

OCBC AL-AMIN BANK BERHAD

Registration No. 200801017151 (818444-T)

(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

Domiciled in Malaysia
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50050 Kuala Lumpur

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FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021**

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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021**

		31 March 2021	31 December 2020
	Note	RM'000	RM'000
ASSETS			
Cash and cash equivalents	9	2,069,232	285,723
Financial assets at fair value through profit or loss ("FVTPL")	10	10,131	10,155
Financial investments at fair value through other comprehensive income ("FVOCI")	11	4,034,650	4,204,551
Financing and advances	12	11,150,292	11,244,993
Derivative financial assets	14	16,011	25,948
Other assets	15	71,762	101,361
Tax recoverable		-	10,868
Property and Equipment		5,119	5,439
Right-of-use ("ROU") assets		4,733	4,493
Deferred tax assets		16,556	8,018
Total assets		<u>17,378,486</u>	<u>15,901,549</u>
LIABILITIES			
Deposits from customers	16	12,985,352	11,495,918
Investment accounts due to designated financial institution	17	1,470,670	1,480,245
Deposits and placements of banks and other financial institutions	18	767,828	775,572
Bills and acceptances payable		18,214	15,064
Derivative financial liabilities	14	16,975	27,253
Other liabilities	19	125,460	155,429
Provision for taxation and zakat		2,446	50
Subordinated sukuk	20	200,000	200,000
Total liabilities		<u>15,586,945</u>	<u>14,149,531</u>
EQUITY			
Share capital		555,000	555,000
Reserves		1,236,541	1,197,018
Total equity		<u>1,791,541</u>	<u>1,752,018</u>
Total liabilities and equity		<u>17,378,486</u>	<u>15,901,549</u>
Commitments and contingencies	30	<u>3,646,250</u>	<u>3,654,590</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2020 and the accompanying explanatory notes to the unaudited condensed interim financial statements.

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021**

	Note	Year-To-Date Ended	
		31 March 2021 RM'000	31 March 2020 RM'000
Income derived from investment of depositors' funds and others	21	124,805	161,049
Income derived from investment of investment account funds	22	11,222	20,233
Income derived from investment of shareholder's funds	23	38,339	35,552
Impairment allowance and provisions	24	8,663	(41,055)
Total distributable income		183,029	175,779
Income attributable to depositors	25	(47,832)	(89,307)
Income attributable to investment account holder	26	(7,846)	(14,045)
Total net income		127,351	72,427
Operating expenses	27	(39,102)	(48,047)
Profit before taxation and zakat		88,249	24,380
Income tax expense	28	(21,245)	(4,480)
Zakat		(12)	(13)
Profit for the period		66,992	19,887
Items that may be subsequently reclassified to profit or loss			
Fair value reserve (debt instruments)			
- Change in fair value		(31,566)	11,028
- Transferred to profit or loss		(4,607)	(7,809)
- Related tax		8,681	(770)
Change in expected credit loss ("ECL") reserve on debt instruments at FVOCI		23	(6)
Other comprehensive expense for the period, net of income tax		(27,469)	2,443
Total comprehensive income for the period		39,523	22,330
Profit attributable to the owner of the Bank		66,992	19,887
Total comprehensive income attributable to the owner of the Bank		39,523	22,330
Basic earnings per ordinary share (sen)		36.21	10.75

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2020 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 2021

	<i>Non-distributable</i>			<i>Distributable</i>		Total Equity RM'000
	Share Capital RM'000	Regulatory Reserve RM'000	ECL Reserve RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	
2021						
At 1 January 2021	555,000	91,000	90	47,940	1,057,988	1,752,018
Fair value reserve						
- Change in fair value	-	-	-	(31,566)	-	(31,566)
- Transferred to profit or loss	-	-	-	(4,607)	-	(4,607)
- Related tax	-	-	-	8,681	-	8,681
Change in ECL reserve	-	-	23	-	-	23
Total other comprehensive income/(expense) for the period	-	-	23	(27,492)	-	(27,469)
Profit for the period	-	-	-	-	66,992	66,992
Total comprehensive income/(expense) for the period	-	-	23	(27,492)	66,992	39,523
At 31 March 2021	555,000	91,000	113	20,448	1,124,980	1,791,541
2020						
At 1 January 2020	555,000	91,000	153	23,778	986,195	1,656,126
Fair value reserve						
- Change in fair value	-	-	-	11,028	-	11,028
- Transferred to profit or loss	-	-	-	(7,809)	-	(7,809)
- Related tax	-	-	-	(770)	-	(770)
Change in ECL reserve	-	-	(6)	-	-	(6)
Total other comprehensive (expense)/income for the period	-	-	(6)	2,449	-	2,443
Profit for the period	-	-	-	-	19,887	19,887
Total comprehensive (expense)/income for the period	-	-	(6)	2,449	19,887	22,330
At 31 March 2020	555,000	91,000	147	26,227	1,006,082	1,678,456

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2020 and the accompanying explanatory notes to the unaudited condensed interim financial statements.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD 31 MARCH 2021

	31 March 2021 RM'000	31 March 2020 RM'000
Cash flows from operating activities		
Profit before income tax expense and zakat	88,249	24,380
<i>Adjustments for:</i>		
Net gain from disposal of:		
- Financial investments at FVOCI	(4,607)	(7,810)
Depreciation of equipment	382	630
Depreciation of ROU assets	466	567
Impairment allowance and provisions	(3,515)	45,283
Finance expense on lease liabilities	23	20
Share-based costs	103	105
Unrealised loss/(gain) on:		
- Financial assets at FVTPL	23	63
- Derivatives	(350)	544
Operating profit before changes in working capital	<u>80,774</u>	<u>63,782</u>
<i>Changes in operating assets and operating liabilities:</i>		
Financial assets at FVTPL	1	17
Financing and advances	98,216	(154,810)
Derivative financial assets	10,287	(10,110)
Other assets	29,600	31,680
Statutory deposits with BNM	-	69,200
Deposits from customers	1,489,434	(402,470)
Investment accounts due to designated financial institution	(9,575)	22,445
Deposits and placements of banks and other financial institutions	(7,744)	261,102
Bills and acceptances payable	3,150	1,108
Derivative financial liabilities	(10,278)	10,109
Other liabilities	(30,320)	27,037
Cash used in operations	<u>1,653,545</u>	<u>(80,910)</u>
Income tax and zakat paid	(7,850)	(10,614)
Net cash used in operating activities	<u>1,645,695</u>	<u>(91,524)</u>
Cash flows from investing activities		
Acquisition of financial investments at FVOCI	(1,935,000)	(3,675,000)
Proceeds from disposal of financial investments at FVOCI	2,073,358	3,598,605
Acquisition of equipment	(63)	(52)
Net cash generated from investing activities	<u>138,295</u>	<u>(76,447)</u>
Cash flows from financing activity		
Payment of lease liabilities	(481)	(585)
Net cash used in financing activity	<u>(481)</u>	<u>(585)</u>
Net decrease in cash and cash equivalents	1,783,509	(168,556)
Cash and cash equivalents at 1 January	285,723	958,141
Cash and cash equivalents at 31 March	<u>2,069,232</u>	<u>789,585</u>

Details of cash and cash equivalents are disclosed in Note 9 of the unaudited condensed interim statements.

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2020 and the accompanying explanatory notes to the unaudited condensed interim financial statements.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2021

GENERAL INFORMATION

The Bank is a licensed Islamic Bank principally engaged in Islamic Banking and related financial services. There were no significant changes to these activities during the financial period.

PERFORMANCE REVIEW

The Bank recorded profit after tax of RM67.0 million for the financial period ended 31 March 2021, an increase of RM47.1 million against the corresponding period last year. The increase was mainly due to lower allowances of RM49.7 million, lower profit income attributable to depositors of RM41.5 million, lower operating expenses of RM8.9 million and higher income from investment of shareholder's funds of RM2.8 million partly offset by lower income from investment of depositors' funds and others of RM36.2 million, higher tax of RM16.8 million and net income from investment account funds of RM2.8 million.

Allowances decreased by RM49.7 million mainly from lower Stage 1 and Stage 2 expected credit loss ("ECL") allowance of RM54.5 million attributed to better economic outlook for 2021 and higher bad debt recovered of RM0.9 million partly offset by higher net Stage 3 ECL allowance of RM5.7 million.

Income from investment of depositors' funds and others decreased by RM36.2 million mainly due to lower finance income from financing and advances of RM24.3 million, affected by Overnight Policy Rate ("OPR") cuts between April to December 2020 totalling 75 basis points and lower finance income from FVOCI of RM10.9 million.

Gross financing and advances decreased by RM0.1 billion or -1% in the first quarter of 2021, mainly from repayments by Small and Medium Enterprises (SMEs) and individuals. Deposits from customers increased by RM1.5 billion over the same period to RM13.0 billion, mainly due to higher deposits from business enterprises RM0.6 billion, non-bank financial institution deposits of RM0.4 billion, government & statutory bodies by RM0.4 billion and individuals by RM0.1 billion.

The Bank remained well capitalised with Common Equity Tier 1 and Tier 1 capital ratios of 16.566% and Total capital ratio of 19.094%.

ECONOMIC PERFORMANCE AND PROSPECTS

The year 2021 is expected to be a turning point from last year's recession, with International Monetary Fund ("IMF") projecting global economic growth of 6% and Bank Negara Malaysia ("BNM") projecting growth ranging from 6.0% - 7.5% for Malaysia this year. The ongoing roll-out of vaccination programmes will pave the way for some normalisation of economic activities worldwide but downside risks to growth remain as we cannot rule out the risk of COVID-19 becoming persistent and the country having to endure the pandemic longer than expected. For Malaysia, growth will be driven by stronger external demand and higher private and public sector expenditure amid continued support from Government policy measures.

The financial system in Malaysia continues to be in a strong position to support the economic recovery, with strong capitalisation levels to absorb potential credit losses and ample liquidity to facilitate financial intermediation activity. While downward pressure on bank earnings is likely to persist in 2021, the credit cost impact is expected to be less severe than in 2020 owing to the front-loading of provisions by banks.

1 BASIS OF PREPARATION

The accounting policies set out below have been applied consistently to the periods presented in the unaudited condensed interim financial statements, except as disclosed in Note 1(a) to the interim financial statements.

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.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2021

1 BASIS OF PREPARATION (continued)

(a) Statement of compliance

The unaudited condensed interim financial statements of the Bank have been prepared under the historical cost convention except for the assets and liabilities which are stated at fair value as disclosed in the notes to the unaudited condensed interim financial statements: financial assets at FVTPL, financial investments at FVOCI and derivative financial instruments. The unaudited condensed interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, International Accounting Standard 34 and BNM's Shariah requirements.

The following amendments to accounting standards have been adopted by the Bank during the current period:

- Amendment to MFRS 16 *Leases - Covid-19-Related Rent Concessions beyond 30 June 2021*
- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16, *Interest Rate Benchmark Reform-Phase 2*

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - Interest Rate Benchmark Reform - Phase 2 addresses issues that might affect the Bank as a result of the reform of a profit rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of a profit rate benchmark with an alternative benchmark rate.

(i) Change in basis for determining cash flows

The amendments will require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by profit rate benchmark reform by updating the effective profit rate of the financial asset or financial liability. As a result, no immediate gain or loss is recognised. This applies only when the change is necessary as a direct consequence of the reform, and the new basis for determining the contractual cash flows is economically equivalent to the previous basis.

(ii) Hedge accounting

The amendments provide exceptions to the hedge accounting requirements that will assist the Bank to maintain its existing hedging relationships post transition to the alternative benchmark rate. The Bank will continue to record any ongoing hedge ineffectiveness in profit or loss.

However, the Bank did not have any hedging during the financial period.

(iii) Disclosure

The amendments will require the Banks to disclose additional information about the Bank's exposure to risks arising from profit rate benchmark reform and related risk management activities.

The Bank has not adopted the following amendments to accounting standards issued by the Malaysian Accounting Standards Board ("MASB") as they are not yet effective:

Effective for annual periods commencing on or after 1 January 2022

- Amendments to MFRS 9, *Financial Instruments - Annual Improvements to MFRS Standards 2018-2020*
- Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contract - Cost of Fulfilling a Contract*

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2021

1 BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

Effective for annual periods commencing on or after 1 January 2023

- Amendments to MFRS 101 *Presentation of Financial Statements - Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

The Bank plans to apply the abovementioned amendments to accounting standards when they become effective in the respective financial periods. The initial application of the abovementioned amendments to accounting standards are not expected to have any material impact to the financial statements of the Bank.

(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 the unaudited condensed interim financial statements, the significant judgements made by management in applying the Bank'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 2020.

2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Bank in these unaudited condensed interim financial statements are the same as those applied by the Bank in its audited financial statements as at and for the financial year ended 31 December 2020, except as disclosed in Note 1(a) to the interim financial statements.

3 AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditor's report on the financial statements for the financial year ended 31 December 2020 was not subject to any qualification.

4 SEASONALITY OF OPERATIONS

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

5 DEBT SECURITIES

There were no other issuances, cancellations, repurchases and repayments of debt securities by the Bank during the financial period ended 31 March 2021.

6 DIVIDEND

No dividend was paid in respect of the financial period ended 31 March 2021.

7 SUBSEQUENT EVENTS

There was no material event subsequent to the end of the reporting period that requires disclosure or adjustments to the unaudited condensed interim financial statements.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2021

8 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There was no unusual items affecting the assets, liabilities, equity and net income or cash flows of the Bank for the financial period ended 31 March 2021.

9 CASH AND CASH EQUIVALENTS

	31 March 2021 RM'000	31 December 2020 RM'000
Cash and balances with banks and other financial institutions	81,909	82,779
Deposits and placements with BNM	1,987,323	202,944
	<u>2,069,232</u>	<u>285,723</u>

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	31 March 2021 RM'000	31 December 2020 RM'000
At fair value		
Islamic Corporate Sukuk	10,131	10,155

11 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	31 March 2021 RM'000	31 December 2020 RM'000
At fair value		
Malaysian Government Investment Issues	2,173,339	2,476,270
Malaysian Government Sukuk	74,052	73,817
Malaysian Government Islamic Treasury Bills	169,640	218,821
Islamic Corporate Sukuk	383,601	376,159
Islamic Negotiable Instruments of Deposit	1,198,288	999,225
Cagamas Sukuk	35,730	36,019
Foreign Government Sukuk	-	24,240
	<u>4,034,650</u>	<u>4,204,551</u>

ECL allowance for financial investments at FVOCI is recognised in the ECL reserve.

	31 March 2021			31 December 2020		
	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL RM'000	Total ECL non credit- impaired RM'000	Stage 1 12 Months ECL RM'000	Stage 2 Lifetime ECL RM'000	Total ECL non credit- impaired RM'000
At 1 January	90	-	90	153	-	153
New financial assets originated or purchased	57	-	57	268	-	268
Financial assets derecognised	(18)	-	(18)	(212)	-	(212)
Net remeasurement during the period/year	(16)	-	(16)	(119)	-	(119)
At 31 March/31 December	<u>113</u>	<u>-</u>	<u>113</u>	<u>90</u>	<u>-</u>	<u>90</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2021

12 FINANCING AND ADVANCES

(i) By type and Shariah contract

	<i>Sale based contracts</i>					<i>Lease based contracts</i>			<i>Equity based contracts</i>		Total RM'000
	Bai'		Tawarruq RM'000	Murabahah RM'000	Bai' Dayn RM'000	Ijarah	Ijarah		Musharakah Mutanaqisah	Others RM'000	
	Bai' Inah RM'000	Bithaman Ajil RM'000				Thumma Al-Bai	Bi	Muntahiah Al-Tamlik			
31 March 2021											
At amortised cost and net of unearned income											
Cash line financing	7,948	6,880	-	-	-	-	448,783	-	-	10,625	474,236
Term financing											
- House financing	-	7,096	-	-	-	-	-	1,789,213	68,700	-	1,865,009
- Syndicated term financing	-	-	891,041	-	-	-	-	136,080	-	-	1,027,121
- Hire purchase receivables	-	-	-	-	-	162,587	-	131,571	-	-	294,158
- Other term financing	158,131	22,336	2,993,437	-	-	-	-	1,185,555	87,708	-	4,447,167
Bills receivable	-	-	-	17,388	38,088	-	-	-	-	-	55,476
Trust receipts	-	-	-	127	-	-	-	-	-	-	127
Revolving credit	-	-	2,914,779	-	-	-	-	-	-	-	2,914,779
Claims on customers under acceptance credits	-	-	-	214,330	77,786	-	-	-	-	-	292,116
Other financing	-	-	126,517	-	-	-	-	-	-	-	126,517
Gross financing and advances	166,079	36,312	6,925,774	231,845	115,874	162,587	448,783	3,242,419	156,408	10,625	11,496,706
ECL allowance											(346,414)
Net financing and advances											11,150,292

Included in financing and advances are specific business ventures funded by the Restricted Profit Sharing Investment Account ("RPSIA") arrangements between the Bank and its immediate holding company, OCBC Bank (Malaysia) Berhad (Note 17). The immediate holding company, being the RPSIA investor, is exposed to the risks and rewards of the business venture and accounts for the impairment allowances arising thereon.

As at 31 March 2021, the gross exposure and ECL relating to RPSIA financing amounted to RM1,481 million (31 December 2020: RM1,438 million) and RM35 million (31 December 2020: RM35 million) respectively.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2021

12 FINANCING AND ADVANCES (continued)

(i) By type and Shariah contract (continued)

	<i>Sale based contracts</i>					<i>Lease based contracts</i>			<i>Equity based contracts</i>		Total RM'000
	Bai'		Tawarruq	Murabahah	Bai' Dayn	Ijarah Thumma Al-Bai	Ijarah		Musharakah Mutanaqisah	Others	
	Bai' Inah	Bithaman Ajil					Bi Al-Tamlik	Muntahiah			
31 December 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At amortised cost and net of unearned income											
Cash line financing	8,326	6,843	-	-	-	-	461,662	-	-	10,091	486,922
Term financing											
- House financing	-	7,308	-	-	-	-	-	1,822,382	70,340	-	1,900,030
- Syndicated term financing	-	-	784,585	-	-	-	-	136,093	-	-	920,678
- Hire purchase receivables	-	-	-	-	-	167,197	-	146,583	-	-	313,780
- Other term financing	173,367	24,262	2,942,423	-	-	-	-	1,226,327	89,314	-	4,455,693
Bills receivable	-	-	-	16,357	38,906	-	-	-	-	-	55,263
Trust receipts	-	-	-	421	-	-	-	-	-	-	421
Revolving credit	-	-	3,024,425	-	-	-	-	-	-	-	3,024,425
Claims on customers under acceptance credits	-	-	-	246,974	110,652	-	-	-	-	-	357,626
Other financing	-	-	88,028	-	-	-	-	-	-	-	88,028
Gross financing and advances	181,693	38,413	6,839,461	263,752	149,558	167,197	461,662	3,331,385	159,654	10,091	11,602,866
ECL allowance											(357,873)
Net financing and advances											11,244,993

In 2020, the Bank incurred a net modification loss of RM8 million from affected financing and advances (before modification) totalling RM394 million.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2021

12 FINANCING AND ADVANCES (continued)

	31 March 2021 RM'000	31 December 2020 RM'000
(ii) By type of customer		
Domestic non-bank financial institutions	1,008,241	1,018,402
Domestic business enterprises		
- Small and medium enterprises	2,434,593	2,484,518
- Others	5,414,773	5,399,924
Individuals	2,093,725	2,142,907
Foreign entities	545,374	557,115
	<u>11,496,706</u>	<u>11,602,866</u>
(iii) By profit rate sensitivity		
Fixed rate		
- House financing	47,466	39,209
- Hire purchase receivables	162,588	167,197
- Other fixed rate financing	1,454,543	1,500,783
Variable rate		
- Base rate/Base financing rate plus	4,138,252	4,241,457
- Cost plus	5,640,552	5,604,723
- Other variable rates	53,305	49,497
	<u>11,496,706</u>	<u>11,602,866</u>
(iv) By sector		
Agriculture, hunting, forestry and fishing	1,414,258	1,428,375
Mining and quarrying	272,557	277,889
Manufacturing	1,497,828	1,496,359
Electricity, gas and water	51,727	49,300
Construction	1,092,796	1,003,443
Real estate	1,046,693	1,200,401
Wholesale & retail trade and restaurants & hotels	1,563,303	1,575,443
Transport, storage and communication	377,894	363,922
Finance, insurance and business services	1,181,903	1,197,142
Community, social and personal services	789,759	749,230
Household		
- Purchase of residential properties	1,874,152	1,909,243
- Purchase of non-residential properties	49,023	48,315
- Others	282,780	301,755
Others	2,033	2,049
	<u>11,496,706</u>	<u>11,602,866</u>
(v) By geographical distribution determined based on where the credit risk resides		
Malaysia	10,993,888	11,090,861
Singapore	74,080	78,956
Other ASEAN countries	108,480	114,774
Rest of the world	320,258	318,275
	<u>11,496,706</u>	<u>11,602,866</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2021

12 FINANCING AND ADVANCES (continued)

	31 March 2021 RM'000	31 December 2020 RM'000
(vi) By residual contractual maturity		
Up to one year	3,868,609	3,880,731
Over one year to three years	1,066,459	1,068,952
Over three years to five years	1,596,404	1,593,017
Over five years	4,965,234	5,060,166
	<u>11,496,706</u>	<u>11,602,866</u>

13 IMPAIRED FINANCING AND ADVANCES

(a) Movements in credit-impaired financing and advances

	31 March 2021 RM'000	31 December 2020 RM'000
At 1 January	615,091	345,692
Impaired during the period/year	53,730	449,776
Reclassified as non credit-impaired	(3,918)	(29,492)
Amount recovered	(30,058)	(109,453)
Amount written off	(5,446)	(41,432)
At 31 December	<u>629,399</u>	<u>615,091</u>
Stage 3 ECL allowance	<u>(155,990)</u>	<u>(149,315)</u>
Net impaired financing and advances	<u>473,409</u>	<u>465,776</u>

Included in the credit-impaired financing and advances are specific business ventures funded by the RPSIA arrangements between the Bank and its immediate holding company, OCBC Bank (Malaysia) Berhad. The immediate holding company, as the RPSIA holder, is exposed to the risks and rewards of the business venture and accounts for the Stage 3 ECL arising thereon. As at 31 March 2021, the credit-impaired RPSIA funded gross exposures and Stage 3 ECL recoverable from the RPSIA holder amounted to RM210 million (31 December 2020: RM227 million) and RM33 million (31 December 2020: RM33 million) respectively.

	31 March 2021 RM'000	31 December 2020 RM'000
(i) By sector		
Agriculture, hunting, forestry and fishing	181,076	195,204
Manufacturing	32,486	29,274
Construction	96,512	98,855
Real estate	5,980	6,176
Wholesale & retail trade and restaurants & hotels	100,452	92,948
Transport, storage and communication	46,899	48,479
Finance, insurance and business services	19,797	11,217
Community, social and personal services	598	606
Household		
- Purchase of residential properties	118,242	107,603
- Purchase of non-residential properties	709	-
- Others	26,648	24,729
	<u>629,399</u>	<u>615,091</u>
(ii) By geographical distribution determined based on where the credit risk resides		
Malaysia	622,428	610,451
Singapore	6,884	4,592
Other ASEAN country	87	48
	<u>629,399</u>	<u>615,091</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2021

13 IMPAIRED FINANCING AND ADVANCES (continued)

(b) Movements in ECL allowance for financing and advances

	<i>Non credit-impaired</i>		<i>Credit-impaired</i>		31 March 2021		<i>Non credit-impaired</i>		<i>Credit-impaired</i>		31 December 2020	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total				
	ECL	ECL	ECL	ECL	ECL	ECL	ECL	ECL				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January	66,433	142,125	149,315	357,873	59,706	53,434	109,208	222,348				
Transferred to Stage 1	5,538	(5,020)	(518)	-	87,406	(76,993)	(10,413)	-				
Transferred to Stage 2	(2,282)	3,378	(1,096)	-	(47,085)	49,367	(2,282)	-				
Transferred to Stage 3	(125)	(10,649)	10,774	-	(2,975)	(57,767)	60,742	-				
New financial assets originated or purchased	4,424	10,617	-	15,041	23,318	37,655	-	60,973				
Financial assets derecognised	(3,257)	(12,518)	(530)	(16,305)	(18,690)	(39,326)	(5,652)	(63,668)				
Net remeasurement during the period/year	(4,167)	(4,751)	5,966	(2,952)	(34,873)	176,602	47,847	189,576				
Written-off	-	-	(5,446)	(5,446)	-	-	(41,432)	(41,432)				
Other movements	669	9	(2,475)	(1,797)	(374)	(847)	(8,703)	(9,924)				
At 31 March/31 December	67,233	123,191	155,990	346,414	66,433	142,125	149,315	357,873				
At 1 January												
- Financing and advances	64,675	126,502	149,315	340,492	56,055	46,736	109,208	211,999				
- Financing related commitments and financial guarantees	1,758	15,623	-	17,381	3,651	6,698	-	10,349				
	66,433	142,125	149,315	357,873	59,706	53,434	109,208	222,348				
At 31 March/31 December												
- Financing and advances	65,706	110,672	155,990	332,368	64,675	126,502	149,315	340,492				
- Financing related commitments and financial guarantees	1,527	12,519	-	14,046	1,758	15,623	-	17,381				
	67,233	123,191	155,990	346,414	66,433	142,125	149,315	357,873				

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2021

14 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

	31 March 2021			31 December 2020		
	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	54,921	79	216	42,448	256	48
- Swaps	61,006	357	361	64,493	1,713	1,721
Profit rate derivatives						
- Swaps	425,400	15,575	16,398	425,400	23,979	25,484
	<u>541,327</u>	<u>16,011</u>	<u>16,975</u>	<u>532,341</u>	<u>25,948</u>	<u>27,253</u>

15 OTHER ASSETS

	31 March 2021 RM'000	31 December 2020 RM'000
Profit receivable	27,304	28,019
Other receivables, deposits and prepayments	7,881	4,266
Amount due from immediate holding company	36,567	69,065
Amount due from ultimate holding company	10	10
Amount due from related company	-	1
	<u>71,762</u>	<u>101,361</u>

The amounts due from ultimate and immediate holding companies and related company are unsecured, profit-free and repayable on demand.

16 DEPOSITS FROM CUSTOMERS

	31 March 2021 RM'000	31 December 2020 RM'000
(a) By type of deposit		
Savings deposits		
- Tawarruq	609,540	613,063
- Qard	232,754	212,557
Demand deposits		
- Tawarruq	1,045,527	707,734
- Qard	4,159,377	3,998,492
Term Deposits		
- Commodity Murabahah	5,580,451	5,181,896
- Qard	3,313	7,311
Short-term deposits		
- Tawarruq	1,354,390	774,865
	<u>12,985,352</u>	<u>11,495,918</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2021

16 DEPOSITS FROM CUSTOMERS (continued)

	31 March 2021 RM'000	31 December 2020 RM'000
(b) By type of customer		
Government and statutory bodies	687,195	324,831
Non-bank financial institutions	1,687,955	1,300,503
Business enterprises	6,107,248	5,478,370
Individuals	4,184,121	4,078,151
Foreign entities	188,169	183,166
Others	130,664	130,897
	<u>12,985,352</u>	<u>11,495,918</u>
(c) By maturity structure of term deposits and short-term deposits		
Up to six months	5,373,869	5,417,120
Over six months to one year	1,546,236	543,233
Over one year to three years	17,586	3,406
Over three years to five years	463	313
	<u>6,938,154</u>	<u>5,964,072</u>

17 INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTION

	31 March 2021 RM'000	31 December 2020 RM'000
Mudharabah RPSIA		
Licensed bank	1,503,439	1,513,014
Amount receivable from immediate holding company under RPSIA	(32,769)	(32,769)
	<u>1,470,670</u>	<u>1,480,245</u>

The placements are from its immediate holding company, OCBC Bank (Malaysia) Berhad and are used to fund specific financing (Note 12). These deposits follow the principle of Mudharabah which states that profits will be shared with the Bank as mudarib and losses borne by depositors.

18 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	31 March 2021 RM'000	31 December 2020 RM'000
Non-Mudharabah		
Licensed banks	760,496	770,767
Other financial institutions	7,332	4,805
	<u>767,828</u>	<u>775,572</u>

Included in the above are deposits and placements of its immediate holding company of RM719 million (2020: RM737 million), which are unsecured and profit bearing.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2021

19 OTHER LIABILITIES

	31 March 2021 RM'000	31 December 2020 RM'000
Profit payable	36,480	51,807
Other payables and accruals	64,128	78,527
Amount due to immediate holding company	(a) 16,645	17,136
Amount due to related company	(a) -	167
Amount due to ultimate holding company	(a) 517	464
Equity compensation benefits	885	771
Lease liabilities	4,771	4,523
Provision for commitments and contingencies	2,034	2,034
	<u>125,460</u>	<u>155,429</u>

(a) The amount due to ultimate and immediate holding companies and related company are unsecured, profit free and repayable on demand.

20 SUBORDINATED SUKUK

On 24 November 2016, the Bank issued to its immediate holding company, OCBC Bank (Malaysia) Berhad, a RM200 million Basel III-compliant redeemable 10 years non-callable 5 years subordinated sukuk 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 sukuk, whichever is earlier. The Bank may, at its option and subject to the prior approval of BNM, exercise its call option and may redeem in whole or in part, whichever is earlier, the Murabahah subordinated sukuk on 24 November 2021 and any coupon payment date thereafter. In addition to the first call in 2021, the Murabahah subordinated sukuk may also be redeemed if a qualifying tax event or a change of qualification event occurs. The Murabahah subordinated sukuk can be written off, in whole or in part, if the Bank is determined by BNM and/or Malaysia Deposit Insurance Corporation to be non-viable.

This Murabahah subordinated sukuk qualifies in full as Tier 2 capital for the purpose of determining the capital adequacy ratio of the Bank.

21 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	31 March 2021 RM'000	31 March 2020 RM'000
Income derived from investment of:		
(i) Term deposits	50,671	83,359
(ii) Other deposits	74,134	77,690
	<u>124,805</u>	<u>161,049</u>

(i) Income derived from investment of term deposits

Finance income and hibah

Financing and advance		
- Finance income earned other than recoveries	35,959	58,356
- Recoveries from credit-impaired financing	576	844
- Discount unwind from credit-impaired financing	889	1,113
Financial assets at FVTPL	40	77
Financial investments at FVOCI	9,205	17,369
Deposits and placements with banks and other financial institutions	2,174	1,741
	<u>48,843</u>	<u>79,500</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2021

21 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS (continued)

	31 March 2021 RM'000	31 March 2020 RM'000
Other trading income		
Unrealised loss on financial assets at FVTPL	(8)	(29)
Other operating income		
Net gain from sale of financial investments at FVOCI	1,655	3,587
Others	181	301
	<u>50,671</u>	<u>83,359</u>
 (ii) Income derived from investment of other deposits		
Finance income and hibah		
Financing and advance		
- Finance income earned other than recoveries	52,611	54,389
- Recoveries from credit-impaired financing	842	787
- Discount unwind from credit-impaired financing	1,301	1,037
Financial assets at FVTPL	58	71
Financial investments at FVOCI	13,466	16,188
Deposits and placements with banks and other financial institutions	3,182	1,622
	<u>71,460</u>	<u>74,094</u>
Other trading income		
Unrealised loss on financial assets at FVTPL	(12)	(27)
Other operating income		
Net gain from sale of financial investments at FVOCI	2,421	3,343
Others	265	280
	<u>74,134</u>	<u>77,690</u>

22 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS

	31 March 2021 RM'000	31 March 2020 RM'000
Finance income and hibah		
Financing and advance		
- Finance income earned other than recoveries	8,634	19,231
- Recoveries from credit-impaired financing	2,449	1,002
Deposits and placements with banks and other financial institutions	139	-
	<u>11,222</u>	<u>20,233</u>

23 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS

	31 March 2021 RM'000	31 March 2020 RM'000
Finance income and hibah		
Financing and advance		
- Finance income earned other than recoveries	11,538	14,322
- Recoveries from credit-impaired financing	185	207
- Discount unwind from credit-impaired financing	285	273
Financial assets at FVTPL	13	19
Financial investments at FVOCI	2,953	4,263
Deposits and placements with banks and other financial institutions	698	427
	<u>15,672</u>	<u>19,511</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2021

23 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUNDS (continued)

	31 March 2021 RM'000	31 March 2020 RM'000
Other trading income		
Unrealised loss on financial assets at FVTPL	(3)	(7)
Other operating income		
Commission	10,784	6,885
Service charges and fees	6,119	4,456
Net gain from sale of financial investments at FVOCI	531	880
Others	58	74
Other trading income		
Net trading gain/(loss)		
- Foreign currency	448	(1,402)
- Trading derivatives	4,380	5,699
- Revaluation of derivatives	350	(544)
	<u>38,339</u>	<u>35,552</u>

24 IMPAIRMENT ALLOWANCE AND PROVISIONS

	31 March 2021 RM'000	31 March 2020 RM'000
Financing and advances		
Stage 1 and Stage 2 ECL (write back)/net charge during the period	(18,134)	36,383
Stage 3 ECL		
- Made during the period	21,404	17,989
- Written back	(6,808)	(9,083)
Credit-impaired financing recovered	(5,148)	(4,228)
Financial investments at FVOCI		
Stage 1 and Stage 2 ECL net charge/(write back) during the period	23	(6)
	<u>(8,663)</u>	<u>41,055</u>

25 INCOME ATTRIBUTABLE TO DEPOSITORS

	31 March 2021 RM'000	31 March 2020 RM'000
Deposits from customers		
- Non-Mudharabah	44,128	81,106
Deposits and placements of banks and other financial institutions		
- Non-Mudharabah	1,314	5,788
Subordinated sukuk	2,367	2,393
Lease liabilities	23	20
	<u>47,832</u>	<u>89,307</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2021

26 INCOME ATTRIBUTABLE TO INVESTMENT ACCOUNT HOLDER

	31 March 2021 RM'000	31 March 2020 RM'000
Investment accounts due to designated financial institution - Mudharabah	7,846	14,045

27 OPERATING EXPENSES

	31 March 2021 RM'000	31 March 2020 RM'000
Personnel expenses		
Wages, salaries and bonus	3,043	5,081
Employees Provident Fund contributions	759	901
Share-based costs	103	105
Others	855	985
	<u>4,760</u>	<u>7,072</u>

Establishment expenses

Depreciation of equipment	382	630
Depreciation of ROU assets	466	567
Rental of premises	2	3
Repair and maintenance	198	113
Information technology costs	169	169
Hire of equipment	28	30
Others	604	700
	<u>1,849</u>	<u>2,212</u>

Marketing expenses

Advertising and business promotion	63	91
Transport and travelling	10	50
Others	1	25
	<u>74</u>	<u>166</u>

General administrative expenses

Shared service fees to immediate holding company	25,166	29,349
IT and transaction processing fees to related companies	5,350	7,382
Others	1,903	1,866
	<u>32,419</u>	<u>38,597</u>

Total operating expenses

	<u>39,102</u>	<u>48,047</u>
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28 INCOME TAX EXPENSE

	31 March 2021 RM'000	31 March 2020 RM'000
Malaysian income tax - Current period	21,101	8,189
Deferred tax - Origination and reversal of temporary differences	144	(3,709)
	<u>21,245</u>	<u>4,480</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2021

29 CAPITAL COMMITMENTS

	31 March 2021 RM'000	31 December 2020 RM'000
Capital commitments in respect of property and equipment		
- Contracted but not provided for	51	45

30 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. There were 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 by BNM for regulatory capital adequacy purposes.

	31 March 2021			31 December 2020		
	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
Direct credit substitutes	84,597	79,747	81,434	79,229	76,229	85,163
Transaction-related contingent items	362,566	184,296	111,290	383,512	196,318	122,719
Short-term self-liquidating trade-related contingencies	17,489	5,280	2,718	31,402	6,714	3,735
Foreign exchange related contracts						
- Up to one year	55,408	670	488	42,448	441	322
- One year to five years	60,519	5,806	2,435	64,493	8,815	4,196
Profit rate related contracts						
- Five years and above	425,400	50,537	41,248	425,400	60,027	52,194
Formal standby facilities and credit lines						
- Original maturity up to one year	40,000	30,000	13,203	40,000	30,000	13,203
- Original maturity exceeding one year	489,383	393,245	304,578	494,136	392,293	328,065
Other unconditionally cancellable commitments	2,110,888	177,447	31,866	2,093,970	175,240	31,864
	3,646,250	927,028	589,260	3,654,590	946,077	641,461

Note: The fair value of derivatives have been recognised as derivative financial assets and liabilities in Note 14.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2021

31 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value hierarchy of financial instruments

The Bank measures 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 as	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 government agency securities. Actively traded quoted equity securities of corporations. Corporate and other governments sukuk. Over-the counter ("OTC") derivatives.	OTC derivatives. Deposits and placements with banks and other financial institutions.	Private debt equity instruments. Corporate sukuk with illiquid markets. Financing and advances. OTC derivatives.
Type of financial liabilities	OTC derivatives.	OTC derivatives. Deposits from customers. Investment accounts due to designated financial institutions. Deposits and placements of banks and other financial institutions. Subordinated sukuk.	OTC derivatives.

Financial instruments carried at fair value

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 March 2021				
Financial assets at fair value				
Financial assets at FVTPL	10,131	-	-	10,131
Financial investments at FVOCI	2,836,362	1,198,288	-	4,034,650
Derivative financial assets	33	15,964	14	16,011
	<u>2,846,526</u>	<u>1,214,252</u>	<u>14</u>	<u>4,060,792</u>
Financial liabilities at fair value				
Derivative financial liabilities	21	16,952	2	16,975
31 December 2020				
Financial assets at fair value				
Financial assets at FVTPL	10,155	-	-	10,155
Financial investments at FVOCI	3,205,326	999,225	-	4,204,551
Derivative financial assets	69	25,878	1	25,948
	<u>3,215,550</u>	<u>1,025,103</u>	<u>1</u>	<u>4,240,654</u>
Financial liabilities at fair value				
Derivative financial liabilities	30	27,219	4	27,253

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2021

31 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy of financial instruments (continued)

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

	31 March 2021 RM'000	31 December 2020 RM'000
Financial assets at fair value		
At 1 January	1	-
Unrealised gain recognised in profit or loss	13	1
At 31 March/31 December	<u>14</u>	<u>1</u>
Financial liabilities at fair value		
At 1 January	4	-
Unrealised (gain)/loss recognised in profit or loss	(2)	4
At 31 March/31 December	<u>2</u>	<u>4</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:

Bank	31 March 2021 Fair value RM'000	31 December 2020 Fair value RM'000	Classification	Valuation technique	Unobservable input
Asset					
Derivative financial assets	14	1	Hedge for trading	Option pricing model	Standard deviation
Liability					
Derivative financial liabilities	2	4	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.

32 CAPITAL ADEQUACY

The capital ratios are computed in accordance with the requirements of BNM's Capital Adequacy Framework for Islamic Banks (Capital Components).

	31 March 2021 RM'000	31 December 2020 RM'000
Common Equity Tier 1 ("CET 1") capital		
Paid-up ordinary share capital	555,000	555,000
Retained earnings	1,057,988	1,057,988
Other reserves	111,448	138,940
Regulatory adjustment	(45,972)	(31,115)
	<u>1,678,464</u>	<u>1,720,813</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2021

32 CAPITAL ADEQUACY (continued)

	31 March 2021 RM'000	31 December 2020 RM'000
Tier 2 capital		
Stage 1 and 2 ECL and qualifying regulatory reserves under the Standardised Approach	2,314	2,659
Surplus eligible provisions over expected losses	54,960	53,936
Subordinated sukuk	200,000	200,000
	<u>257,274</u>	<u>256,595</u>
Capital base	<u>1,935,738</u>	<u>1,977,408</u>
	31 March 2021	31 December 2020
Before the effects of PSIA		
CET 1 capital ratio	15.902%	16.284%
Tier 1 capital ratio	15.902%	16.533%
Total capital ratio	<u>18.340%</u>	<u>18.998%</u>
After the effects of PSIA		
CET 1 capital ratio	16.556%	17.239%
Tier 1 capital ratio	16.556%	17.239%
Total capital ratio	<u>19.094%</u>	<u>19.810%</u>

In accordance with BNM's Guidelines on the Recognition and Measurement of Profit Sharing Investment Account ("PSIA") as Risk Absorbent, the credit and market risks of the assets funded by the Restricted Profit Sharing Investment Accounts ("RPSIA") which qualify as risk absorbent are excluded from the total capital ratio calculation. As at 31 March 2021, credit risks relating to RPSIA assets excluded from the total capital ratio calculation amounted to RM 417 million (31 December 2020: RM427 million).

The bank has elected to apply the transitional arrangements for regulatory capital treatment of accounting provisions for four financial years commencing in 2020. Had the transitional arrangements not been applied, the Bank's capital adequacy ratios would be as follows:

	31 March 2021 RM'000	31 December 2020 RM'000
After the effects of PSIA		
CET 1 / Tier 1 capital ratio	15.794%	16.284%
Total capital ratio	<u>18.332%</u>	<u>18.854%</u>

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

	31 March 2021 RM'000	31 December 2020 RM'000
Total RWA for credit risk	9,345,202	9,202,127
Total RWA for market risk	9,798	3,848
Total RWA for operational risk	783,146	776,034
	<u>10,138,146</u>	<u>9,982,009</u>