

**OCBC BANK (MALAYSIA) BERHAD  
AND ITS SUBSIDIARY COMPANIES**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

Domiciled in Malaysia  
Registered office:  
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18 Jalan Tun Perak  
50050 Kuala Lumpur

Company No. 295400-W

OCBC BANK (MALAYSIA) BERHAD  
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**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

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OCBC BANK (MALAYSIA) BERHAD  
AND ITS SUBSIDIARY COMPANIES  
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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017**

	Note	Group		Bank	
		31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
<b>ASSETS</b>					
Cash and cash equivalents		8,770,774	8,293,096	8,742,051	7,449,587
Deposits and placements with banks and other financial institutions		611,139	1,447,920	1,963,351	2,235,484
Financial assets held-for-trading	9	2,283,531	1,528,361	2,283,531	1,528,361
Financial investments available-for-sale	10	12,703,933	11,253,505	8,950,742	8,077,528
Loans, advances and financing	11	70,150,983	67,421,623	59,776,717	57,799,889
Derivative financial assets	13	1,612,932	1,995,516	1,612,833	1,995,481
Other assets	14	225,417	280,597	435,636	464,465
Statutory deposits with Bank Negara Malaysia		1,708,101	2,000,966	1,404,101	1,673,966
Investments in subsidiaries		-	-	558,492	558,492
Property and equipment		179,991	188,201	167,655	174,785
Prepaid lease payments		775	784	775	784
Tax recoverable		7,012	8,867	-	-
Deferred tax assets		10,211	28,321	7,554	22,977
<b>Total assets</b>		<b>98,264,799</b>	<b>94,447,757</b>	<b>85,903,438</b>	<b>81,981,799</b>
<b>LIABILITIES</b>					
Deposits from customers	15	73,080,915	72,222,724	62,150,005	60,988,458
Deposits and placements of banks and other financial institutions	16	12,340,410	9,462,112	11,777,110	8,977,185
Bills and acceptances payable		162,501	153,888	101,681	123,405
Recourse obligation on loans sold to Cagamas Berhad		1,322,199	1,328,516	1,322,199	1,328,516
Derivative financial liabilities	13	1,604,149	1,820,414	1,604,104	1,820,044
Other liabilities	18	1,002,681	948,838	828,241	823,226
Tax payable and zakat		17,792	11,090	18,483	11,045
Subordinated bonds	17	2,061,403	2,075,852	2,061,403	2,075,852
<b>Total liabilities</b>		<b>91,592,050</b>	<b>88,023,434</b>	<b>79,863,226</b>	<b>76,147,731</b>
<b>EQUITY</b>					
Share capital		287,500	287,500	287,500	287,500
Reserves		6,383,931	6,135,427	5,752,712	5,546,568
Non-controlling interest		1,318	1,396	-	-
<b>Total equity</b>		<b>6,672,749</b>	<b>6,424,323</b>	<b>6,040,212</b>	<b>5,834,068</b>
<b>Total liabilities and equity</b>		<b>98,264,799</b>	<b>94,447,757</b>	<b>85,903,438</b>	<b>81,981,799</b>
<b>Commitments and contingencies</b>	27	<b>99,867,068</b>	<b>99,396,990</b>	<b>96,952,427</b>	<b>96,678,130</b>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2016 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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

	Note	Group		Bank	
		Year to date ended		Year to date ended	
		31 March 2017 RM'000	31 March 2016 RM'000	31 March 2017 RM'000	31 March 2016 RM'000
Interest income		853,671	890,219	872,885	908,447
Interest expense		(507,466)	(559,005)	(521,475)	(567,040)
Net interest income	19	346,205	331,214	351,410	341,407
Income from Islamic banking operations	20	110,679	126,494	-	-
Net fee and commission income	21	85,710	66,514	85,659	66,514
Net trading income	22	36,289	60,669	36,289	60,669
Other operating income	23	5,569	10,395	28,468	38,196
<b>Operating income</b>		<b>584,452</b>	<b>595,286</b>	<b>501,826</b>	<b>506,786</b>
Operating expenses	24	(255,851)	(261,788)	(233,954)	(239,695)
<b>Operating profit before impairment allowance and provision</b>		<b>328,601</b>	<b>333,498</b>	<b>267,872</b>	<b>267,091</b>
Impairment allowance on loans, advances and financing	25	(27,875)	(38,920)	(12,017)	(22,107)
(Impairment)/write back of allowance on other receivables	14	(18)	1,618	(18)	1,618
<b>Profit before income tax and zakat</b>		<b>300,708</b>	<b>296,196</b>	<b>255,837</b>	<b>246,602</b>
Income tax expense	26	(73,690)	(72,392)	(63,617)	(61,506)
Zakat		(12)	(11)	-	-
<b>Profit for the period</b>		<b>227,006</b>	<b>223,793</b>	<b>192,220</b>	<b>185,096</b>
<b>Other comprehensive income, net of income tax items that are or may be reclassified subsequently to profit or loss</b>					
Fair value (available-for-sale) reserve					
- Change in fair value		28,107	54,134	18,335	41,204
- Amount transferred to profit or loss		84	(2,162)	(11)	(2,774)
Income tax expense relating to components of other comprehensive income		(6,771)	(15,067)	(4,400)	(11,774)
<b>Other comprehensive income for the period, net of tax</b>		<b>21,420</b>	<b>36,905</b>	<b>13,924</b>	<b>26,656</b>
<b>Total comprehensive income for the period</b>		<b>248,426</b>	<b>260,698</b>	<b>206,144</b>	<b>211,752</b>
<b>Profit attributable to:</b>					
Owner of the Bank		227,084	223,793	192,220	185,096
Non-controlling interest		(78)	-	-	-
		<b>227,006</b>	<b>223,793</b>	<b>192,220</b>	<b>185,096</b>
<b>Total comprehensive income attributable to:</b>					
Owner of the Bank		248,504	260,698	206,144	211,752
Non-controlling interest		(78)	-	-	-
		<b>248,426</b>	<b>260,698</b>	<b>206,144</b>	<b>211,752</b>
<b>Basic earnings per ordinary share (sen)</b>		<b>79.0</b>	<b>77.8</b>	<b>66.9</b>	<b>64.4</b>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2016 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 2017**

<u>Group</u>	<i>Non-distributable</i>					<i>Distributable</i>				<b>Total equity RM'000</b>
	<b>Share capital RM'000</b>	<b>Share premium RM'000</b>	<b>Statutory reserve RM'000</b>	<b>Regulatory reserve* RM'000</b>	<b>Capital redemption reserve RM'000</b>	<b>Capital reserve RM'000</b>	<b>Fair value reserve RM'000</b>	<b>Retained earnings RM'000</b>	<b>Non-controlling interest RM'000</b>	
At 1 January 2017	287,500	462,500	507,000	375,000	4,000	56,619	79,050	4,651,258	1,396	6,424,323
Fair value (available-for-sale) reserve										
- Change in fair value	-	-	-	-	-	-	28,107	-	-	28,107
- Transferred to profit or loss	-	-	-	-	-	-	84	-	-	84
Income tax effect	-	-	-	-	-	-	(6,771)	-	-	(6,771)
<b>Total other comprehensive income for the period</b>	-	-	-	-	-	-	21,420	-	-	21,420
Profit for the period	-	-	-	-	-	-	-	227,084	(78)	227,006
<b>Total comprehensive income/(expense) for the period</b>	-	-	-	-	-	-	21,420	227,084	(78)	248,426
At 31 March 2017	287,500	462,500	507,000	375,000	4,000	56,619	100,470	4,878,342	1,318	6,672,749

\* The Group maintains a regulatory reserve to meet local regulatory requirements, which restricts the amount of reserves that can be distributed to the shareholder.

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017 (continued)**

<u>Group</u>	<i>Non-distributable</i>					<i>Distributable</i>				<b>Total equity RM'000</b>
	<b>Share capital RM'000</b>	<b>Share premium RM'000</b>	<b>Statutory reserve RM'000</b>	<b>Regulatory reserve* RM'000</b>	<b>Capital redemption reserve RM'000</b>	<b>Capital reserve RM'000</b>	<b>Fair value reserve RM'000</b>	<b>Retained earnings RM'000</b>	<b>Non-controlling interest RM'000</b>	
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
- Transferred to profit or loss	-	-	-	-	-	-	(2,162)	-	-	(2,162)
Income tax effect	-	-	-	-	-	-	(15,067)	-	-	(15,067)
<b>Total other comprehensive income for the period</b>	-	-	-	-	-	-	36,905	-	-	36,905
Profit for the period	-	-	-	-	-	-	-	223,793	-	223,793
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	36,905	223,793	-	260,698
At 31 March 2016	287,500	462,500	507,000	155,000	4,000	56,619	133,362	4,725,106	-	6,331,087

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

	<i>Non-distributable</i>					<i>Distributable</i>		<b>Total equity RM'000</b>
	<b>Share capital RM'000</b>	<b>Share premium RM'000</b>	<b>Statutory reserve RM'000</b>	<b>Regulatory reserve* RM'000</b>	<b>Capital redemption reserve RM'000</b>	<b>Fair value reserve RM'000</b>	<b>Retained earnings RM'000</b>	
<b><u>Bank</u></b>								
At 1 January 2017	287,500	462,500	322,000	375,000	4,000	88,558	4,294,510	5,834,068
Fair value (available-for-sale) reserve								
- Change in fair value	-	-	-	-	-	18,335	-	18,335
- Transferred to profit or loss	-	-	-	-	-	(11)	-	(11)
Income tax effect	-	-	-	-	-	(4,400)	-	(4,400)
<b>Total other comprehensive income for the period</b>	-	-	-	-	-	13,924	-	13,924
Profit for the period	-	-	-	-	-	-	192,220	192,220
<b>Total comprehensive income for the period</b>	-	-	-	-	-	13,924	192,220	206,144
At 31 March 2017	<u>287,500</u>	<u>462,500</u>	<u>322,000</u>	<u>375,000</u>	<u>4,000</u>	<u>102,482</u>	<u>4,486,730</u>	<u>6,040,212</u>

\* The Bank maintains a regulatory reserve to meet local regulatory requirements, which restricts the amount of reserves that can be distributed to the shareholder.

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017 (continued)**

	<i>Non-distributable</i>					<i>Distributable</i>		<b>Total equity RM'000</b>
	<b>Share capital RM'000</b>	<b>Share premium RM'000</b>	<b>Statutory reserve RM'000</b>	<b>Regulatory reserve* RM'000</b>	<b>Capital redemption reserve RM'000</b>	<b>Fair value reserve RM'000</b>	<b>Retained earnings RM'000</b>	
<b>Bank</b>								
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
- Transferred to profit or loss	-	-	-	-	-	(2,774)	-	(2,774)
Income tax effect	-	-	-	-	-	(11,774)	-	(11,774)
<b>Total other comprehensive income for the period</b>	-	-	-	-	-	26,656	-	26,656
Profit for the period	-	-	-	-	-	-	185,096	185,096
<b>Total comprehensive income for the period</b>	-	-	-	-	-	26,656	185,096	211,752
At 31 March 2016	<u>287,500</u>	<u>462,500</u>	<u>322,000</u>	<u>155,000</u>	<u>4,000</u>	<u>126,375</u>	<u>4,482,034</u>	<u>5,839,409</u>

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

	<b>Group</b>		<b>Bank</b>	
	<b>Year to date ended</b>		<b>Year to date ended</b>	
	<b>31 March 2017 RM'000</b>	<b>31 March 2016 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>31 March 2016 RM'000</b>
<b>Cash flows from operating activities</b>				
Profit before income tax and zakat	300,708	296,196	255,837	246,602
<i>Adjustments for:</i>				
Amortisation of prepaid lease payments	9	9	9	9
Depreciation of property and equipment	8,784	9,891	7,623	8,903
Dividends received from financial assets held-for-trading	-	(611)	-	(611)
Impairment/(Write back of) allowance on:				
- Loans, advances and financing	27,875	38,920	12,017	22,107
- Other receivables	18	(1,618)	18	(1,618)
Net loss/(gain) on disposal of:				
- Financial investments available-for-sale	84	(2,162)	(11)	(2,774)
- Investment properties	-	(491)	-	(491)
- Property and equipment	5	21	4	1
Share-based expenses	1,245	1,554	1,156	1,475
Unrealised (gain)/loss on:				
- Financial assets held-for-trading	(542)	7,158	(542)	7,158
- Hedging derivatives	83	(729)	83	(729)
- Trading derivatives	176,604	282,188	176,991	284,453
- Subordinated bonds	(14,765)	(89,423)	(14,765)	(89,423)
Operating profit before changes in working capital	500,108	540,903	438,420	475,062
<i>Changes in operating assets and operating liabilities:</i>				
Deposits and placements with banks and other financial institutions	836,781	(1,076,433)	272,133	(1,028,346)
Financial assets held-for-trading	(754,628)	190,584	(754,628)	190,584
Loans, advances and financing	(2,757,235)	268,373	(1,988,845)	169,549
Other assets	55,162	24,220	28,811	15,195
Statutory deposits with Bank Negara Malaysia	292,865	376,910	269,865	325,210
Derivative financial assets and liabilities	(9,829)	40,809	(9,827)	40,808
Deposits from customers	858,191	817,824	1,161,547	(63,831)
Deposits and placements of banks and other financial institutions	2,878,298	(58,352)	2,799,925	432,072
Bills and acceptances payable	8,613	34,146	(21,724)	22,004
Other liabilities	52,616	(49,671)	3,878	57,322
<b>Cash generated from operations</b>	<b>1,960,942</b>	<b>1,109,313</b>	<b>2,199,555</b>	<b>635,629</b>
Income tax and zakat paid	(53,805)	(92,407)	(45,156)	(80,205)
<b>Net cash generated from operating activities</b>	<b>1,907,137</b>	<b>1,016,906</b>	<b>2,154,399</b>	<b>555,424</b>

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017 (continued)**

	<b>Group</b>		<b>Bank</b>	
	<b>Year to date ended</b>		<b>Year to date ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from investing activities</b>				
Acquisition of financial investments available-for-sale	(5,554,533)	(5,197,062)	(1,679,411)	(3,673,967)
Acquisition of property and equipment	(688)	(4,509)	(589)	(1,261)
Proceeds from disposal of financial investments available-for-sale	4,131,970	3,727,332	824,290	2,755,126
Proceeds from disposal of investment properties	-	2,086	-	2,086
Proceeds from disposal of property and equipment	109	-	92	-
<b>Net cash used in investing activities</b>	<b>(1,423,142)</b>	<b>(1,472,153)</b>	<b>(855,618)</b>	<b>(918,016)</b>
<b>Cash flows from financing activities</b>				
Recourse obligation on loans sold to Cagamas Berhad	(6,317)	(4,338)	(6,317)	(4,338)
<b>Net cash used in financing activities</b>	<b>(6,317)</b>	<b>(4,338)</b>	<b>(6,317)</b>	<b>(4,338)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>477,678</b>	<b>(459,585)</b>	<b>1,292,464</b>	<b>(366,930)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>8,293,096</b>	<b>5,443,390</b>	<b>7,449,587</b>	<b>4,862,227</b>
<b>Cash and cash equivalents at 31 March</b>	<b>8,770,774</b>	<b>4,983,805</b>	<b>8,742,051</b>	<b>4,495,297</b>

*The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2016 and the accompanying explanatory notes to the unaudited condensed interim financial statements.*

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## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2017

### GENERAL INFORMATION

The unaudited condensed consolidated interim financial statements of the Bank as at and for the financial period ended 31 March 2017 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, corporate finance and related advisory services and, the provision of nominee services. There has been no significant change in the nature of these activities during the financial period.

### FINANCIAL PERFORMANCE

The Group recorded profit after tax of RM227 million for the financial period ended 31 March 2017, a 1.4% or RM3 million increase from last year. The higher profit was largely from better net interest income of RM15 million or 5%, coupled with lower impairment allowances of RM9 million or 25% as compared to last year. Islamic banking income reduced by RM15 million or 12% mainly from a reduced unsecured business and personal financing portfolio. Net trading income was RM24m or 40% below last year but mitigated by higher net fee and commission income mainly from better unit trust commission by RM12m.

The Group and the Bank remained well capitalised after taking into consideration the proposed dividend for the financial year ended 31 December 2016, with Common Equity Tier 1 capital ratios of 11.519% and 10.905%, Tier 1 capital ratios of 13.344% and 13.025% and total capital ratios of 16.306% and 15.626%, respectively.

### ECONOMIC PERFORMANCE AND PROSPECTS

The assessment on global growth prospects has continued to improve and Asian economies are benefitting from stronger external demand amid sustained domestic activity. Locally, the growth momentum is expected to continue in 2017, amid sustained growth in domestic demand and continuous recovery in exports. The headline inflation is expected to remain higher in first half 2017 and the projected trajectory will depend on the movement in global oil prices.

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 ("MFRS") 134, International Financial Reporting Standard 34 and the requirements of the Companies Act, 2016 in Malaysia and Shariah requirements (operations of Islamic Banking).

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2017 (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 beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 2, *Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures*
- Amendments to MFRS 140, *Transfers of Investment Property*

#### 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***

MFRS 9, *Financial Instruments* will replace MFRS 139, *Financial Instruments: Recognition and Measurement*. Retrospective application is required but comparative information is not compulsory. MFRS 9 introduces new requirements for classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting.

#### **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 Interpretation 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.

#### **MFRS 16, *Leases***

MFRS 16 requires recognition of operating lease commitments on balance sheet together with a right of use asset.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2017 (continued)**

**1 BASIS OF PREPARATION (continued)**

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

The Group and the Bank are currently assessing the financial impact of adopting MFRS 9, MFRS 15 and MFRS 16.

**(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 2016.

**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 2016.

**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 2017.

**6 DIVIDENDS**

No dividend has been proposed for the financial period ended 31 March 2017.

**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 2017.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2017 (continued)**

**9 FINANCIAL ASSETS HELD-FOR-TRADING**

	<b>Group and Bank</b>	
	<b>31 March 2017</b>	<b>31 December 2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>		
Malaysian Government Investment Issues	198,002	318,634
Malaysian Government Securities	385,562	40,013
Malaysian Government Treasury Bills	378,262	153,437
Corporate Bonds and Sukuk	1,321,705	1,016,277
	<u>2,283,531</u>	<u>1,528,361</u>

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2017</b>	<b>31 December 2016</b>	<b>31 March 2017</b>	<b>31 December 2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At fair value</b>				
Malaysian Government Investment Issues	3,677,118	3,359,455	1,915,480	1,630,506
Malaysian Government Securities	2,651,498	2,894,073	2,651,498	2,894,073
Malaysian Treasury Bills and Islamic Treasury Bills	569,310	274,404	520,680	224,533
Malaysian Government Debt Securities and Sukuk	157,407	156,533	64,152	63,755
Foreign Government Debt Securities and Sukuk	474,831	299,295	242,196	65,575
Negotiable Instruments of Deposit and Islamic Negotiable Instruments of Deposit	1,446,998	698,689	270,180	69,022
Corporate Bonds, Sukuk, Islamic Corporate and Sanadat Mudharabah Cagamas	3,618,047	3,462,036	3,177,832	3,021,044
Quoted shares in Malaysia	-	296	-	296
Debentures	190	190	190	190
	<u>12,595,399</u>	<u>11,144,971</u>	<u>8,842,208</u>	<u>7,968,994</u>
<b>At cost</b>				
Unquoted shares in Malaysia*	108,546	108,546	108,546	108,546
	<u>12,703,945</u>	<u>11,253,517</u>	<u>8,950,754</u>	<u>8,077,540</u>
Impairment allowance				
- Debentures	(12)	(12)	(12)	(12)
	<u>12,703,933</u>	<u>11,253,505</u>	<u>8,950,742</u>	<u>8,077,528</u>

\* 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.

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2017 (continued)**

**11 LOANS, ADVANCES AND FINANCING**

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
<b>At amortised cost</b>				
Overdrafts	2,919,675	2,970,107	2,919,675	2,970,107
Term loans/financing:				
- Housing loans/financing	27,873,518	27,947,751	25,832,246	25,912,204
- Syndicated term loans/financing	2,935,307	3,016,198	2,531,719	2,598,221
- Hire purchase receivables	551,150	625,141	10	10
- Other term loans/financing	25,506,226	23,830,021	21,332,052	19,675,264
Credit cards	508,784	549,295	508,784	549,295
Bills receivable	390,034	231,171	307,792	208,925
Trust receipts	30,425	31,387	30,154	31,208
Claims on customers under acceptance credits	3,051,888	2,806,992	2,596,246	2,406,286
Revolving credit	6,130,228	5,010,338	3,321,823	2,972,243
Staff loans/financing	68,564	71,747	68,564	71,747
Other loans/financing	1,294,183	1,430,792	1,165,788	1,236,674
Gross loans, advances and financing	<u>71,259,982</u>	<u>68,520,940</u>	<u>60,614,853</u>	<u>58,632,184</u>
Allowance for loans, advances and financing				
- Individual impairment	(358,256)	(352,074)	(277,872)	(272,031)
- Collective impairment	(750,743)	(747,243)	(560,264)	(560,264)
Net loans, advances and financing	<u>70,150,983</u>	<u>67,421,623</u>	<u>59,776,717</u>	<u>57,799,889</u>
a) By type of customer				
Domestic banking institutions	15,095	19,935	15,095	19,935
Domestic non-bank financial institutions	1,149,249	1,024,234	1,011,600	974,367
Domestic business enterprises				
- Small and medium enterprises	13,329,462	13,372,591	11,050,000	10,928,382
- Others	20,273,828	19,345,643	16,158,838	15,242,722
Government and statutory bodies	1,002,728	-	1,002,728	-
Individuals	31,924,636	32,227,873	29,214,707	29,463,311
Foreign entities	3,564,984	2,530,664	2,161,885	2,003,467
	<u>71,259,982</u>	<u>68,520,940</u>	<u>60,614,853</u>	<u>58,632,184</u>
b) By interest/profit rate sensitivity				
Fixed rate				
- Housing loans/financing	83,841	111,939	61,902	88,819
- Hire purchase receivables	335,124	375,320	10	10
- Other fixed rate loans/financing	6,941,223	6,934,981	4,604,828	4,473,020
Variable rate				
- Base lending/financing rate plus	42,046,511	42,982,201	38,686,418	39,575,066
- Cost plus	18,574,922	14,986,653	14,260,495	11,626,854
- Other variable rates	3,278,361	3,129,846	3,001,200	2,868,415
	<u>71,259,982</u>	<u>68,520,940</u>	<u>60,614,853</u>	<u>58,632,184</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2017 (continued)****11 LOANS, ADVANCES AND FINANCING (continued)**

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
c) By sector				
Agriculture, hunting, forestry and fishing	2,821,218	2,951,479	1,670,819	1,801,409
Mining and quarrying	442,823	466,247	175,714	164,609
Manufacturing	8,258,122	8,052,298	6,492,219	6,291,990
Electricity, gas and water	324,727	326,346	264,864	265,128
Construction	1,959,714	2,006,565	1,535,099	1,558,302
Real estate	7,033,936	7,169,048	6,460,571	6,582,631
Wholesale & retail trade and restaurants & hotels	7,091,825	7,392,696	5,954,092	6,192,222
Transport, storage and communication	2,562,369	1,470,462	2,351,763	1,229,616
Finance, insurance and business services	2,162,041	1,996,285	1,767,322	1,672,889
Community, social and personal services	3,013,798	1,493,162	2,466,659	970,036
Household				
- Purchase of residential properties	29,000,168	29,073,277	26,924,043	27,002,709
- Purchase of non-residential properties	1,391,851	1,240,879	1,163,147	1,195,878
- Others	3,040,389	3,356,246	2,523,879	2,598,666
Others	2,157,001	1,525,950	864,662	1,106,099
	<b>71,259,982</b>	<b>68,520,940</b>	<b>60,614,853</b>	<b>58,632,184</b>
d) By geographical distribution				
Malaysia	67,950,825	66,241,758	58,457,082	56,618,931
Singapore	1,490,243	824,722	827,625	769,941
Other ASEAN	725,792	440,078	445,758	437,252
Rest of the world	1,093,122	1,014,382	884,388	806,060
	<b>71,259,982</b>	<b>68,520,940</b>	<b>60,614,853</b>	<b>58,632,184</b>
The analysis by geography is determined based on where the credit risk resides.				
e) By residual contractual maturity				
Within one year	18,521,189	14,951,475	14,637,319	11,907,168
One year to less than three years	2,905,601	3,192,506	1,740,442	1,896,950
Three years to less than five years	5,678,779	5,590,777	4,859,615	4,857,214
Over five years	44,154,413	44,786,182	39,377,477	39,970,852
	<b>71,259,982</b>	<b>68,520,940</b>	<b>60,614,853</b>	<b>58,632,184</b>



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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2017 (continued)**

**12 IMPAIRED LOANS, ADVANCES AND FINANCING**

(i) Movements in impaired loans, advances and financing

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
At 1 January	1,485,728	1,434,370	1,188,176	1,148,946
Impaired during the period/year	249,993	1,213,897	176,214	891,489
Reclassified as unimpaired	(139,290)	(391,656)	(118,534)	(331,217)
Amount recovered	(86,982)	(456,119)	(53,746)	(292,849)
Amount written off	(28,993)	(316,844)	(10,312)	(226,494)
Effect of foreign exchange difference	(2,607)	2,080	(1,349)	(1,699)
At 31 March/31 December	1,477,849	1,485,728	1,180,449	1,188,176
Individual impairment allowance	(358,256)	(352,074)	(277,872)	(272,031)
Collective impairment allowance	(12,294)	(12,941)	(8,381)	(8,795)
Net impaired loans, advances and financing	1,107,299	1,120,713	894,196	907,350

a) By sector

Agriculture, hunting, forestry and fishing	6,902	7,238	6,695	6,709
Mining and quarrying	189,610	190,000	96,914	98,204
Manufacturing	331,478	336,139	296,840	297,745
Construction	27,970	32,071	25,000	29,094
Real estate	32,377	33,689	24,955	25,445
Wholesale & retail trade and restaurants & hotels	194,673	198,105	153,781	159,467
Transport, storage and communication	31,436	31,752	26,245	24,656
Finance, insurance and business services	17,400	12,787	7,166	6,435
Community, social and personal services	9,297	11,453	7,798	8,669
Household				
- Purchase of residential properties	492,672	488,707	436,899	433,333
- Purchase of non-residential properties	28,797	29,863	28,543	29,611
- Others	114,689	112,794	69,065	68,259
Others	548	1,130	548	549
	1,477,849	1,485,728	1,180,449	1,188,176

b) By geographical distribution

Malaysia	1,460,211	1,472,156	1,162,811	1,174,604
Singapore	12,336	8,222	12,336	8,222
Rest of the world	5,302	5,350	5,302	5,350
	1,477,849	1,485,728	1,180,449	1,188,176

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

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## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2017 (continued)

## 12 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)

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

	Group		Bank	
	31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
<b>Individual impairment allowance</b>				
At 1 January	352,074	408,850	272,031	326,417
Made during the period/year	76,221	409,503	40,385	255,038
Written back	(39,300)	(141,675)	(22,699)	(76,062)
Written off	(28,993)	(316,844)	(10,312)	(226,494)
Discount unwind and financing income earned on impaired financing	(1,746)	(6,223)	(1,533)	(5,331)
Effect of foreign exchange difference	-	(1,537)	-	(1,537)
At 31 March/31 December	<u>358,256</u>	<u>352,074</u>	<u>277,872</u>	<u>272,031</u>
<b>Collective impairment allowance</b>				
At 1 January	747,243	750,743	560,264	560,264
Made/(Written back) during the period/year	3,500	(3,500)	-	-
At 31 March/31 December	<u>750,743</u>	<u>747,243</u>	<u>560,264</u>	<u>560,264</u>

## 13 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

Group	31 March 2017			31 December 2016		
	Contract or underlying principal amount RM'000	Fair value		Contract or underlying principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>Trading</b>						
Foreign exchange derivatives						
- Forwards	4,331,205	75,305	19,197	4,678,567	156,938	51,988
- Swaps	17,802,828	1,342,622	1,362,712	20,154,764	1,641,525	1,556,905
- Options	1,182,375	7,048	2,505	908,827	27,221	6,169
Interest rate derivatives						
- Swaps	43,706,654	168,200	193,677	42,931,058	154,410	182,040
- Options	180,000	804	1,822	230,000	947	2,079
- Futures	1,626,108	651	-	251,166	-	368
Equity and other derivatives						
- Swaps	177,840	5,146	5,146	178,580	2,857	2,857
- Commodity futures	83,227	4,454	4,454	103,151	1,007	1,007
- Credit linked notes	932,607	8,122	8,122	990,100	10,215	10,215
	<u>70,022,844</u>	<u>1,612,352</u>	<u>1,597,635</u>	<u>70,426,213</u>	<u>1,995,120</u>	<u>1,813,628</u>
<b>Hedging</b>						
Interest rate derivatives						
- Swaps	914,978	580	6,514	963,806	396	6,786
	<u>70,937,822</u>	<u>1,612,932</u>	<u>1,604,149</u>	<u>71,390,019</u>	<u>1,995,516</u>	<u>1,820,414</u>

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## 13 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES (continued)

Bank	31 March 2017			31 December 2016		
	Contract or underlying principal amount RM'000	Fair value		Contract or underlying principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
<b>Trading</b>						
Foreign exchange derivatives						
- Forwards	4,328,334	75,179	19,125	4,698,927	156,903	51,618
- Swaps	17,804,141	1,342,650	1,362,740	20,154,764	1,641,525	1,556,905
- Options	1,182,375	7,047	2,504	908,827	27,221	6,169
Interest rate derivatives						
- Swaps	43,706,654	168,200	193,677	42,931,058	154,410	182,040
- Options	180,000	804	1,822	230,000	947	2,079
- Futures	1,626,108	651	-	251,166	-	368
Equity and other derivatives						
- Swaps	177,840	5,146	5,146	178,580	2,857	2,857
- Commodity futures	83,227	4,454	4,454	103,151	1,007	1,007
- Credit linked notes	932,607	8,122	8,122	990,100	10,215	10,215
	70,021,286	1,612,253	1,597,590	70,446,573	1,995,085	1,813,258
<b>Hedging</b>						
Interest rate derivatives						
- Swaps	914,978	580	6,514	963,806	396	6,786
	70,936,264	1,612,833	1,604,104	71,410,379	1,995,481	1,820,044

## 14 OTHER ASSETS

	Note	Group		Bank	
		31 March 2017 RM'000	31 December 2016 RM'000	31 March 2017 RM'000	31 December 2016 RM'000
Amount due from subsidiaries	(a)	-	-	22,209	7,936
Interest/Profit receivable		114,928	114,735	107,703	94,125
Unquoted Islamic subordinated bonds of subsidiary					
- Redeemable subordinated bond	(b)	-	-	200,000	200,000
Other receivables, deposits and prepayments		113,065	168,471	108,300	165,013
Impairment allowance for other receivables	(c)	(2,576)	(2,609)	(2,576)	(2,609)
		225,417	280,597	435,636	464,465

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

(b) On 24 November 2016, the Bank subscribed for RM200 million redeemable 10 years non-callable 5 years subordinated bond under the principle of Murabahah at a profit rate of 4.80% per annum payable semi-annually in arrears from the issue date with the last Periodic Profit Payment to be made up to (but excluding) the maturity date or early redemption of the Murabahah subordinated bond, whichever is earlier.

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**14 OTHER ASSETS (continued)**

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
(c) Impairment allowance on other receivables				
At 1 January	2,609	2,862	2,609	2,862
Made during the period/year	18	2,609	18	2,609
Amount written back	-	(2,321)	-	(2,321)
Amount written off	(18)	(541)	(18)	(541)
Currency translation adjustment	(33)	-	(33)	-
At 31 March/31 December	<u>2,576</u>	<u>2,609</u>	<u>2,576</u>	<u>2,609</u>

**15 DEPOSITS FROM CUSTOMERS**

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
a) By type of deposit				
Demand deposits	15,245,186	16,132,182	11,976,341	12,585,544
Fixed/General Investment deposits	46,154,967	44,674,058	39,251,574	37,799,241
Saving deposits	8,050,209	7,761,006	7,605,739	7,325,787
Short-term money market deposits	1,908,940	2,367,567	1,594,738	1,989,975
Structured investments	1,721,613	1,287,911	1,721,613	1,287,911
	<u>73,080,915</u>	<u>72,222,724</u>	<u>62,150,005</u>	<u>60,988,458</u>
b) By type of customer				
Government and statutory bodies	1,440,678	1,433,303	24,941	24,901
Non-bank financial institutions	4,256,240	4,706,308	3,486,741	3,764,586
Business enterprises	28,812,461	28,226,890	23,451,351	22,578,504
Individuals	35,344,380	33,708,622	32,103,638	30,609,750
Foreign entities	2,382,420	3,326,782	2,299,634	3,245,005
Others	844,736	820,819	783,700	765,712
	<u>73,080,915</u>	<u>72,222,724</u>	<u>62,150,005</u>	<u>60,988,458</u>
c) By maturity structure for fixed/term/general investments deposits, short-term money market deposits and structured investments				
Within six months	34,292,822	35,115,749	29,051,593	29,955,084
Six months to one year	13,980,108	11,572,471	12,005,554	9,553,938
One year to three years	174,443	802,000	172,930	729,088
Three years to five years	1,038,147	539,316	1,037,848	539,017
Over five years	300,000	300,000	300,000	300,000
	<u>49,785,520</u>	<u>48,329,536</u>	<u>42,567,925</u>	<u>41,077,127</u>

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
Licensed banks	12,248,155	9,364,978	11,687,228	8,882,596
Bank Negara Malaysia	-	5,000	-	5,000
Other financial institutions	92,255	92,134	89,882	89,589
	<b>12,340,410</b>	<b>9,462,112</b>	<b>11,777,110</b>	<b>8,977,185</b>

**17 SUBORDINATED BONDS**

	<b>Group and Bank</b>	
	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
RM400 million Innovative Tier 1 Capital Securities	400,000	400,000
RM600 million Redeemable Subordinated Bonds 2012/2022	599,744	599,428
USD110 million Additional Tier 1 Capital Securities	486,594	493,361
USD130 million Redeemable Subordinated Bonds 2015/2025	575,065	583,063
	<b>2,061,403</b>	<b>2,075,852</b>

**18 OTHER LIABILITIES**

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
Note				
Amount due to subsidiaries	-	-	5,592	44,145
Equity compensation benefits	15,333	13,761	14,523	13,054
Interest/Profit payable	641,846	571,432	552,805	477,734
Other payables and accruals	345,502	363,645	255,321	288,293
	<b>1,002,681</b>	<b>948,838</b>	<b>828,241</b>	<b>823,226</b>

The amount due to subsidiaries is unsecured, interest/profit free and repayable on demand.

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**19 NET INTEREST INCOME**

	<b>Group</b>		<b>Bank</b>	
	<b>Year to date ended</b>		<b>Year to date ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Interest income</b>				
Loans, advances and financing				
- Interest income other than recoveries	681,458	727,675	681,458	727,675
- Recoveries from impaired loans, advances and financing	15,348	13,523	15,348	13,523
- Discount unwind from impaired loans, advances and financing	1,533	1,111	1,533	1,111
Money at call and deposit placements with banks and other financial institutions	43,521	23,847	59,642	38,683
Financial assets held-for-trading	18,582	13,287	18,582	13,287
Financial investments available-for-sale	70,487	96,904	71,213	97,608
Unquoted Islamic subordinated bond of subsidiary	-	-	2,367	2,688
Others	22,742	13,872	22,742	13,872
	<b>853,671</b>	<b>890,219</b>	<b>872,885</b>	<b>908,447</b>
<b>Interest expense</b>				
Deposits from customers	(416,393)	(475,083)	(416,393)	(475,083)
Deposits and placements of banks and other financial institutions	(17,287)	(8,652)	(31,296)	(16,687)
Recourse obligation on loans sold to Cagamas Berhad	(12,665)	(12,053)	(12,665)	(12,053)
Subordinated bonds	(23,790)	(25,991)	(23,790)	(25,991)
Others	(37,331)	(37,226)	(37,331)	(37,226)
	<b>(507,466)</b>	<b>(559,005)</b>	<b>(521,475)</b>	<b>(567,040)</b>
<b>Net interest income</b>	<b>346,205</b>	<b>331,214</b>	<b>351,410</b>	<b>341,407</b>

**20 INCOME FROM ISLAMIC BANKING OPERATIONS**

	<b>Group</b>	
	<b>Year to date ended</b>	
	<b>31 March</b>	<b>31 March</b>
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Income derived from investment of depositors' funds and others	158,739	181,545
Income derived from investment of specific investment account funds	20,006	11,478
Income derived from investment of shareholder's funds	27,123	23,178
Income attributable to depositors	(81,179)	(81,672)
Income attributable to investment account holder	(14,010)	(8,035)
	<b>110,679</b>	<b>126,494</b>

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**21 NET FEE AND COMMISSION INCOME**

	<b>Group</b>		<b>Bank</b>	
	<b>Year to date ended</b>		<b>Year to date ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Commission	38,537	26,528	38,486	26,528
Service charges and fees	36,561	29,173	36,561	29,173
Guarantee fees	8,447	7,920	8,447	7,920
Other fee income	2,165	2,893	2,165	2,893
	<b>85,710</b>	<b>66,514</b>	<b>85,659</b>	<b>66,514</b>

**22 NET TRADING INCOME**

	<b>Group and Bank</b>	
	<b>Year to date ended</b>	
	<b>31 March</b>	<b>31 March</b>
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Foreign exchange gain	85,495	332,347
Realised gain on financial assets held-for-trading	4,356	12,731
Realised gain on trading derivatives	122,887	7,202
Unrealised gain/(loss) on financial assets held-for-trading	542	(7,158)
Unrealised loss on trading derivatives	(176,991)	(284,453)
	<b>36,289</b>	<b>60,669</b>

**23 OTHER OPERATING INCOME**

	<b>Group</b>		<b>Bank</b>	
	<b>Year to date ended</b>		<b>Year to date ended</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Gain/(loss) on disposal:				
- Financial investments available-for-sale	11	2,774	11	2,774
- Investment properties	-	491	-	491
- Property and equipment	(4)	(1)	(4)	(1)
Gross dividends from financial assets held-for-trading in Malaysia	-	611	-	611
Rental of premises	1,102	1,068	1,114	1,086
Rental of safe deposit boxes	1,707	1,680	1,707	1,680
Shared services income received from subsidiaries	-	-	23,045	27,969
Shared services income received from related company	2,703	2,936	2,545	2,750
Unrealised (loss)/gain on hedging derivatives	(83)	729	(83)	729
Others	133	107	133	107
	<b>5,569</b>	<b>10,395</b>	<b>28,468</b>	<b>38,196</b>

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24 OPERATING EXPENSES

	Group		Bank	
	Year to date ended		Year to date ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<b>Personnel expenses</b>				
Wages, salaries and bonus	93,292	99,432	87,192	92,799
Employees Provident Fund contributions	14,323	15,185	13,404	14,161
Share-based expenses	1,245	1,554	1,156	1,475
Others	8,166	8,744	7,398	7,974
	<u>117,026</u>	<u>124,915</u>	<u>109,150</u>	<u>116,409</u>
<b>Establishment expenses</b>				
Depreciation of property and equipment	8,784	9,891	7,623	8,903
Rental of premises	4,700	4,730	4,003	4,004
Repair and maintenance	2,702	3,263	2,524	3,094
Information technology costs	2,349	2,535	2,299	2,335
Hire of equipment	269	23	235	16
Amortisation of prepaid lease payments	9	9	9	9
Others	4,410	4,393	3,822	3,740
	<u>23,223</u>	<u>24,844</u>	<u>20,515</u>	<u>22,101</u>
<b>Marketing expenses</b>				
Advertisement and business promotion	4,108	5,669	4,024	5,326
Transport and travelling	791	1,106	703	941
Others	671	1,440	666	1,466
	<u>5,570</u>	<u>8,215</u>	<u>5,393</u>	<u>7,733</u>
<b>General administrative expenses</b>				
Transaction processing fees	81,282	79,411	74,690	72,967
Others	28,750	24,403	24,206	20,485
	<u>110,032</u>	<u>103,814</u>	<u>98,896</u>	<u>93,452</u>
<b>Total operating expenses</b>	<u>255,851</u>	<u>261,788</u>	<u>233,954</u>	<u>239,695</u>

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
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Individual impairment allowance				
- Made during the period	76,221	80,740	40,385	45,474
- Written back	(39,300)	(32,676)	(22,699)	(18,128)
Collective impairment allowance				
- Made during the period	3,500	-	-	-
Impaired loans, advances and financing				
- Recovered during the period	(12,546)	(9,144)	(5,669)	(5,239)
	<u>27,875</u>	<u>38,920</u>	<u>12,017</u>	<u>22,107</u>



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## 26 INCOME TAX EXPENSE

	Group		Bank	
	Year to date ended		Year to date ended	
	31 March	31 March	31 March	31 March
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current period	62,350	57,181	52,594	46,880
Expenses not deductible for tax purposes				
- Origination and reversal of temporary differences	11,340	15,211	11,023	14,626
	<u>73,690</u>	<u>72,392</u>	<u>63,617</u>	<u>61,506</u>

## 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. There are no material losses 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>	<u>Positive fair value of derivative contracts</u>	<u>Negative fair value of derivative contracts</u>	<u>Credit equivalent amount</u>	<u>Risk weighted amount</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>31 March 2017</b>					
Direct credit substitutes	575,611			575,611	430,945
Transaction-related contingent items	3,104,085			1,581,381	952,828
Short-term self-liquidating trade-related contingencies	409,561			88,060	49,084
Forward asset purchases, forward deposits, securities	1,371,310			1,371,310	60,060
Foreign exchange related contracts					
- Less than one year	14,244,827	586,571	248,322	810,737	194,556
- One year to less than five years	6,215,293	420,575	771,126	1,002,462	285,426
- Five years and above	2,856,288	417,829	364,966	872,505	652,458
Interest rate contracts					
- Less than one year	10,958,843	8,365	7,942	24,549	3,654
- One year to less than five years	25,086,333	58,169	80,774	703,517	186,279
- Five years and above	10,382,564	103,701	113,297	335,820	213,588
Equity and commodity related contracts	261,067	9,600	9,600	21,356	4,060
Credit derivative contracts	932,607	8,122	8,122	35,921	9,479
Formal standby facilities and credit lines					
- Maturity not exceeding one year	47,081			35,310	33,549
- Maturity exceeding one year	4,383,143			4,031,308	1,221,574
Other unconditionally cancellable commitments	19,038,455			2,050,419	361,755
Total	<u>99,867,068</u>	<u>1,612,932</u>	<u>1,604,149</u>	<u>13,540,266</u>	<u>4,659,295</u>

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## 27 COMMITMENTS AND CONTINGENCIES (continued)

<b>Group</b>	<b>Principal amount</b>	<b>Positive fair value of derivative contracts</b>	<b>Negative fair value of derivative contracts</b>	<b>Credit equivalent amount</b>	<b>Risk weighted amount</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2016</b>					
Direct credit substitutes	536,337			536,337	384,295
Transaction-related contingent items	3,028,739			1,544,199	925,445
Short-term self-liquidating trade-related contingencies	348,532			75,793	46,309
Foreign exchange related contracts					
- Less than one year	16,678,507	937,006	335,589	1,203,769	243,598
- One year to less than five years	5,650,775	437,885	802,961	1,039,912	295,025
- Five years and above	3,412,876	450,793	476,512	920,662	681,144
Interest rate contracts					
- Less than one year	11,511,700	12,117	8,210	33,214	4,894
- One year to less than five years	23,638,845	56,406	85,600	675,480	175,354
- Five years and above	9,225,485	87,230	97,463	326,847	202,746
Equity and commodity related contracts	281,731	3,864	3,864	18,179	4,996
Credit derivative contracts	990,100	10,215	10,215	35,395	7,498
Formal standby facilities and credit lines					
- Maturity exceeding one year	5,301,396			4,724,610	1,374,061
Other unconditionally cancellable commitments	18,791,967			2,036,334	342,547
<b>Total</b>	<b>99,396,990</b>	<b>1,995,516</b>	<b>1,820,414</b>	<b>13,170,731</b>	<b>4,687,912</b>

**Bank****31 March 2017**

Direct credit substitutes	492,594			492,594	377,222
Transaction-related contingent items	2,773,475			1,413,456	836,437
Short-term self-liquidating trade-related contingencies	383,976			82,586	46,280
Forward asset purchases, forward deposits, securities	1,371,310			1,371,310	60,060
Foreign exchange related contracts					
- Less than one year	14,243,269	586,472	248,277	810,450	194,315
- One year to less than five years	6,215,293	420,575	771,126	1,002,462	285,426
- Five years and above	2,856,288	417,829	364,966	872,505	652,458
Interest rate contracts					
- Less than one year	10,958,843	8,365	7,942	24,549	3,654
- One year to less than five years	25,086,333	58,169	80,774	703,517	186,279
- Five years and above	10,382,564	103,701	113,297	335,820	213,588
Equity and commodity related contracts	261,067	9,600	9,600	21,356	4,059
Credit derivative contracts	932,607	8,122	8,122	35,921	9,479
Formal standby facilities and credit lines					
- Maturity not exceeding one year	47,081			35,310	33,549
- Maturity exceeding one year	4,023,520			3,730,719	1,086,125
Other unconditionally cancellable commitments	16,924,207			2,006,297	354,825
<b>Total</b>	<b>96,952,427</b>	<b>1,612,833</b>	<b>1,604,104</b>	<b>12,938,852</b>	<b>4,343,756</b>

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27 COMMITMENTS AND CONTINGENCIES (continued)

<b>Bank</b>	<b>Principal amount</b>	<b>Positive fair value of derivative contracts</b>	<b>Negative fair value of derivative contracts</b>	<b>Credit equivalent amount</b>	<b>Risk weighted amount</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>31 December 2016</b>					
Direct credit substitutes	451,454			451,454	330,032
Transaction-related contingent items	2,706,792			1,379,843	799,869
Short-term self-liquidating trade-related contingencies	325,751			71,237	43,433
Foreign exchange related contracts					
- Less than one year	16,698,867	936,971	335,219	1,203,407	243,369
- One year to less than five years	5,650,775	437,885	802,961	1,039,912	295,025
- Five years and above	3,412,876	450,793	476,512	920,662	681,144
Interest rate contracts					
- Less than one year	11,511,700	12,117	8,210	33,214	4,894
- One year to less than five years	23,638,845	56,406	85,600	675,480	175,354
- Five years and above	9,225,485	87,230	97,463	326,847	202,746
Equity and commodity related contracts	281,731	3,864	3,864	18,179	4,996
Credit derivative contracts	990,100	10,215	10,215	35,395	7,498
Formal standby facilities and credit lines					
- Maturity exceeding one year	5,038,252			4,493,069	1,316,710
Other unconditionally cancellable commitments	16,745,502			1,992,705	335,017
<b>Total</b>	<b>96,678,130</b>	<b>1,995,481</b>	<b>1,820,044</b>	<b>12,641,404</b>	<b>4,440,087</b>

28 CAPITAL COMMITMENTS

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
Capital expenditure commitments in respect of property and equipment				
- Authorised but not contracted for	12,097	12,752	12,097	12,752
- Contracted but not provided for	3,688	1,948	3,632	1,857
	<b>15,785</b>	<b>14,700</b>	<b>15,729</b>	<b>14,609</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2017 (continued)****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:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
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  Actively traded quoted equity securities of corporations	Corporate and other government bonds/sukuk 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/sukuk with illiquid markets  Loans, advances and financing
Type of financial liabilities		OTC derivatives  Deposits from customers  Deposits and placement of banks and other financial institutions  Other liabilities  Subordinated bonds/sukuk	

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

**Fair value hierarchy of financial instruments (continued)**

<u>Group</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>31 March 2017</b>				
<b>Financial assets at fair value</b>				
Held-for-trading	583,562	1,699,969	-	2,283,531
Available-for-sale	5,786,922	6,808,465	-	12,595,387
Derivative financial assets	1,800	1,602,206	8,926	1,612,932
	<u>6,372,284</u>	<u>10,110,640</u>	<u>8,926</u>	<u>16,491,850</u>
<b>Financial liabilities at fair value</b>				
Derivative financial liabilities	762	1,593,443	9,944	1,604,149
<b>31 December 2016</b>				
<b>Financial assets at fair value</b>				
Held-for-trading	358,647	1,169,714	-	1,528,361
Available-for-sale	5,765,683	5,379,276	-	11,144,959
Derivative financial assets	830	1,983,524	11,162	1,995,516
	<u>6,125,160</u>	<u>8,532,514</u>	<u>11,162</u>	<u>14,668,836</u>
<b>Financial liabilities at fair value</b>				
Derivative financial liabilities	524	1,807,596	12,294	1,820,414
<b>Bank</b>				
<b>31 March 2017</b>				
<b>Financial assets at fair value</b>				
Held-for-trading	583,562	1,699,969	-	2,283,531
Available-for-sale	4,486,617	4,355,579	-	8,842,196
Derivative financial assets	1,780	1,602,127	8,926	1,612,833
	<u>5,071,959</u>	<u>7,657,675</u>	<u>8,926</u>	<u>12,738,560</u>
<b>Financial liabilities at fair value</b>				
Derivative financial liabilities	764	1,593,396	9,944	1,604,104
<b>31 December 2016</b>				
<b>Financial assets at fair value</b>				
Held-for-trading	358,647	1,169,714	-	1,528,361
Available-for-sale	4,217,072	3,751,910	-	7,968,982
Derivative financial assets	819	1,983,500	11,162	1,995,481
	<u>4,576,538</u>	<u>6,905,124</u>	<u>11,162</u>	<u>11,492,824</u>
<b>Financial liabilities at fair value</b>				
Derivative financial liabilities	543	1,807,207	12,294	1,820,044

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2017 (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:

	<b>Group and Bank</b>	
	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
<b>Financial assets at fair value</b>		
At 1 January	11,162	13,996
Purchased	-	670
Settled/disposed	(300)	(31)
Recognised in profit or loss		
- Realised loss	-	(2,812)
- Unrealised gain	(1,936)	(661)
At 31 March/31 December	<u>8,926</u>	<u>11,162</u>
<b>Financial liabilities at fair value</b>		
At 1 January	12,294	18,880
Settled/disposed	-	(4,760)
Recognised in profit or loss		
- Realised loss	-	(1,667)
- Unrealised gain	(2,350)	(159)
At 31 March/31 December	<u>9,944</u>	<u>12,294</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:

<b>Group and Bank</b>	<b>31 March 2017 Fair value RM'000</b>	<b>31 December 2016 Fair value RM'000</b>	<b>Classification</b>	<b>Valuation technique</b>	<b>Unobservable input</b>
<b>Assets</b>					
Derivative financial assets	8,926	11,162	Hedge for trading	Option pricing model	Standard deviation
<b>Liabilities</b>					
Derivative financial liabilities	9,944	12,294	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 2017 (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.

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**30 SEGMENT INFORMATION (continued)**

<u>Group</u>	<b>Business Banking RM'000</b>	<b>Consumer Financial Services RM'000</b>	<b>Global Treasury RM'000</b>	<b>Others RM'000</b>	<b>Total RM'000</b>
<b>31 March 2017</b>					
Net interest/finance income	254,928	120,528	53,823	16,146	445,425
Non-interest/finance income	34,873	41,908	49,388	12,858	139,027
Operating income	289,801	162,436	103,211	29,004	584,452
Operating expenses	(101,891)	(120,134)	(22,710)	(11,116)	(255,851)
Operating profit before impairment allowance and provision	187,910	42,302	80,501	17,888	328,601
(Impairment)/write back of allowances and provision for commitments and contingencies	(30,276)	2,349	-	34	(27,893)
Profit before income tax and zakat	157,634	44,651	80,501	17,922	300,708
Income tax expense and zakat	(37,833)	(10,717)	(19,319)	(5,833)	(73,702)
Profit for the period	119,801	33,934	61,182	12,089	227,006
Gross loans, advances and financing	39,751,424	31,439,994	-	68,564	71,259,982
Gross impaired loans, advances and financing	827,180	650,184	-	485	1,477,849
Deposits from customers	36,309,668	36,702,372	68,875	-	73,080,915
<b>31 March 2016</b>					
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	(41,531)	(3,594)	(21,735)	(5,543)	(72,403)
Profit for the period	131,515	11,384	68,829	12,065	223,793
<b>31 December 2016</b>					
Gross loans, advances and financing	36,826,699	31,622,494	-	71,747	68,520,940
Gross impaired loans, advances and financing	902,369	582,960	-	399	1,485,728
Deposits from customers	37,076,372	35,078,203	68,149	-	72,222,724

**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 2016.



**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2017 (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).

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2017</b>	<b>31 December 2016</b>	<b>31 March 2017</b>	<b>31 December 2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Common Equity Tier 1 ("CET 1") capital</b>				
Paid-up ordinary share capital	287,500	287,500	287,500	287,500
Ordinary share premium	462,500	462,500	462,500	462,500
Retained earnings	4,651,075	4,651,850	4,294,510	4,294,510
Other reserves	1,043,089	1,021,669	803,482	789,558
CET 1 capital	6,444,164	6,423,519	5,847,992	5,834,068
Regulatory adjustment for CET 1 capital	(452,712)	(464,663)	(894,122)	(792,660)
CET 1 capital	5,991,452	5,958,856	4,953,870	5,041,408
<b>Additional Tier 1 capital</b>				
Innovative Tier 1 capital	400,000	400,000	400,000	400,000
Additional Tier 1 capital	486,594	493,361	486,594	493,361
Tier 1 capital	6,878,046	6,852,217	5,840,464	5,934,769
<b>Tier 2 capital</b>				
Collective impairment allowance under the Standardised Approach*	16,693	17,151	8,381	8,069
Surplus eligible provisions over expected losses	247,893	237,858	216,025	204,217
Subordinated bonds	1,175,065	1,183,063	1,175,065	1,183,063
	1,439,651	1,438,072	1,399,471	1,395,349
Regulatory adjustment for Tier 2 capital	-	-	(311,698)	(423,397)
Tier 2 capital	1,439,651	1,438,072	1,087,773	971,952
<b>Capital base</b>	<b>8,317,697</b>	<b>8,290,289</b>	<b>6,928,237</b>	<b>6,906,721</b>
* Excludes the collective impairment allowance on impaired loans, advances and financing				
<b>Before deducting proposed dividend</b>				
CET 1 capital ratio	12.328%	12.788%	11.845%	12.775%
Tier 1 capital ratio	14.152%	14.706%	13.965%	15.039%
Total capital ratio	17.115%	17.792%	16.566%	17.502%
<b>After deducting proposed dividend</b>				
CET 1 capital ratio	11.519%	11.945%	10.905%	11.779%
Tier 1 capital ratio	13.344%	13.862%	13.025%	14.043%
Total capital ratio	16.306%	16.948%	15.626%	16.506%

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**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2017 (continued)**

**31 CAPITAL ADEQUACY (continued)**

**Capital Adequacy Ratios**

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

	<b>Group</b>		<b>Bank</b>	
	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>	<b>31 March 2017 RM'000</b>	<b>31 December 2016 RM'000</b>
Total RWA for credit risk	42,650,823	41,015,041	36,674,581	34,681,744
Total RWA for market risk	1,504,275	1,164,134	1,509,711	1,159,646
Total RWA for operational risk	4,444,567	4,416,693	3,637,459	3,621,266
Total RWA for large exposure risk	-	-	-	-
	<b>48,599,665</b>	<b>46,595,868</b>	<b>41,821,751</b>	<b>39,462,656</b>

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

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

	<b>31 March 2017</b>	<b>31 December 2016</b>
CET 1 capital ratio	16.371%	15.342%
Tier 1 capital ratio	16.371%	15.342%
Total capital ratio	<b>19.769%</b>	<b>18.425%</b>