

**OCBC AL-AMIN BANK BERHAD**

Registration No. 200801017151 (818444-T)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

Domiciled in Malaysia  
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50050 Kuala Lumpur

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<b>CONTENTS</b>	<b>PAGE</b>
STATEMENT OF FINANCIAL POSITION	1
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2
STATEMENT OF CHANGES IN EQUITY	3
STATEMENT OF CASH FLOWS	4
NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS	5 - 33

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023**

		<b>30 June</b>	<b>31 December</b>
		<b>2023</b>	<b>2022</b>
	<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
Cash and cash equivalents	9	951,432	1,653,270
Financial assets at fair value through profit or loss ("FVTPL")	10	5,038	5,039
Financial investments at fair value through other comprehensive income ("FVOCI")	11	4,606,988	3,199,218
Financing and advances	12	12,521,354	12,750,988
Derivative financial assets	14	14,593	6,255
Other assets	15	45,005	28,975
Tax recoverable		5,358	5,358
Statutory deposits with BNM		206,000	200,000
Property and equipment		2,591	3,121
Right-of-use ("ROU") assets		2,244	1,949
Deferred tax assets		35,266	40,282
<b>Total assets</b>		<u>18,395,869</u>	<u>17,894,455</u>
<b>LIABILITIES</b>			
Deposits from customers	16	11,716,415	11,978,948
Investment accounts due to designated financial institution	17	3,572,912	3,109,650
Deposits and placements of banks and other financial institutions	18	740,879	580,086
Bills and acceptances payable		18,528	11,757
Derivative financial liabilities	14	21,457	5,901
Other liabilities	19	197,551	237,076
Provision for taxation and zakat		13,535	12,174
<b>Total liabilities</b>		<u>16,281,277</u>	<u>15,935,592</u>
<b>EQUITY</b>			
Share capital		555,000	555,000
Reserves		1,559,592	1,403,863
<b>Total equity</b>		<u>2,114,592</u>	<u>1,958,863</u>
<b>Total liabilities and equity</b>		<u>18,395,869</u>	<u>17,894,455</u>
<b>Commitments and contingencies</b>	29	<u>6,100,819</u>	<u>4,637,886</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 2022 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 30 JUNE 2023**

	Note	Quarter Ended		Year-To-Date Ended	
		30 June	30 June	30 June	30 June
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	20	136,327	119,314	269,027	234,340
Income derived from investment of investment account funds	21	40,705	18,061	78,107	34,384
Income derived from investment of shareholder's funds	22	43,591	35,431	83,263	68,977
Impairment allowance and provisions writeback/(charge)	23	10,273	(14,029)	20,938	(5,461)
Total distributable income		230,896	158,777	451,335	332,240
Income attributable to depositors	24	(60,308)	(44,067)	(114,655)	(89,199)
Income attributable to investment account holder	25	(28,492)	(12,954)	(54,674)	(24,712)
Total net income		142,096	101,756	282,006	218,329
Operating expenses	26	(50,575)	(44,310)	(96,682)	(84,507)
<b>Profit before taxation and zakat</b>		91,521	57,446	185,324	133,822
Income tax expense	27	(21,962)	(16,789)	(44,487)	(31,987)
Zakat		(12)	(13)	(25)	(25)
<b>Profit for the period</b>		69,547	40,644	140,812	101,810
<b>Items that may be subsequently reclassified to profit or loss</b>					
Fair value reserve (debt instruments)					
- Change in fair value		(1,947)	(4,118)	19,946	(35,684)
- Transferred to profit or loss		-	4,237	(400)	(370)
- Related tax		467	(28)	(4,691)	8,653
Change in expected credit loss ("ECL") reserve on debt instruments at FVOCI		88	(22)	62	1
<b>Other comprehensive (expense)/income for the period, net of income tax</b>		(1,392)	69	14,917	(27,400)
<b>Total comprehensive income for the period</b>		68,155	40,713	155,729	74,410
Profit attributable to the owner of the Bank		69,547	40,644	140,812	101,810
Total comprehensive income attributable to the owner of the Bank		68,155	40,713	155,729	74,410
<b>Basic earnings per ordinary share (sen)</b>		37.59	21.97	76.11	55.03

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 2022 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 30 JUNE 2023**

	<i>Non-distributable</i>			<i>Distributable</i>		<b>Total Equity RM'000</b>
	<b>Share Capital RM'000</b>	<b>Regulatory Reserve RM'000</b>	<b>ECL Reserve RM'000</b>	<b>Fair Value Reserve RM'000</b>	<b>Retained Earnings RM'000</b>	
<b>2023</b>						
At 1 January 2023	555,000	91,000	147	(27,157)	1,339,873	1,958,863
Fair value reserve						
- Change in fair value	-	-	-	19,946	-	19,946
- Transferred to profit or loss	-	-	-	(400)	-	(400)
- Related tax	-	-	-	(4,691)	-	(4,691)
Change in ECL reserve	-	-	62	-	-	62
<b>Total other comprehensive income for the period</b>	-	-	62	14,855	-	14,917
Profit for the period	-	-	-	-	140,812	140,812
<b>Total comprehensive income for the period</b>	-	-	62	14,855	140,812	155,729
At 30 June 2023	<b>555,000</b>	<b>91,000</b>	<b>209</b>	<b>(12,302)</b>	<b>1,480,685</b>	<b>2,114,592</b>
<b>2022</b>						
At 1 January 2022	555,000	91,000	54	(5,470)	1,147,981	1,788,565
Fair value reserve						
- Change in fair value	-	-	-	(35,684)	-	(35,684)
- Transferred to profit or loss	-	-	-	(370)	-	(370)
- Related tax	-	-	-	8,653	-	8,653
Change in ECL reserve	-	-	1	-	-	1
<b>Total other comprehensive income/(expense) for the period</b>	-	-	1	(27,401)	-	(27,400)
Profit for the period	-	-	-	-	101,810	101,810
<b>Total comprehensive income/(expense) for the period</b>	-	-	1	(27,401)	101,810	74,410
At 30 June 2022	<b>555,000</b>	<b>91,000</b>	<b>55</b>	<b>(32,871)</b>	<b>1,249,791</b>	<b>1,862,975</b>

*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 2022 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 ENDED 30 JUNE 2023**

	<b>30 June 2023 RM'000</b>	<b>30 June 2022 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation and zakat	185,324	133,822
<i>Adjustments for:</i>		
Net (gain)/loss from disposal of:		
- Financial investments at FVOCI	(400)	(370)
Depreciation of equipment	576	730
Depreciation of ROU assets	769	758
Impairment allowance and provisions	(12,333)	18,421
Finance expense on lease liabilities	27	31
Share-based costs	183	178
Unrealised loss/(gain) on:		
- Financial assets at FVTPL	1	127
- Derivatives	7,355	(578)
Operating profit before changes in working capital	<u>181,502</u>	<u>153,340</u>
<i>Changes in operating assets and operating liabilities:</i>		
Financial assets at FVTPL	-	4,689
Financing and advances	247,092	(406,756)
Derivative financial assets	(15,693)	12,587
Other assets	(16,021)	1,834
Statutory deposits with BNM	(6,000)	-
Deposits from customers	(262,533)	1,144
Investment accounts due to designated financial institution	458,192	617,345
Deposits and placements of banks and other financial institutions	160,793	(25,074)
Bills and acceptances payable	6,771	10,914
Derivative financial liabilities	15,556	(12,551)
Other liabilities	(39,993)	(9,881)
<b>Cash generated from operations</b>	<u>729,666</u>	<u>347,591</u>
Income tax and zakat paid	(42,827)	(6,142)
<b>Net cash generated from operating activities</b>	<u>686,839</u>	<u>341,449</u>
<b>Cash flows from investing activities</b>		
Acquisition of financial investments at FVOCI	(2,487,450)	(2,590,720)
Proceeds from disposal of financial investments at FVOCI	1,099,626	3,116,822
Acquisition of equipment	(66)	(188)
Proceeds from disposal of equipment	19	5
<b>Net cash generated (used in)/from investing activities</b>	<u>(1,387,871)</u>	<u>525,919</u>
<b>Cash flows from financing activity</b>		
Redemption of subordinated sukuk	-	(200,000)
Payment of lease liabilities	(806)	(794)
<b>Net cash used in financing activity</b>	<u>(806)</u>	<u>(200,794)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(701,838)	666,574
<b>Cash and cash equivalents at 1 January</b>	<u>1,653,270</u>	<u>2,180,400</u>
<b>Cash and cash equivalents at 30 June</b>	<u>951,432</u>	<u>2,846,974</u>
<b>Change in liabilities arising from financing activity</b>		
	<b>2023 RM'000</b>	<b>2022 RM'000</b>
At 1 January	1,986	2,849
Payment of lease liabilities	(806)	(794)
Acquisition of new leases and changes in lease terms	1,064	(12)
Finance expense on lease liabilities	27	31
At 30 June	<u>2,271</u>	<u>2,074</u>

Details of cash and cash equivalents are disclosed in Note 9 of the unaudited condensed interim financial 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 2022 and the accompanying explanatory notes to the unaudited condensed interim financial statements.*

## NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023

### GENERAL INFORMATION

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

### PERFORMANCE REVIEW

The Bank posted profit after tax of RM140.8 million for the financial period ended 30 June 2023, an increase of RM39.0 million mainly due to higher income derived from investment of depositors' funds and others of RM34.7 million, net write-back of allowances of RM26.4 million, income from shareholder's funds of RM14.3 million and net income from investment account funds of RM13.8 million partly offset by higher income attributable to depositors of RM25.5 million, tax expense of RM12.5 million and operating expenses of RM12.2 million.

Income from investment of depositors' funds and others increase by RM34.7 million mainly due to higher finance income from financing of RM27.3 million and FVOCI of RM16.2 million partly offset by lower finance income from deposits and placements of banks and other financial institutions of RM9.3 million.

Allowances decreased by RM26.4 million mainly due to higher net writebacks in Stage 3 expected credit losses ("ECL") of RM79.9m partly offset by lower net writebacks in Stage 1 & 2 ECL of RM46.2 million and lower other recoveries of RM7.3 million.

Gross financing and advances decreased by RM0.3 billion or 2% to RM12.9 billion in the first half of 2023 mainly from the manufacturing, agriculture and finance, insurance and business services sectors partly offset by higher exposure to real estate sector. Customer deposits decreased in tandem by RM0.3 billion mainly from business enterprises and individuals.

Shareholder's funds strengthened by RM155.7 million to RM2.1 billion. The Bank is well capitalised, after taking into account the effects of RPSIA, with Common Equity Tier 1/Tier 1 capital ratios of 21.862% and Total capital ratio of 22.418%.

### ECONOMIC PERFORMANCE AND PROSPECTS

Malaysia's economy expanded by 5.6% in the first quarter of 2023, underpinned by broad-based growth across all sectors, especially services and manufacturing. Bank Negara Malaysia ("BNM") maintained its forecast that the Malaysian economy will expand by 4.0% to 5.0% in 2023, driven by resilient domestic demand. While the growth outlook is subject to some downside risks stemming from weaker-than expected global growth, improving employment and income as well as continued implementation of multi-year infrastructure projects and stronger-than-expected tourism activity would support consumption and investment activities.

Bank Negara Malaysia maintained its Overnight Policy Rate ("OPR") at 3.00% at its Monetary Policy Committee meeting on 6 July 2023. The OPR was previously raised by 25 basis points to 3.00% on 3 May 2023. At the current OPR level, the monetary policy stance is slightly accommodative and remains supportive of the economy.

Domestic financial conditions remain conducive to financial intermediation amidst sustained credit growth as banks in Malaysia continue to record healthy liquidity buffers and funding positions to support intermediation. Alongside this, the asset quality in the banking system remains intact.

#### 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 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 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 - 30 JUNE 2023 (continued)

### 1 BASIS OF PREPARATION (continued)

#### (a) Statement of compliance

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:

- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2, *Making Materiality Judgements - Disclosure of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to MFRS 112, *Income Taxes - International Tax Reform - Pillar Two Model Rules* (no disclosure is required for interim reports relating to periods ending on or before 31 December 2023)

The adoption of the abovementioned amendments to accounting standards did not have any material impact on the financial statements of the Bank.

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 2024

- Amendments to MFRS 16, *Leases - Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements - Non-current Liabilities with Covenants*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures - Supplier Finance Arrangements*

The Bank plans to apply the abovementioned amendments to accounting standards, which are relevant to the Bank 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 MFRSs 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 2022.



**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

**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 31 December 2022 and for the financial year ended then, 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 2022 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 30 June 2023.

**6 DIVIDEND**

No dividend was proposed in respect of the financial period ended 30 June 2023.

**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.

**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 30 June 2023.

**9 CASH AND CASH EQUIVALENTS**

	<b>30 June 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
Cash and balances with banks and other financial institutions	93,529	109,567
Deposits and placements with BNM	857,906	1,543,714
	<u>951,435</u>	<u>1,653,281</u>
Stage 1 ECL allowance	(3)	(11)
	<u>951,432</u>	<u>1,653,270</u>

By geographical distribution determined based on where the credit risk resides

Malaysia	878,725	1,570,244
Singapore	24,917	35,988
Other ASEAN countries	2,065	751
Rest of the world	45,728	46,298
	<u>951,435</u>	<u>1,653,281</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

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

	30 June 2023 RM'000	31 December 2022 RM'000
<b>At fair value</b>		
Islamic Corporate Sukuk	5,038	5,039

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

	30 June 2023 RM'000	31 December 2022 RM'000
<b>At fair value</b>		
Malaysian Government Investment Issues	2,106,112	1,985,126
Malaysian Government Islamic Treasury Bills	369,123	363,205
Bank Negara Malaysia Bills	116,821	-
Islamic Corporate Sukuk	1,166,906	367,130
Islamic Negotiable Instruments of Deposit	648,289	398,773
Cagamas Sukuk	199,737	84,984
	<u>4,606,988</u>	<u>3,199,218</u>

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

	30 June 2023			31 December 2022		
	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	147	-	147	54	-	54
New financial assets originated or purchased	149	-	149	224	-	224
Financial assets derecognised	(24)	-	(24)	(66)	-	(66)
Net remeasurement during the period/year	(63)	-	(63)	(65)	-	(65)
At 30 June/31 December	<u>209</u>	<u>-</u>	<u>209</u>	<u>147</u>	<u>-</u>	<u>147</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

**12 FINANCING AND ADVANCES**

(i) By type and Shariah contract

30 June 2023	<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 Bi Al-Tamlik RM'000	Musharakah Mutanaqisah RM'000	Mudharabah RM'000	Others RM'000	
	Bai' Inah RM'000	Bithaman Ajil RM'000				Thumma Al- Bai RM'000	Ijarah RM'000					
<b>At amortised cost and net of unearned income</b>												
Cash line financing	8,404	1,969	-	-	-	-	507,060	-	-	-	11,072	528,505
Term Financing												
- House financing	-	4,142	4,412	-	-	-	-	1,535,965	51,122	-	-	1,595,641
- Syndicated term financing	-	-	1,795,254	-	-	-	-	-	-	100,199	-	1,895,453
- Hire purchase receivables	-	-	-	-	-	140,239	-	81,779	-	-	-	222,018
- Other term financing	47,801	15,959	3,944,793	-	-	-	-	849,987	70,318	-	-	4,928,858
Bills receivable	-	-	-	70,092	34,514	-	-	-	-	-	-	104,606
Trust receipts	-	-	-	350	-	-	-	-	-	-	-	350
Revolving credit	-	-	3,283,711	-	-	-	-	-	-	-	-	3,283,711
Claims on customers under acceptance credits	-	-	-	172,845	48,500	-	-	-	-	-	-	221,345
Other financing	-	-	135,094	-	-	-	-	-	-	-	-	135,094
Gross financing and advances	<u>56,205</u>	<u>22,070</u>	<u>9,163,264</u>	<u>243,287</u>	<u>83,014</u>	<u>140,239</u>	<u>507,060</u>	<u>2,467,731</u>	<u>121,440</u>	<u>100,199</u>	<u>11,072</u>	<u>12,915,581</u>
ECL allowance												(394,227)
Net financing and advances												<u>12,521,354</u>

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 30 June 2023, the gross exposure and ECL relating to RPSIA financing amounted to RM3,320 million (31 December 2022: RM2,950 million) and RM43 million (31 December 2022: RM41 million) respectively.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

**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>			<b>Total</b>
	<b>Bai' Inah</b>	<b>Bai' Bithaman Ajil</b>	<b>Tawarruq</b>	<b>Murabahah</b>	<b>Bai' Dayn</b>	<b>Ijarah Thumma Al- Bai</b>	<b>Ijarah</b>	<b>Ijarah Muntahiah Bi Al-Tamlik</b>	<b>Musharakah Mutanaqisah</b>	<b>Mudharabah</b>	<b>Others</b>	
<b>31 December 2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost and net of unearned income</b>												
Cash line financing	7,622	5,487	-	-	-	-	474,131	-	-	-	8,514	495,754
Term Financing												
- House financing	-	4,824	-	-	-	-	-	1,596,545	55,561	-	-	1,656,930
- Syndicated term financing	-	-	1,722,568	-	-	-	-	17,058	-	100,219	-	1,839,845
- Hire purchase receivables	-	-	-	-	-	154,171	-	82,856	-	-	-	237,027
- Other term financing	60,381	16,141	3,804,376	-	-	-	-	933,569	73,322	-	-	4,887,789
Bills receivable	-	-	-	39,172	28,220	-	-	-	-	-	-	67,392
Trust receipts	-	-	-	484	-	-	-	-	-	-	-	484
Revolving credit	-	-	3,609,963	-	-	-	-	-	-	-	-	3,609,963
Claims on customers under acceptance credits	-	-	-	220,024	68,950	-	-	-	-	-	-	288,974
Other financing	-	-	91,102	-	-	-	-	-	-	-	-	91,102
<b>Gross financing and advances</b>	<b>68,003</b>	<b>26,452</b>	<b>9,228,009</b>	<b>259,680</b>	<b>97,170</b>	<b>154,171</b>	<b>474,131</b>	<b>2,630,028</b>	<b>128,883</b>	<b>100,219</b>	<b>8,514</b>	<b>13,175,260</b>
ECL allowance												(424,272)
<b>Net financing and advances</b>												<b>12,750,988</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

**12 FINANCING AND ADVANCES (continued)**

	<b>30 June 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
(ii) By type of customer		
Domestic non-bank financial institutions	1,604,684	1,907,742
Domestic business enterprises		
- Small and medium enterprises	2,333,309	2,338,972
- Others	7,025,785	6,866,963
Individuals	1,719,124	1,799,616
Foreign entities	232,679	261,967
	<u>12,915,581</u>	<u>13,175,260</u>
(iii) By profit rate sensitivity		
Fixed rate		
- House financing	105,616	80,384
- Hire purchase receivables	140,239	154,171
- Other fixed rate financing	774,073	1,251,462
Variable rate		
- Base rate/Base financing rate plus/Standardised base rate	3,573,444	3,706,580
- Cost plus	8,241,418	7,931,457
- Other variable rate	80,791	51,206
	<u>12,915,581</u>	<u>13,175,260</u>
(iv) By sector		
Agriculture, hunting, forestry and fishing	168,812	287,423
Mining and quarrying	8,941	93,519
Manufacturing	1,023,184	1,226,992
Electricity, gas and water	204,704	132,012
Construction	435,286	431,073
Real estate	1,264,550	1,094,503
Wholesale & retail trade and restaurants & hotels	1,127,957	1,059,659
Transport, storage and communication	777,590	739,743
Finance, insurance and business services	5,492,238	5,609,595
Community, social and personal services	598,196	603,131
Household		
- Purchase of residential properties	1,603,713	1,664,832
- Purchase of non-residential properties	46,349	46,620
- Others	164,061	186,158
	<u>12,915,581</u>	<u>13,175,260</u>
(v) By geographical distribution determined based on where the credit risk resides		
Malaysia	12,704,037	12,939,708
Singapore	59,655	62,247
Other ASEAN countries	6,513	6,433
Rest of the world	145,376	166,872
	<u>12,915,581</u>	<u>13,175,260</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

**12 FINANCING AND ADVANCES (continued)**

	<b>30 June 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
(vi) By residual contractual maturity		
Up to one year	4,190,292	4,639,246
Over one year to three years	1,453,281	1,034,829
Over three years to five years	3,029,097	3,052,231
Over five years	4,242,911	4,448,954
	<u>12,915,581</u>	<u>13,175,260</u>

**13 IMPAIRED FINANCING AND ADVANCES**

(a) Movements in credit-impaired financing and advances

	<b>30 June 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
At 1 January	732,428	544,552
Impaired during the period/year	40,792	340,794
Reclassified as non credit-impaired	(40,383)	(45,402)
Amount recovered	(46,795)	(76,710)
Amount written off	(13,130)	(30,806)
At 30 June/31 December	<u>672,912</u>	<u>732,428</u>
Stage 3 ECL allowance	<u>(288,104)</u>	<u>(317,299)</u>
Net impaired financing and advances	<u>384,808</u>	<u>415,129</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 allowance arising thereon. As at 30 June 2023, the credit-impaired RPSIA funded gross exposures and Stage 3 ECL recoverable from the RPSIA holder amounted to RM20 million (31 December 2022: RM25 million) and RM20 million (31 December 2022: RM25 million) respectively.

	<b>30 June 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
(i) By sector		
Agriculture, hunting, forestry and fishing	1,247	1,571
Manufacturing	100,454	100,225
Electricity, gas and water	121	196
Construction	60,051	64,003
Real estate	30,396	35,323
Wholesale & retail trade and restaurants & hotels	193,619	205,264
Transport, storage and communication	25,578	32,623
Finance, insurance and business services	71,516	75,314
Community, social and personal services	503	1,893
Household		
- Purchase of residential properties	169,796	188,305
- Purchase of non-residential properties	1,549	1,989
- Others	18,082	25,722
	<u>672,912</u>	<u>732,428</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

**13 IMPAIRED FINANCING AND ADVANCES (continued)**

(a) Movements in credit-impaired financing and advances (continued)

	<b>30 June 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
(ii) By geographical distribution determined based on where the credit risk resides		
Malaysia	659,840	722,462
Singapore	4,736	4,480
Other ASEAN country	1,400	1,402
Rest of the world	6,936	4,084
	<u>672,912</u>	<u>732,428</u>
(iii) By collateral type		
Property	361,758	394,169
Machinery	359	421
Secured - others	23,975	23,326
Unsecured - corporate and other guarantees	212,054	220,410
Unsecured - clean	74,766	94,102
	<u>672,912</u>	<u>732,428</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

**13 IMPAIRED FINANCING AND ADVANCES (continued)**

(b) Movements in ECL allowance for financing and advances

	<i>Non credit-impaired</i>		<i>Credit-impaired</i>	<b>30 June 2023</b>	<i>Non credit-impaired</i>		<i>Credit-impaired</i>	<b>31 December 2022</b>
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
At 1 January	17,546	89,427	317,299	424,272	31,250	218,475	220,895	470,620
Transferred to Stage 1	37,880	(31,731)	(6,149)	-	49,895	(46,452)	(3,443)	-
Transferred to Stage 2	(2,599)	8,118	(5,519)	-	(8,521)	16,890	(8,369)	-
Transferred to Stage 3	(48)	(6,254)	6,302	-	(182)	(80,699)	80,881	-
New financial assets originated or purchased	7,355	16,169	-	23,524	12,566	31,694	-	44,260
Financial assets derecognised	(3,877)	(9,271)	(801)	(13,949)	(8,482)	(36,773)	(6,376)	(51,631)
Net remeasurement during the period/year	(38,751)	21,457	(7,621)	(24,915)	(55,864)	16,165	72,148	32,449
Written-off	-	-	(13,130)	(13,130)	-	-	(30,806)	(30,806)
Reclassified to Other Liabilities	-	-	-	-	(3,173)	(31,173)	-	(34,346)
Other movements	78	624	(2,277)	(1,575)	57	1,300	(7,631)	(6,274)
At 30 June/31 December	<b>17,584</b>	<b>88,539</b>	<b>288,104</b>	<b>394,227</b>	<b>17,546</b>	<b>89,427</b>	<b>317,299</b>	<b>424,272</b>



**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

**13 IMPAIRED FINANCING AND ADVANCES (continued)**

(b) Movements in ECL allowance for financing and advances (continued)

ECL allowance on financing and advances, including on financing commitments and financial guarantees (Note 19).

(i) By sector

	<i>Non credit- impaired</i>	<i>Credit- impaired</i>	<b>Stage 3</b>	
	<b>Stage 1 and 2 ECL RM'000</b>	<b>Stage 3 ECL RM'000</b>	<b>Made during the period RM'000</b>	<b>Written off RM'000</b>
<b>30 June 2023</b>				
Agriculture, hunting, forestry and fishing	8,871	18	-	-
Mining and quarrying	426	-	-	-
Manufacturing	19,263	47,264	859	-
Electricity, gas and water	839	4	-	-
Construction	59,627	76,844	527	876
Real estate	6,814	184	16	-
Wholesale & retail trade and restaurants & hotels	9,448	49,891	2,139	5,321
Transport, storage and communication	3,811	20,560	134	245
Finance, insurance and business services	31,739	64,254	277	2
Community, social and personal services	439	409	-	-
Household				
- Purchase of residential properties	2,720	45,472	7,749	3,816
- Purchase of non-residential properties	236	473	11	-
- Others	3,368	10,473	2,436	2,870
	<b>147,601</b>	<b>315,846</b>	<b>14,148</b>	<b>13,130</b>
<b>31 December 2022</b>				
Agriculture, hunting, forestry and fishing	10,471	18	1	-
Mining and quarrying	552	-	-	-
Manufacturing	17,757	47,447	43,787	2,262
Electricity, gas and water	926	81	-	-
Construction	42,908	79,483	19,689	3,215
Real estate	7,390	305	355	-
Wholesale & retail trade and restaurants & hotels	11,722	55,124	45,719	5,292
Transport, storage and communication	4,658	26,198	1,013	133
Finance, insurance and business services	36,936	65,997	36,034	5,149
Community, social and personal services	544	433	1,778	-
Household				
- Purchase of residential properties	4,200	52,391	25,304	18
- Purchase of non-residential properties	797	638	662	-
- Others	12,411	16,926	14,353	14,737
	<b>151,272</b>	<b>345,041</b>	<b>188,695</b>	<b>30,806</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

**13 IMPAIRED FINANCING AND ADVANCES (continued)**

(b) Movements in ECL allowance for financing and advances (continued)

(ii) By geographical distribution

	<i>Non credit- impaired</i>	<i>Credit- impaired</i>	<b>30 June 2023</b>	<i>Non credit- impaired</i>	<i>Credit- impaired</i>	<b>31 December 2022</b>
	<b>Stage 1 and 2 ECL</b>	<b>Stage 3 ECL</b>	<b>Total ECL</b>	<b>Stage 1 and 2 ECL</b>	<b>Stage 3 ECL</b>	<b>Total ECL</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	135,676	312,996	448,672	133,726	342,785	476,511
Singapore	208	470	678	188	483	671
Other ASEAN countries	1,651	20	1,671	216	22	238
Rest of the world	10,066	2,360	12,426	17,142	1,751	18,893
	<b>147,601</b>	<b>315,846</b>	<b>463,447</b>	<b>151,272</b>	<b>345,041</b>	<b>496,313</b>

**14 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES**

	<b>30 June 2023</b>			<b>31 December 2022</b>		
	<b>Contract or underlying principal amount</b>	<b>Fair value</b>		<b>Contract or underlying principal amount</b>	<b>Fair value</b>	
	<b>RM'000</b>	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>	<b>RM'000</b>	<b>Assets RM'000</b>	<b>Liabilities RM'000</b>
<b>Trading</b>						
Foreign exchange derivatives						
- Forwards	35,952	49	612	90,569	419	200
- Swaps	1,811,939	14,158	20,385	681,998	5,259	5,085
Profit rate derivatives						
- Swaps	55,904	386	460	58,241	577	616
	<b>1,903,795</b>	<b>14,593</b>	<b>21,457</b>	<b>830,808</b>	<b>6,255</b>	<b>5,901</b>

**15 OTHER ASSETS**

	<b>30 June 2023</b>	<b>31 December 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit receivable	25,737	23,134
Other receivables, deposits and prepayments	9,857	3,182
Amount due from immediate holding company	8,904	2,113
Amount due from ultimate holding company	505	546
Amount due from related company	2	-
	<b>45,005</b>	<b>28,975</b>

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

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

**16 DEPOSITS FROM CUSTOMERS**

	<b>30 June 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
(a) By type of deposit		
Savings deposits		
- Tawarruq	587,493	647,097
- Qard	206,218	217,248
Demand deposits		
- Tawarruq	1,282,722	1,343,958
- Qard	5,126,939	4,769,983
Term deposits		
- Tawarruq	4,154,469	4,701,355
- Qard	35,940	17,716
Short-term deposits		
- Tawarruq	322,634	281,591
	<u>11,716,415</u>	<u>11,978,948</u>
(b) By type of customer		
Government and statutory bodies	293,125	101,167
Non-bank financial institutions	1,125,746	1,211,273
Business enterprises	5,930,967	6,355,398
Individuals	3,448,769	3,960,376
Foreign entities	858,023	279,341
Others	59,785	71,393
	<u>11,716,415</u>	<u>11,978,948</u>
(c) By residual maturity for term deposits and short-term deposits		
Up to six months	3,308,142	3,954,718
Over six months to one year	1,163,045	1,016,329
Over one year to three years	40,856	28,465
Over three years to five years	1,000	1,150
	<u>4,513,043</u>	<u>5,000,662</u>

**17 INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTION**

	<b>30 June 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
<b>Mudharabah RPSIA</b>		
Licensed bank	3,592,848	3,134,656
Amount receivable from immediate holding company under RPSIA	(19,936)	(25,006)
	<u>3,572,912</u>	<u>3,109,650</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.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

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

	<b>30 June 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
<b>Non-Mudharabah</b>		
Licensed banks	736,776	575,945
Other financial institutions	4,103	4,141
	<u>740,879</u>	<u>580,086</u>

Included in the above are deposits and placements of its immediate holding company of RM720 million (2022: RM537 million), which are unsecured and profit-bearing.

**19 OTHER LIABILITIES**

	<b>30 June 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
Profit payable	41,816	38,862
Other payables and accruals	42,939	47,411
Amount due to immediate holding company (a)	40,202	76,144
Amount due to ultimate holding company (a)	277	20
Equity compensation benefits	826	612
Lease liabilities	2,271	1,986
ECL Allowances for financing commitments and financial guarantees (b)	69,220	72,041
	<u>197,551</u>	<u>237,076</u>

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

(b) The movements in ECL Stage 1, 2 and 3 allowances for financing commitments and financial guarantees are as follows:

<b>30 June 2023</b>	<i>Non credit-impaired</i>		<i>Credit-impaired</i>	<b>Total RM'000</b>
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	
At 1 January	3,257	41,042	27,742	72,041
Transferred to Stage 1	3,982	(3,982)	-	-
Transferred to Stage 2	(278)	278	-	-
Transferred to Stage 3	-	-	-	-
New financial assets originated or purchased	1,794	2,091	-	3,885
Financial assets derecognised	(809)	(6,970)	-	(7,779)
Net remeasurement during the period	(3,625)	4,461	-	836
Other movements	58	179	-	237
At 30 June	<u>4,379</u>	<u>37,099</u>	<u>27,742</u>	<u>69,220</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

**19 OTHER LIABILITIES (continued)**

31 December 2022	<i>Non credit-impaired</i>		<i>Credit-impaired</i>	Total RM'000
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	
At 1 January	-	-	14,779	14,779
Transferred to Stage 1	4,794	(4,794)	-	-
Transferred to Stage 2	(1,043)	1,043	-	-
Transferred to Stage 3	-	(2,026)	2,026	-
New financial assets originated or purchased	2,665	7,824	-	10,489
Financial assets derecognised	(1,142)	(3,044)	(2,034)	(6,220)
Net remeasurement during the year	(5,210)	10,658	12,971	18,419
Reclassified from ECL allowance on financing and advances	3,173	31,173	-	34,346
Other movements	20	208	-	228
At 31 December	3,257	41,042	27,742	72,041

**20 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS**

	Quarter Ended		Year-To-Date Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of:				
(i) Term deposits	45,860	42,506	95,653	85,878
(ii) Other deposits	90,467	76,808	173,374	148,462
	136,327	119,314	269,027	234,340

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

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

	Quarter Ended		Year-To-Date Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
(i) Income derived from investment of term deposits				
<b>Finance income and hibah</b>				
Financing and advances				
- Finance income earned other than recoveries	33,540	30,148	69,770	61,990
- Recoveries from credit-impaired financing	1,117	2,045	3,318	2,774
- Discount unwind from credit-impaired financing	354	564	687	1,236
Financial assets at FVTPL	17	32	35	68
Financial investments at FVOCI	10,027	7,100	19,151	13,900
Deposits and placements with banks and other financial institutions	625	3,067	2,198	5,621
	<u>45,680</u>	<u>42,956</u>	<u>95,159</u>	<u>85,589</u>
<b>Other trading income</b>				
Net loss on financial assets at FVTPL	-	(65)	-	(65)
Unrealised loss on financial assets at FVTPL	(2)	(42)	-	(40)
<b>Other operating income</b>				
Net (loss)/gain from sale of financial investments at FVOCI	-	(432)	127	145
Others	182	89	367	249
	<u>45,860</u>	<u>42,506</u>	<u>95,653</u>	<u>85,878</u>
(ii) Income derived from investment of other deposits				
<b>Finance income and hibah</b>				
Financing and advances				
- Finance income earned other than recoveries	66,169	54,479	126,494	107,080
- Recoveries from credit-impaired financing	2,204	3,696	5,869	4,901
- Discount unwind from credit-impaired financing	697	1,018	1,252	2,129
Financial assets at FVTPL	32	58	62	118
Financial investments at FVOCI	19,780	12,828	34,971	24,062
Deposits and placements with banks and other financial institutions	1,233	5,541	3,852	9,760
	<u>90,115</u>	<u>77,620</u>	<u>172,500</u>	<u>148,050</u>
<b>Other trading income</b>				
Net loss on financial assets at FVTPL	-	(116)	-	(116)
Unrealised loss on financial assets at FVTPL	(5)	(76)	(1)	(72)
<b>Other operating income</b>				
Net (loss)/gain from sale of financial investments at FVOCI	-	(780)	212	175
Others	357	160	663	425
	<u>90,467</u>	<u>76,808</u>	<u>173,374</u>	<u>148,462</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

**21 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS**

	Quarter Ended		Year-To-Date Ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Financing and advances				
- Finance income earned other than recoveries	37,485	17,198	71,593	32,275
Deposits and placements with banks and other financial institutions	3,220	863	6,514	2,109
	<u>40,705</u>	<u>18,061</u>	<u>78,107</u>	<u>34,384</u>

**22 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUND**

	Quarter Ended		Year-To-Date Ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Finance income and hibah</b>				
Financing and advances				
- Finance income earned other than recoveries	16,925	11,730	34,277	23,719
- Recoveries from credit-impaired financing	564	796	1,618	1,071
- Discount unwind from credit-impaired financing	178	219	338	472
Financial assets at FVTPL	8	12	17	26
Financial investments at FVOCI	5,059	2,762	9,430	5,322
Deposits and placements with banks and other financial institutions	315	1,193	1,068	2,155
	<u>23,049</u>	<u>16,712</u>	<u>46,748</u>	<u>32,765</u>
<b>Other trading income</b>				
Net loss on financial assets at FVTPL	-	(25)	-	(25)
Unrealised loss on financial assets at FVTPL	(1)	(16)	-	(15)
<b>Other operating income</b>				
Commission	7,071	7,025	13,648	14,363
Service charges and fees	4,558	3,802	7,193	6,722
Shared services income received from immediate holding company	1,211	1,181	2,317	2,345
Shared services income received from ultimate holding company	31	26	60	52
Net (loss)/gain from sale of financial investments at FVOCI	-	(168)	61	50
Others	91	34	179	94
<b>Other trading income</b>				
Net trading (loss)/gain				
- Foreign currency	(7,773)	(859)	(8,473)	(975)
- Derivatives	22,732	7,342	28,885	13,023
- Revaluation of derivatives	(7,378)	377	(7,355)	578
	<u>43,591</u>	<u>35,431</u>	<u>83,263</u>	<u>68,977</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

**23 IMPAIRMENT ALLOWANCE AND PROVISIONS**

	Quarter Ended		Year-To-Date Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
<b>Financing, advances and commitments</b>				
Stage 1 and Stage 2 ECL net (charge)/write back during the period	(2,152)	19,518	3,670	49,852
Stage 3 ECL net writeback/(charge) during the period	9,864	(38,228)	13,788	(66,143)
Credit-impaired financing recovered	4,569	6,827	8,605	12,960
Recovery from RPSIA holder*	(1,921)	(2,128)	(5,070)	(2,128)
<b>Financial investments at FVOCI</b>				
Stage 1 and Stage 2 ECL net charge during the period	(88)	(17)	(62)	(1)
<b>Other assets</b>				
Stage 1 ECL net write back/(charge) during the period	1	(1)	7	(1)
	<u>10,273</u>	<u>(14,029)</u>	<u>20,938</u>	<u>(5,461)</u>

\* The RPSIA holder is the Bank's immediate holding company (Note 17).

**24 INCOME ATTRIBUTABLE TO DEPOSITORS**

	Quarter Ended		Year-To-Date Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Deposits from customers				
- Non-Mudharabah	55,713	41,551	106,272	82,775
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah	4,580	1,108	8,356	2,631
Subordinated sukuk	-	1,394	-	3,761
Lease liabilities	15	14	27	32
	<u>60,308</u>	<u>44,067</u>	<u>114,655</u>	<u>89,199</u>

**25 INCOME ATTRIBUTABLE TO INVESTMENT ACCOUNT HOLDER**

	Quarter Ended		Year-To-Date Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Investment accounts due to designated financial institution				
- Mudharabah	28,492	12,954	54,674	24,712



**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

**26 OPERATING EXPENSES**

	Quarter Ended		Year-To-Date Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
<b>Personnel expenses</b>				
Wages, salaries and bonus	4,997	4,866	9,515	8,281
Employees Provident Fund contributions	724	767	1,460	1,384
Share-based costs	94	89	183	178
Others	992	610	1,732	1,370
	<u>6,807</u>	<u>6,332</u>	<u>12,890</u>	<u>11,213</u>
<b>Establishment expenses</b>				
Depreciation of equipment	237	369	576	730
Depreciation of ROU assets	385	374	769	758
Rental of premises	3	2	6	5
Repair and maintenance	116	188	251	356
Information technology costs	126	147	250	282
Hire of equipment	21	19	32	42
Others	524	458	990	1,026
	<u>1,412</u>	<u>1,557</u>	<u>2,874</u>	<u>3,199</u>
<b>Marketing expenses</b>				
Advertising and business promotion	51	59	144	159
Transport and travelling	36	17	49	30
Others	43	2	61	4
	<u>130</u>	<u>78</u>	<u>254</u>	<u>193</u>
<b>General administrative expenses</b>				
Shared service fees to immediate holding company	33,154	27,856	63,243	53,824
IT and transaction processing fees to related companies	5,650	5,143	11,081	10,237
Others	3,422	3,344	6,340	5,841
	<u>42,226</u>	<u>36,343</u>	<u>80,664</u>	<u>69,902</u>
<b>Total operating expenses</b>	<u>50,575</u>	<u>44,310</u>	<u>96,682</u>	<u>84,507</u>

**27 INCOME TAX EXPENSE**

	Quarter Ended		Year-To-Date Ended	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Malaysian income tax				
- Current period charge	22,780	18,000	44,163	37,079
- Prior periods	-	(1)	-	(7,046)
Deferred tax				
- Origination and reversal of temporary differences	(818)	(1,210)	324	1,954
	<u>21,962</u>	<u>16,789</u>	<u>44,487</u>	<u>31,987</u>

**28 CAPITAL COMMITMENTS**

	30 June 2023 RM'000	31 December 2022 RM'000
Capital expenditure in respect of equipment		
- Contracted but not provided for	40	38

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

**29 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.

	30 June 2023			31 December 2022		
	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	45,564	45,564	36,302	46,344	46,344	71,428
Transaction-related contingent items	445,087	226,553	149,103	503,004	254,661	159,453
Short-term self-liquidating trade-related contingencies	47,891	10,302	5,428	69,944	14,804	10,457
Foreign exchange related contracts						
- Up to one year	746,051	264	209	155,708	1,244	641
- Over one year to five years	1,101,840	157,753	81,020	616,859	85,542	50,061
Profit rate related contracts						
- Five years and above	55,904	6,916	937	58,241	7,587	1,059
Formal standby facilities and credit lines						
- Original maturity up to one year	23,000	17,250	11,888	10,000	7,500	710
- Original maturity over one year	590,580	462,967	440,034	539,616	424,419	342,380
Other unconditionally cancellable commitments	3,044,902	159,521	18,168	2,638,170	169,870	28,272
	<b>6,100,819</b>	<b>1,087,090</b>	<b>743,089</b>	<b>4,637,886</b>	<b>1,011,971</b>	<b>664,461</b>

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

**30 CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES**

The following disclosure is made pursuant to BNM's Guidelines on Credit Transactions and Exposures with Connected Parties:

	30 June 2023 RM'000	31 December 2022 RM'000
<b>Aggregate value of outstanding credit exposures with connected parties<sup>^</sup></b>		
Credit facility and leasing (except guarantee)	90,597	90,179
Commitments and contingencies <sup>*</sup>	280,281	267,357
	<b>370,878</b>	<b>357,536</b>
<b>Impaired or in default</b>	-	-
<b>Outstanding credit exposures to connected parties</b>		
As a proportion of total credit exposures	2.48%	2.51%

<sup>^</sup> Comprises total outstanding balances and unutilised limits.

<sup>\*</sup> Commitments and contingencies transactions that give rise to credit and/or counterparty risk.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

**31 CREDIT RISK**

Credit risk is the risk of a financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Bank's maximum credit exposure on the financial assets without taking into account any collateral held or other credit enhancements of the Bank equals their carrying amount as reported in the statement of financial position. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Bank would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

	<b>Note</b>	<b>30 June 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
Cash and cash equivalents *		930,613	1,626,740
Financial assets at FVTPL	10	5,038	5,039
Financial investments at FVOCI	11	4,606,988	3,199,218
Financing and advances	12	12,521,354	12,750,988
Derivative financial assets	14	14,593	6,255
Other assets^		41,921	28,274
Contingent liabilities and credit commitments		4,197,024	3,807,078
		<u>22,317,531</u>	<u>21,423,592</u>

\* Excluding cash in hand

^ Excluding prepayments

**Credit quality analysis**

(i) By credit rating/internal grading and ECL stage

	<b>30 June 2023</b>				<b>31 December 2022</b>			
	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>	<b>Stage 1 RM'000</b>	<b>Stage 2 RM'000</b>	<b>Stage 3 RM'000</b>	<b>Total RM'000</b>
Cash and cash equivalents	930,613	-	-	930,613	1,626,740	-	-	1,626,740
<b>Financial assets at FVTPL*</b>								
Investment grade (AAA)	-	-	-	5,038	-	-	-	5,039

\* ECL stage is not applicable for financial assets at FVTPL.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

**31 CREDIT RISK (continued)**

**Credit quality analysis (continued)**

(i) By credit rating/internal grading and ECL stage (continued)

	30 June 2023				31 December 2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Financial investments at FVOCI</b>								
Government (AAA to BBB)	160,023	-	-	160,023	160,928	-	-	160,928
Government and Central Bank (unrated)	2,432,033	-	-	2,432,033	2,187,403	-	-	2,187,403
Investment grade (AAA to BBB)	403,166	-	-	403,166	276,660	-	-	276,660
Unrated	1,611,766	-	-	1,611,766	574,227	-	-	574,227
	<b>4,606,988</b>	<b>-</b>	<b>-</b>	<b>4,606,988</b>	<b>3,199,218</b>	<b>-</b>	<b>-</b>	<b>3,199,218</b>
<b>Contingent liabilities and credit commitments (excluding derivative financial assets)</b>								
Pass	2,768,047	1,256,889	-	4,024,936	2,409,339	1,184,927	-	3,594,266
Special mention	-	111,649	-	111,649	-	154,380	-	154,380
Credit-impaired	-	-	60,439	60,439	-	-	58,432	58,432
	<b>2,768,047</b>	<b>1,368,538</b>	<b>60,439</b>	<b>4,197,024</b>	<b>2,409,339</b>	<b>1,339,307</b>	<b>58,432</b>	<b>3,807,078</b>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

**31 CREDIT RISK (continued)**

**Credit quality analysis (continued)**

(i) By credit rating/internal grading and ECL stage (continued)

**Financing and advances**

Financing and advances are categorised according to the Bank's customer classification grades as Pass, Special Mention, Substandard, Doubtful and Loss.

Financing and advances classified as Pass and Special Mention are not credit-impaired whereas Substandard, Doubtful and Loss are credit-impaired.

Past due but not credit-impaired are financing and advances where the customer has failed to make a principal or profit payment when contractually due, and includes financing which are past due one or more days after the contractual due date but less than 3 months past due.

**Credit quality and ECL stages**

	30 June 2023				31 December 2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<b>Neither past due nor credit-impaired</b>								
By internal grading								
Pass	9,374,876	2,624,881	-	11,999,757	9,800,303	2,496,043	-	12,296,346
Special mention	-	207,828	-	207,828	-	122,167	-	122,167
	<u>9,374,876</u>	<u>2,832,709</u>	<u>-</u>	<u>12,207,585</u>	<u>9,800,303</u>	<u>2,618,210</u>	<u>-</u>	<u>12,418,513</u>
<b>Past due but not credit-impaired</b>								
By period overdue								
Less than 2 months	-	31,290	-	31,290	-	20,769	-	20,769
2 months to less than 3 months	-	3,794	-	3,794	-	3,550	-	3,550
	<u>-</u>	<u>35,084</u>	<u>-</u>	<u>35,084</u>	<u>-</u>	<u>24,319</u>	<u>-</u>	<u>24,319</u>
<b>Credit-impaired</b>								
Past due	-	-	459,454	459,454	-	-	419,559	419,559
Not past due	-	-	213,458	213,458	-	-	312,869	312,869
	<u>-</u>	<u>-</u>	<u>672,912</u>	<u>672,912</u>	<u>-</u>	<u>-</u>	<u>732,428</u>	<u>732,428</u>
Total	9,374,876	2,867,793	672,912	12,915,581	9,800,303	2,642,529	732,428	13,175,260
ECL	(17,584)	(88,539)	(288,104)	(394,227)	(17,546)	(89,427)	(317,299)	(424,272)
Net financing and advances	<u>9,357,292</u>	<u>2,779,254</u>	<u>384,808</u>	<u>12,521,354</u>	<u>9,782,757</u>	<u>2,553,102</u>	<u>415,129</u>	<u>12,750,988</u>

Past due but not credit-impaired financing are classified as part of Special Mention.

The analysis of impaired financing and advances is detailed in Note 13(a) to the financial statements.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

**31 CREDIT RISK (continued)**

**Credit quality analysis (continued)**

(i) By credit rating/internal grading and ECL stage (continued)

**Financing and advances (continued)**

***Collateral***

(i) The main types of collateral obtained by the Bank are as follows:

- For personal house financing, mortgages over residential properties;
- For commercial property financing, charges over properties being financed; and
- For other financing, charges over business assets such as premises, inventories, trade receivables, equipment or deposits.

As at 30 June 2023 and 31 December 2022, there were no assets repossessed by the Bank as a result of taking possession of collateral held as security, or by calling upon other credit enhancements.

(ii) The quantification of the extent to which collateral and other credit enhancements mitigate credit risk and that best represents the maximum exposure to credit risk for credit-impaired financing is as follows:

	<b>30 June 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
Fair value of collateral held against the covered portion of credit-impaired financing and advances	484,200	522,997
Covered portion of credit-impaired financing and advances	386,092	417,916
Uncovered portion of credit-impaired financing and advances	286,820	314,512
	<u>672,912</u>	<u>732,428</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

**31 CREDIT RISK (continued)**

**Credit quality analysis (continued)**

	30 June 2023					31 December 2022				
	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Financing and advances* RM'000	Derivative financial assets RM'000	Contingent liabilities and credit commitments** RM'000	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Financing and advances* RM'000	Derivative financial assets RM'000	Contingent liabilities and credit commitments** RM'000
(ii) By issuer/counterparty										
Government and Central Bank	-	2,592,056	-	-	-	-	2,348,331	-	-	-
Public sector	-	1,107,572	-	-	-	-	318,121	-	-	-
Banking institutions	-	99,489	-	10,231	300,000	-	99,269	-	983	-
Non-bank financial institutions	-	748,537	-	1	12	-	384,488	-	3	241
Business enterprises	5,038	59,334	9,817	4,361	3,806,093	5,039	49,009	6,467	5,269	3,708,447
Individuals	-	-	21,664	-	90,919	-	-	14,500	-	98,390
	<b>5,038</b>	<b>4,606,988</b>	<b>31,481</b>	<b>14,593</b>	<b>4,197,024</b>	<b>5,039</b>	<b>3,199,218</b>	<b>20,967</b>	<b>6,255</b>	<b>3,807,078</b>
(iii) By geographical distribution										
Malaysia	5,038	4,606,988	30,950	14,592	4,186,889	5,039	3,199,218	20,967	6,255	3,794,876
Singapore	-	-	531	1	367	-	-	-	-	-
Other ASEAN countries	-	-	-	-	8,532	-	-	-	-	10,279
Rest of the world	-	-	-	-	1,236	-	-	-	-	1,923
	<b>5,038</b>	<b>4,606,988</b>	<b>31,481</b>	<b>14,593</b>	<b>4,197,024</b>	<b>5,039</b>	<b>3,199,218</b>	<b>20,967</b>	<b>6,255</b>	<b>3,807,078</b>

\* Past due but not credit-impaired. The analysis of financing and advances by geographical distribution is detailed in Note 12(v) to the financial statements.

\*\* Excluding derivative financial assets.

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

**31 CREDIT RISK (continued)**

**Credit quality analysis (continued)**

	30 June 2023					31 December 2022				
	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Financing and advances* RM'000	Derivative financial assets RM'000	Contingent liabilities and credit commitments** RM'000	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Financing and advances* RM'000	Derivative financial assets RM'000	Contingent liabilities and credit commitments** RM'000
(iv) By sector										
Agriculture, hunting, forestry and fishing	-	-	-	-	45,506	-	-	-	-	17,898
Mining and quarrying	-	10,058	-	-	37,282	-	-	-	-	36,665
Manufacturing	-	-	1,940	6	1,041,210	-	-	3,589	77	824,716
Electricity, gas and water	-	59,492	-	2	76,165	-	58,866	-	-	152,533
Construction	-	796,801	2,785	-	1,203,691	-	-	-	2	1,198,597
Real estate	-	-	-	-	175,899	-	-	-	-	290,210
Wholesale & retail trade and restaurants & hotels	-	-	2,624	30	399,512	-	-	880	318	420,358
Transport, storage and communication	-	35,018	-	8	338,803	-	44,792	-	7	346,124
Finance, insurance and business services	5,038	882,136	2,468	14,547	776,124	5,039	517,546	1,998	5,848	408,738
Community, social and personal services	-	231,427	-	-	11,913	-	229,683	-	2	12,849
Household										
- Purchase of residential properties	-	-	17,108	-	88,912	-	-	12,674	-	95,626
- Purchase of non-residential properties	-	-	1,865	-	2,007	-	-	1,136	-	2,764
- Others	-	-	2,691	-	-	-	-	690	1	-
Others	-	2,592,056	-	-	-	-	2,348,331	-	-	-
	5,038	4,606,988	31,481	14,593	4,197,024	5,039	3,199,218	20,967	6,255	3,807,078
(v) By residual contractual maturity										
Up to one year	-	2,326,444	1,065	99	3,224,475	-	1,288,881	359	823	2,765,298
Over one year to five years	5,038	1,945,828	2,612	14,108	432,404	5,039	1,710,118	3,347	4,854	476,269
Over five years	-	334,716	27,804	386	540,145	-	200,219	17,261	578	565,511
	5,038	4,606,988	31,481	14,593	4,197,024	5,039	3,199,218	20,967	6,255	3,807,078

\* Past due but not credit-impaired. The analysis of financing and advances by sector and residual contractual maturity are detailed in Note 12(iv) and Note 12(vi) respectively.

\*\* Excluding derivative financial assets.



**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

**32 FAIR VALUE OF FINANCIAL INSTRUMENTS**

**(a) 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:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
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.

**(b) Financial instruments carried at fair value**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>30 June 2023</b>				
<b>Financial assets at fair value</b>				
Financial assets at FVTPL	5,038	-	-	5,038
Financial investments at FVOCI	3,958,699	648,289	-	4,606,988
Derivative financial assets	49	14,544	-	14,593
	<u>3,963,786</u>	<u>662,833</u>	<u>-</u>	<u>4,626,619</u>
<b>Financial liabilities at fair value</b>				
Derivative financial liabilities	66	21,391	-	21,457
<b>31 December 2022</b>				
<b>Financial assets at fair value</b>				
Financial assets at FVTPL	5,039	-	-	5,039
Financial investments at FVOCI	2,800,445	398,773	-	3,199,218
Derivative financial assets	47	6,161	47	6,255
	<u>2,805,531</u>	<u>404,934</u>	<u>47</u>	<u>3,210,512</u>
<b>Financial liabilities at fair value</b>				
Derivative financial liabilities	198	5,703	-	5,901

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

**32 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)**

**Fair value hierarchy of financial assets and liabilities (continued)**

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

	<b>30 June 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
<b>Financial assets at fair value</b>		
At 1 January	47	36
Unrealised (loss)/gain recognised in profit or loss	(47)	11
At 30 June/31 December	<u>-</u>	<u>47</u>
<b>Financial liabilities at fair value</b>		
At 1 January	-	1
Unrealised loss/(gain) recognised in profit or loss	-	(1)
At 30 June/31 December	<u>-</u>	<u>-</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	Fair value		Classification	Valuation technique	Unobservable input
	30 June 2023 RM'000	31 December 2022 RM'000			
<b>Asset</b>					
Derivative financial assets	<u>-</u>	<u>47</u>	Hedge for trading	Option pricing model	Standard deviation
<b>Liability</b>					
Derivative financial liabilities	<u>-</u>	<u>-</u>	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.

**33 CAPITAL ADEQUACY**

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

	<b>30 June 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
<b>Common Equity Tier 1 ("CET 1") capital</b>		
Paid-up ordinary share capital	555,000	555,000
Retained earnings	1,480,685	1,339,873
Other reserves	78,698	63,843
Regulatory adjustment	(113,835)	(105,617)
	<u>2,000,548</u>	<u>1,853,099</u>

**NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**

**33 CAPITAL ADEQUACY (continued)**

	<b>30 June 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
<b>Tier 2 capital</b>		
Stage 1 and 2 ECL and qualifying regulatory reserves under the Standardised Approach	2,403	2,341
Surplus eligible provisions over expected losses	48,490	50,365
	<u>50,893</u>	<u>52,706</u>
<b>Capital base</b>	<u>2,051,441</u>	<u>1,905,805</u>
	<b>30 June 2023</b>	<b>31 December 2022</b>
<b>Before the effects of PSIA</b>		
CET 1/Tier 1 capital ratio	17.347%	16.287%
Total capital ratio	<u>17.789%</u>	<u>16.750%</u>
<b>After the effects of PSIA</b>		
CET 1/Tier 1 capital ratio	21.862%	19.667%
Total capital ratio	<u>22.418%</u>	<u>20.226%</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 RPSIA which qualify as risk absorbent are excluded from the total capital ratio calculation. As at 30 June 2023, credit risks relating to RPSIA assets excluded from the total capital ratio calculation amounted to RM2,381 million (31 December 2022: RM1,955 million).

Had the transitional arrangements not been applied, the Bank's capital adequacy ratios would be as follows:

	<b>30 June 2023</b>	<b>31 December 2022</b>
<b>After the effects of PSIA</b>		
CET 1/Tier 1 capital ratio	21.673%	19.364%
Total capital ratio	<u>22.229%</u>	<u>19.923%</u>

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

	<b>30 June 2023 RM'000</b>	<b>31 December 2022 RM'000</b>
Total RWA for credit risk	8,273,899	8,581,516
Total RWA for market risk	6,547	7,266
Total RWA for operational risk	870,451	833,541
	<u>9,150,897</u>	<u>9,422,323</u>