,247,879	1,662,984
	74,283,458	73,465,634	63,303,061	63,366,892

16 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	31 March 2016 RM'000	31 December 2016 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
Licensed banks	7,941,807	8,003,629	7,002,666	6,571,010
Other financial institutions	98,352	94,882	95,298	94,882
	8,040,159	8,098,511	7,097,964	6,665,892

17 SUBORDINATED BONDS

	Group and Bank	
	31 March 2016 RM'000	31 December 2015 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
RM600 million Redeemable Subordinated Bonds 2012/2022	598,087	595,700
USD110 million Additional Tier 1 Capital Securities	430,947	471,932
USD130 million Redeemable Subordinated Bonds 2015/2025	509,301	557,738
	2,138,335	2,225,370

18 OTHER LIABILITIES

	Note	Group		Bank	
		31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
Amount due to subsidiary	(a)	-	-	89,523	4,550
Equity compensation benefits		11,860	10,809	11,860	10,809
Interest/Profit payable		646,606	635,917	573,855	552,867
Other payables and accruals		320,467	380,343	260,721	308,955
Provision for credit commitments and contingencies	(b)	6,526	6,526	6,526	6,526
		985,459	1,033,595	942,485	883,707

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2016 (continued)**18 OTHER LIABILITIES (continued)**

	Group		Bank	
	31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
(b) Provision for credit commitments and contingencies				
At 31 March/31 December	6,526	6,526	6,526	6,526

The provision was made for the Group's and Bank's commitments and contingencies incurred in the normal course of business.

19 NET INTEREST INCOME

	Group		Bank	
	Year to date ended 31 March 2016 RM'000	Year to date ended 31 March 2015 RM'000	Year to date ended 31 March 2016 RM'000	Year to date ended 31 March 2015 RM'000
Interest income				
Loans, advances and financing				
- Interest income other than recoveries	727,675	663,173	727,675	663,173
- Recoveries from impaired loans, advances and financing	13,523	14,061	13,523	14,061
- Discount unwind from impaired loans, advances and financing	1,111	795	1,111	795
Money at call and deposit placements with banks and other financial institutions	23,847	59,439	38,683	71,669
Financial assets held-for-trading	13,287	6,102	13,287	6,102
Financial investments available-for-sale	96,904	99,789	97,608	100,455
Unquoted Islamic subordinated bond of subsidiary	-	-	2,688	2,688
Others	13,872	17,123	13,872	17,123
	890,219	860,482	908,447	876,066
Interest expense				
Deposits from customers	(475,083)	(466,194)	(475,083)	(466,194)
Deposits and placements of banks and other financial institutions	(8,652)	(10,739)	(16,687)	(19,470)
Recourse obligation on loans sold to Cagamas Berhad	(12,053)	-	(12,053)	-
Subordinated bonds	(25,991)	(20,416)	(25,991)	(20,416)
Others	(37,226)	(34,591)	(37,226)	(34,591)
	(559,005)	(531,940)	(567,040)	(540,671)
Net interest income	331,214	328,542	341,407	335,395

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2016 (continued)**20 INCOME FROM ISLAMIC BANKING OPERATIONS**

	Group	
	Year to date ended	
	31 March 2016 RM'000	31 March 2015 RM'000
Income derived from investment of depositors' funds and others	181,545	195,484
Income derived from investment of specific investment account funds	11,478	-
Income derived from investment of shareholder's funds	23,178	22,362
Income attributable to depositors	(81,672)	(87,891)
Income attributable to investment account holder	(8,035)	-
	<u>126,494</u>	<u>129,955</u>

21 NET FEE AND COMMISSION INCOME

	Group and Bank	
	Year to date ended	
	31 March 2016 RM'000	31 March 2015 RM'000
Commission	26,528	33,005
Service charges and fees	29,173	32,903
Guarantee fees	7,920	7,754
Other fee income	2,893	3,914
	<u>66,514</u>	<u>77,576</u>

22 NET TRADING INCOME

	Group and Bank	
	Year to date ended	
	31 March 2016 RM'000	31 March 2015 RM'000
Foreign exchange gain/(loss)	332,347	(47,018)
Realised gain on financial assets held-for-trading	12,731	1,007
Realised gain on trading derivatives	7,202	25,972
Unrealised (loss)/gain on financial assets held-for-trading	(7,158)	5,763
Unrealised (loss)/gain on trading derivatives	(284,453)	61,978
	<u>60,669</u>	<u>47,702</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2016 (continued)**23 OTHER OPERATING INCOME**

	Group		Bank	
	Year to date ended		Year to date ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Gain on disposal:				
- Financial investments available-for-sale	2,774	4,110	2,774	4,110
- Investment properties	491	-	491	-
- Property and equipment	-	4	-	4
Gross dividends from financial assets held-for-trading				
- Malaysia	611	126	611	126
Rental of premises	1,068	1,206	1,086	1,225
Rental of safe deposit boxes	1,680	1,612	1,680	1,612
Shared services income received from subsidiary	-	-	27,969	25,255
Shared services income received from related company	2,936	1,812	2,750	1,812
Unrealised gain on hedging derivatives	729	220	729	220
Others	106	863	106	863
	10,395	9,953	38,196	35,227

24 OPERATING EXPENSES

	Note	Group		Bank	
		Year to date ended		Year to date ended	
		31 March	31 March	31 March	31 March
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
Personnel expenses	(a)	124,915	118,573	116,409	110,184
Establishment expenses	(b)	24,844	23,599	22,101	21,823
Marketing expenses	(c)	8,215	9,074	7,733	8,191
General administrative expenses	(d)	103,814	92,077	93,452	85,151
		261,788	243,323	239,695	225,349
(a) Personnel expenses					
Wages, salaries and bonus		99,432	94,773	92,799	88,029
Employees Provident Fund contributions		15,185	14,487	14,161	13,459
Share-based expenses		1,554	1,569	1,475	1,515
Others		8,744	7,744	7,974	7,181
		124,915	118,573	116,409	110,184
(b) Establishment expenses					
Depreciation of property and equipment		9,891	11,089	8,903	10,538
Rental of premises		4,730	4,334	4,004	3,751
Repair and maintenance		3,263	2,224	3,094	2,076
Information technology costs		2,535	745	2,335	718
Hire of equipment		23	169	16	169
Depreciation of investment properties		-	44	-	44
Amortisation of prepaid lease payments		9	9	9	9
Others		4,393	4,985	3,740	4,518
		24,844	23,599	22,101	21,823

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2016 (continued)**24 OPERATING EXPENSES (continued)**

	Group		Bank	
	Year to date ended		Year to date ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
(c) Marketing expenses				
Advertisement and business promotion	5,669	6,849	5,326	6,672
Transport and travelling	1,106	1,650	941	963
Others	1,440	575	1,466	556
	8,215	9,074	7,733	8,191
(d) General administrative expenses				
Transaction processing fees	79,411	71,028	72,967	65,143
Others	24,403	21,049	20,485	20,008
	103,814	92,077	93,452	85,151

25 IMPAIRMENT ALLOWANCE ON LOANS, ADVANCES AND FINANCING

	Group		Bank	
	Year to date ended		Year to date ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Individual impairment allowance				
- Made during the period	80,740	62,140	45,474	27,758
- Written back	(32,676)	(31,305)	(18,128)	(22,143)
Collective impairment allowance				
- Made during the period	-	18,958	-	12,021
Impaired loans, advances and financing				
- Recovered during the period	(9,144)	(6,222)	(5,239)	(3,412)
	38,920	43,571	22,107	14,224

26 INCOME TAX EXPENSE

	Group		Bank	
	Year to date ended		Year to date ended	
	31 March	31 March	31 March	31 March
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current period	57,181	63,587	46,880	54,037
Expenses not deductible for tax purposes				
- Origination and reversal of temporary differences	15,211	11,278	14,626	10,682
	72,392	74,865	61,506	64,719

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2016 (continued)**27 COMMITMENTS AND CONTINGENCIES**

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

<u>Group</u>	<u>Principal amount</u> RM'000	<u>Positive fair value of derivative contracts</u> RM'000	<u>Negative fair value of derivative contracts</u> RM'000	<u>Credit equivalent amount</u> RM'000	<u>Risk weighted amount</u> RM'000
31 March 2016					
Direct credit substitutes	566,705			566,705	379,260
Transaction-related contingent items	2,486,595			1,277,081	910,076
Short-term self-liquidating trade-related contingencies	444,552			94,901	46,413
Forward asset purchases, forward deposits, securities	368,807			281,684	32,650
Foreign exchange related contracts					
- Less than one year	17,343,860	510,023	764,387	758,590	152,599
- One year to less than five years	7,871,584	560,556	509,833	1,301,346	387,457
- Five years and above	2,192,246	270,436	198,063	696,678	452,245
Interest rate contracts					
- Less than one year	10,703,538	4,380	8,449	21,763	2,882
- One year to less than five years	30,208,921	123,223	142,111	698,272	171,752
- Five years and above	3,021,073	18,262	65,724	194,605	63,384
Equity and commodity related contracts	377,643	41,979	46,327	22,832	14,364
Credit derivative contracts	1,041,500	11,663	11,663	33,150	5,373
Formal standby facilities and credit lines					
- Maturity not exceeding one year	6,992			1,398	786
- Maturity exceeding one year	6,694,798			5,890,974	1,542,985
Other unconditionally cancellable commitments	23,060,973			2,046,053	445,158
Total	106,389,787	1,540,522	1,746,557	13,886,032	4,607,384

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2016 (continued)**27 COMMITMENTS AND CONTINGENCIES (continued)**

<u>Group</u>	<u>Principal amount</u> RM'000	<u>Positive fair value of derivative contracts</u> RM'000	<u>Negative fair value of derivative contracts</u> RM'000	<u>Credit equivalent amount</u> RM'000	<u>Risk weighted amount</u> RM'000
31 December 2015					
Direct credit substitutes	674,349			674,349	446,610
Transaction-related contingent items	2,498,575			1,285,260	914,632
Short-term self-liquidating trade-related contingencies	542,082			119,977	58,010
Foreign exchange related contracts					
- Less than one year	16,094,111	653,097	528,778	914,440	182,770
- One year to less than five years	7,745,321	871,035	834,845	1,598,255	434,058
- Five years and above	2,511,432	376,706	355,544	852,896	534,614
Interest rate contracts					
- Less than one year	12,186,522	4,762	9,194	22,334	2,741
- One year to less than five years	32,297,885	133,384	140,294	680,732	164,780
- Five years and above	3,091,666	14,457	43,703	201,122	59,624
Equity and commodity related contracts	316,075	37,755	53,750	17,819	10,811
Credit derivative contracts	1,042,100	13,716	13,716	31,360	5,138
Formal standby facilities and credit lines					
- Maturity not exceeding one year	1,959			415	226
- Maturity exceeding one year	7,073,049			6,224,036	1,650,449
Other unconditionally cancellable commitments	23,456,459			2,034,560	437,269
Total	109,531,585	2,104,912	1,979,824	14,657,555	4,901,732

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2016 (continued)

27 COMMITMENTS AND CONTINGENCIES (continued)

<u>Bank</u>	<u>Principal amount</u> RM'000	<u>Positive fair value of derivative contracts</u> RM'000	<u>Negative fair value of derivative contracts</u> RM'000	<u>Credit equivalent amount</u> RM'000	<u>Risk weighted amount</u> RM'000
31 March 2016					
Direct credit substitutes	499,661			499,661	329,030
Transaction-related contingent items	2,216,418			1,138,617	788,306
Short-term self-liquidating trade-related contingencies	409,612			87,155	42,168
Forward asset purchases, forward deposits, securities	368,807			281,684	32,650
Foreign exchange related contracts					
- Less than one year	17,311,509	507,683	764,141	755,185	150,649
- One year to less than five years	7,871,584	560,556	509,833	1,301,346	387,457
- Five years and above	2,192,246	270,436	198,063	696,678	452,245
Interest rate contracts					
- Less than one year	10,703,538	4,380	8,449	21,763	2,882
- One year to less than five years	30,208,921	123,223	142,111	698,272	171,752
- Five years and above	3,021,073	18,262	65,724	194,605	63,384
Equity and commodity related contracts	377,643	41,979	46,327	22,832	14,364
Credit derivative contracts	1,041,500	11,663	11,663	33,150	5,373
Formal standby facilities and credit lines					
- Maturity not exceeding one year	-			-	-
- Maturity exceeding one year	6,239,930			5,492,549	1,376,262
Other unconditionally cancellable commitments	20,714,521			2,001,681	431,609
Total	103,176,963	1,538,182	1,746,311	13,225,178	4,248,131
31 December 2015					
Direct credit substitutes	604,776			604,776	395,413
Transaction-related contingent items	2,234,189			1,149,495	798,026
Short-term self-liquidating trade-related contingencies	501,670			110,638	54,023
Foreign exchange related contracts					
- Less than one year	16,097,321	652,692	528,203	913,642	182,367
- One year to less than five years	7,745,321	871,035	834,845	1,598,255	434,058
- Five years and above	2,511,432	376,706	355,544	852,896	534,614
Interest rate contracts					
- Less than one year	12,186,522	4,762	9,194	22,334	2,741
- One year to less than five years	32,297,885	133,384	140,294	680,732	164,780
- Five years and above	3,091,666	14,457	43,703	201,122	59,624
Equity and commodity related contracts	316,075	37,755	53,750	17,819	10,811
Credit derivative contracts	1,042,100	13,716	13,716	31,360	5,138
Formal standby facilities and credit lines					
- Maturity not exceeding one year	79			39	1
- Maturity exceeding one year	6,597,047			5,803,122	1,467,434
Other unconditionally cancellable commitments	20,874,660			1,995,220	425,627
Total	106,100,743	2,104,507	1,979,249	13,981,450	4,534,657

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2016 (continued)**28 CAPITAL COMMITMENTS**

	Group		Bank	
	31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
Capital expenditure commitments in respect of property and equipment				
- Authorised but not contracted for	1,153	5,115	397	1,189
- Contracted but not provided for	13,726	12,940	13,726	12,940
	14,879	18,055	14,123	14,129

29 FAIR VALUES OF FINANCIAL INSTRUMENTS**Fair value hierarchy of financial instruments**

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

The valuation hierarchy and the types of instruments classified into each level within that hierarchy, are set out below:

	Level 1	Level 2	Level 3
Fair value determined	Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets and financial liabilities that the entity can access at the measurement date.	Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets and liabilities, either directly or indirectly.	Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.
Type of financial assets	Actively traded government and agency securities	Corporate and other government bonds and loans Over-the counter ("OTC") derivatives Cash and cash equivalents Deposits and placements with banks and other financial institutions Other assets	Private debt equity investments Corporate bonds with illiquid markets Loans, advances and financing
Type of financial liabilities		OTC derivatives Deposits from customer Deposits and placement of banks and other financial institutions Other liabilities Subordinated bonds	

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2016 (continued)**29 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**

Group	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 March 2016				
Financial assets at fair value				
Held-for-trading	240,339	1,108,275	-	1,348,614
Available-for-sale	9,724,525	5,389,035	-	15,113,560
Derivative financial assets	3,924	1,524,785	11,813	1,540,522
	<u>9,968,788</u>	<u>8,022,095</u>	<u>11,813</u>	<u>18,002,696</u>
Financial liabilities at fair value				
Derivative financial liabilities	9,210	1,719,986	17,361	1,746,557
31 December 2015				
Financial assets at fair value				
Held-for-trading	332,096	1,213,649	-	1,545,745
Available-for-sale	7,905,007	5,673,465	-	13,578,472
Derivative financial assets	615	2,090,301	13,996	2,104,912
	<u>8,237,718</u>	<u>8,977,415</u>	<u>13,996</u>	<u>17,229,129</u>
Financial liabilities at fair value				
Derivative financial liabilities	17,092	1,943,852	18,880	1,979,824
Bank				
31 March 2016				
Financial assets at fair value				
Held-for-trading	240,339	1,108,275	-	1,348,614
Available-for-sale	7,138,460	4,354,022	-	11,492,482
Derivative financial assets	3,992	1,522,377	11,813	1,538,182
	<u>7,382,791</u>	<u>6,984,674</u>	<u>11,813</u>	<u>14,379,278</u>
Financial liabilities at fair value				
Derivative financial liabilities	9,217	1,719,733	17,361	1,746,311
31 December 2015				
Financial assets at fair value				
Held-for-trading	332,096	1,213,649	-	1,545,745
Available-for-sale	6,161,238	4,359,975	-	10,521,213
Derivative financial assets	633	2,089,878	13,996	2,104,507
	<u>6,493,967</u>	<u>7,663,502</u>	<u>13,996</u>	<u>14,171,465</u>
Financial liabilities at fair value				
Derivative financial liabilities	17,090	1,943,279	18,880	1,979,249

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2016 (continued)**29 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**

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

	Group and Bank	
	31 March 2016 RM'000	31 December 2015 RM'000
Financial assets at fair value		
At 1 January	13,996	16,298
Purchased	39	4,071
Settled/disposed	(31)	-
Recognised in profit or loss		-
- Realised loss	(2,330)	(9,699)
- Unrealised gain	139	3,326
At 31 March/31 December	<u>11,813</u>	<u>13,996</u>
Financial liabilities at fair value		
At 1 January	18,880	20,914
Issued	-	9,006
Settled/disposed	(2,250)	(14,622)
Recognised in profit or loss		
- Realised (loss)/gain	(1,265)	581
- Unrealised gain	1,996	3,001
At 31 March/31 December	<u>17,361</u>	<u>18,880</u>

The following table shows the valuation techniques used in the determination of fair value within Level 3, as well as the unobservable inputs used in the valuation model:

Group and Bank	31 March 2016 Fair value RM'000	31 December 2015 Fair value RM'000	Classification	Valuation technique	Unobservable input
Assets					
Derivative financial assets	11,813	13,996	Hedge for trading	Option pricing model	Standard deviation
Liabilities					
Derivative financial liabilities	17,361	18,880	Hedge for trading	Option pricing model	Standard deviation

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2016 (continued)

30 SEGMENT INFORMATION

Operating Segment

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

Business Banking

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

Consumer Financial Services

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

Global Treasury

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

Global Treasury manages the gapping and investment book of OCBC Malaysia, execution of Asset Liability Management Committee ("ALCO") decisions, compliance of liquidity requirements and facilitates money market operations.

Others

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2016 (continued)**30 SEGMENT INFORMATION (continued)**

<u>Group</u>	Business Banking RM'000	Consumer Financial Services RM'000	Global Treasury RM'000	Others RM'000	Total RM'000
31 March 2016					
Net interest/finance income	262,269	125,745	42,429	19,750	450,193
Non-interest/finance income	31,469	29,774	71,613	12,237	145,093
Operating income	293,738	155,519	114,042	31,987	595,286
Operating expenses	(103,583)	(120,338)	(24,841)	(13,026)	(261,788)
Operating profit before impairment allowance and provision	190,155	35,181	89,201	18,961	333,498
(Impairment)/write back of allowances and provision for commitments and contingencies	(17,109)	(20,203)	1,363	(1,353)	(37,302)
Profit before income tax and zakat	173,046	14,978	90,564	17,608	296,196
Income tax expense and zakat	(17,109)	(3,594)	(21,735)	(5,543)	(72,403)
Profit for the period	155,937	11,384	68,829	12,065	223,793
Gross loans, advances and financing	37,767,641	31,444,663	-	74,788	69,287,092
Gross impaired loans, advances and financing	1,015,196	421,096	-	682	1,436,974
Deposits from customers	38,708,359	35,215,912	359,187	-	74,283,458
31 March 2015					
Net interest/finance income	244,236	126,370	41,412	32,785	444,803
Non-interest/finance income	37,379	34,495	54,928	22,123	148,925
Operating income	281,615	160,865	96,340	54,908	593,728
Operating expenses	(93,096)	(119,048)	(21,063)	(10,116)	(243,323)
Operating profit before impairment allowance and provision	188,519	41,817	75,277	44,792	350,405
Impairment allowances and provision for commitments and contingencies	(15,270)	(28,298)	-	(3)	(43,571)
Profit before income tax and zakat	173,249	13,519	75,277	44,789	306,834
Income tax expense and zakat	(43,312)	(3,380)	(18,819)	(9,364)	(74,875)
Profit for the period	129,937	10,139	56,458	35,425	231,959
31 December 2015					
Gross loans, advances and financing	38,471,331	31,078,992	-	77,445	69,627,768
Gross impaired loans, advances and financing	1,053,874	380,268	-	228	1,434,370
Deposits from customers	36,475,633	33,907,753	3,082,248	-	73,465,634

Geographical Segment

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

There have been no changes in the basis of segmentation or in the basis of measuring of segment profit or loss since the last audited financial statements as at and for the financial year ended 31 December 2015.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2016 (continued)**31 CAPITAL ADEQUACY****Capital Management**

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

	Group		Bank	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	RM'000	RM'000	RM'000	RM'000
Common Equity Tier 1 ("CET 1") capital				
Paid-up ordinary share capital	287,500	287,500	287,500	287,500
Ordinary share premium	462,500	462,500	462,500	462,500
Retained earnings	4,501,313	4,501,313	4,296,938	4,296,938
Other reserves	855,981	819,076	607,375	580,719
CET 1 capital	6,107,294	6,070,389	5,654,313	5,627,657
Regulatory adjustment for CET 1 capital	(242,759)	(241,749)	(571,201)	(459,331)
CET 1 capital	5,864,535	5,828,640	5,083,112	5,168,326
Additional Tier 1 capital				
Innovative Tier 1 capital	400,000	400,000	400,000	400,000
Additional Tier 1 capital	430,947	471,932	430,947	471,932
Tier 1 capital	6,695,482	6,700,572	5,914,059	6,040,258
Tier 2 capital				
Collective impairment allowance under the Standardised Approach*	20,349	20,399	9,036	8,723
Surplus eligible provisions over expected losses	240,598	226,489	212,425	212,414
Subordinated bonds	1,289,301	1,357,738	1,289,301	1,357,738
	1,550,248	1,604,626	1,510,762	1,578,875
Regulatory adjustment for Tier 2 capital	-	-	(422,647)	(533,970)
Tier 2 capital	1,550,248	1,604,626	1,088,115	1,044,905
Capital base	8,245,730	8,305,198	7,002,174	7,085,163
Before deducting proposed dividend				
CET 1 capital ratio	11.957%	11.964%	12.251%	12.546%
Tier 1 capital ratio	13.651%	13.754%	14.253%	14.662%
Total capital ratio	16.812%	17.047%	16.876%	17.199%
After deducting proposed dividend				
CET 1 capital ratio	11.065%	11.066%	11.196%	11.483%
Tier 1 capital ratio	12.759%	12.855%	13.199%	13.600%
Total capital ratio	15.920%	16.149%	15.821%	16.136%

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2016 (continued)**31 CAPITAL ADEQUACY (continued)****Capital Adequacy Ratios**

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

	Group		Bank	
	31 March 2016 RM'000	31 December 2015 RM'000	31 March 2016 RM'000	31 December 2015 RM'000
Total RWA for credit risk	42,938,383	42,951,648	36,127,041	36,100,081
Total RWA for market risk	1,703,986	1,497,919	1,699,101	1,499,947
Total RWA for operational risk	4,338,488	4,254,593	3,600,792	3,581,509
Total RWA for large exposure risk	65,090	14,255	65,090	14,255
	49,045,947	48,718,415	41,492,024	41,195,792

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

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

	31 March 2016	31 December 2015
CET 1 capital ratio	12.843%	12.746%
Tier 1 capital ratio	12.843%	12.746%
Total capital ratio	14.586%	14.749%