

OCBC AL-AMIN BANK BERHAD

Registration No. 200801017151 (818444-T)

(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

Domiciled in Malaysia
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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

		30 September	31 December
		2023	2022
	Note	RM'000	RM'000
ASSETS			
Cash and cash equivalents	9	1,441,453	1,653,270
Financial assets at fair value through profit or loss ("FVTPL")	10	5,029	5,039
Financial investments at fair value through other comprehensive income ("FVOCI")	11	4,569,950	3,199,218
Financing and advances	12	12,290,176	12,750,988
Derivative financial assets	14	20,323	6,255
Other assets	15	60,307	28,975
Tax recoverable		-	5,358
Statutory deposits with BNM		192,000	200,000
Property and equipment		2,426	3,121
Right-of-use ("ROU") assets		2,284	1,949
Deferred tax assets		34,734	40,282
Total assets		<u>18,618,682</u>	<u>17,894,455</u>
LIABILITIES			
Deposits from customers	16	12,618,233	11,978,948
Investment accounts due to designated financial institution	17	3,563,924	3,109,650
Deposits and placements of banks and other financial institutions	18	76,413	580,086
Bills and acceptances payable		7,473	11,757
Derivative financial liabilities	14	18,953	5,901
Other liabilities	19	192,720	237,076
Provision for taxation and zakat		3,237	12,174
Total liabilities		<u>16,480,953</u>	<u>15,935,592</u>
EQUITY			
Share capital		555,000	555,000
Reserves		1,582,729	1,403,863
Total equity		<u>2,137,729</u>	<u>1,958,863</u>
Total liabilities and equity		<u>18,618,682</u>	<u>17,894,455</u>
Commitments and contingencies	29	<u>6,616,524</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 SEPTEMBER 2023

	Note	Quarter Ended		Year-To-Date Ended	
		30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Income derived from investment of depositors' funds and others	20	143,501	126,917	412,528	361,257
Income derived from investment of investment account funds	21	44,463	26,043	122,570	60,427
Income derived from investment of shareholder's funds	22	41,254	36,023	124,517	105,000
Impairment allowance and provisions charged	23	(46,047)	(33,943)	(25,109)	(39,404)
Total distributable income		183,171	155,040	634,506	487,280
Income attributable to depositors	24	(66,375)	(49,150)	(181,030)	(138,349)
Income attributable to investment account holder	25	(31,130)	(18,530)	(85,804)	(43,242)
Total net income		85,666	87,360	367,672	305,689
Operating expenses	26	(52,795)	(43,749)	(149,477)	(128,256)
Profit before taxation and zakat		32,871	43,611	218,195	177,433
Income tax expense	27	(7,899)	(12,707)	(52,386)	(44,694)
Zakat		(12)	(12)	(37)	(37)
Profit for the period		24,960	30,892	165,772	132,702
Items that may be subsequently reclassified to profit or loss					
Fair value reserve (debt instruments)					
- Change in fair value		(2,038)	(4,176)	17,908	(39,860)
- Transferred to profit or loss		(336)	-	(736)	(370)
- Related tax		570	1,003	(4,121)	9,656
Change in expected credit loss ("ECL") reserve on debt instruments at FVOCI		(19)	102	43	103
Other comprehensive (expense)/income for the period, net of income tax		(1,823)	(3,071)	13,094	(30,471)
Total comprehensive income for the period		23,137	27,821	178,866	102,231
Profit attributable to the owner of the Bank		24,960	30,892	165,772	132,702
Total comprehensive income attributable to the owner of the Bank		23,137	27,821	178,866	102,231
Basic earnings per ordinary share (sen)		13.50	16.70	89.61	71.73

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 SEPTEMBER 2023

	<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	
2023						
At 1 January 2023	555,000	91,000	147	(27,157)	1,339,873	1,958,863
Fair value reserve						
- Change in fair value	-	-	-	17,908	-	17,908
- Transferred to profit or loss	-	-	-	(736)	-	(736)
- Related tax	-	-	-	(4,121)	-	(4,121)
Change in ECL reserve	-	-	43	-	-	43
Total other comprehensive income for the period	-	-	43	13,051	-	13,094
Profit for the period	-	-	-	-	165,772	165,772
Total comprehensive income for the period	-	-	43	13,051	165,772	178,866
At 30 September 2023	555,000	91,000	190	(14,106)	1,505,645	2,137,729
2022						
At 1 January 2022	555,000	91,000	54	(5,470)	1,147,981	1,788,565
Fair value reserve						
- Change in fair value	-	-	-	(39,860)	-	(39,860)
- Transferred to profit or loss	-	-	-	(370)	-	(370)
- Related tax	-	-	-	9,656	-	9,656
Change in ECL reserve	-	-	103	-	-	103
Total other comprehensive income/(expense) for the period	-	-	103	(30,574)	-	(30,471)
Profit for the period	-	-	-	-	132,702	132,702
Total comprehensive income/(expense) for the period	-	-	103	(30,574)	132,702	102,231
At 30 September 2022	555,000	91,000	157	(36,044)	1,280,683	1,890,796

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 SEPTEMBER 2023

	30 September 2023 RM'000	30 September 2022 RM'000
Cash flows from operating activities		
Profit before taxation and zakat	218,195	177,433
<i>Adjustments for:</i>		
Net (gain)/loss from disposal of:		
- Financial assets at FVTPL	-	206
- Financial investments at FVOCI	(737)	(370)
- Property and equipment	-	147
Depreciation of equipment	801	1,086
Depreciation of ROU assets	1,156	1,141
Impairment allowance and provisions	37,422	56,949
Finance expense on lease liabilities	43	44
Share-based costs	307	292
Unrealised loss on:		
- Financial assets at FVTPL	10	146
- Derivatives	(545)	92
Operating profit before changes in working capital	<u>256,652</u>	<u>237,166</u>
<i>Changes in operating assets and operating liabilities:</i>		
Financial assets at FVTPL	-	4,689
Financing and advances	430,462	(232,294)
Derivative financial assets	(13,523)	11,523
Other assets	(31,326)	(22,829)
Deposits from customers	639,285	(535,869)
Investment accounts due to designated financial institution	447,240	162,015
Deposits and placements of banks and other financial institutions	(503,673)	428,441
Bills and acceptances payable	(4,284)	(1,914)
Derivative financial liabilities	13,052	(11,491)
Other liabilities	(44,988)	(28,414)
Cash generated from operations	<u>1,196,897</u>	<u>11,023</u>
Income tax and zakat paid	(54,576)	(6,754)
Net cash generated from operating activities	<u>1,142,321</u>	<u>4,269</u>
Cash flows from investing activities		
Acquisition of financial investments at FVOCI	(5,253,790)	(4,326,420)
Proceeds from disposal of financial investments at FVOCI	3,900,967	4,391,968
Acquisition of equipment	(126)	(247)
Proceeds from disposal of equipment	19	5
Net cash generated (used in)/from investing activities	<u>(1,352,930)</u>	<u>65,306</u>
Cash flows from financing activity		
Redemption of subordinated sukuk	-	(200,000)
Payment of lease liabilities	(1,208)	(1,193)
Net cash used in financing activity	<u>(1,208)</u>	<u>(201,193)</u>
Net decrease in cash and cash equivalents	(211,817)	(131,618)
Cash and cash equivalents at 1 January	<u>1,653,270</u>	<u>2,180,400</u>
Cash and cash equivalents at 30 September	<u>1,441,453</u>	<u>2,048,782</u>
Change in liabilities arising from financing activity		
	2023	2022
	RM'000	RM'000
At 1 January	1,986	2,849
Payment of lease liabilities	(1,208)	(1,193)
Acquisition of new leases and changes in lease terms	1,490	634
Finance expense on lease liabilities	43	44
At 30 September	<u>2,311</u>	<u>2,334</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 SEPTEMBER 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 RM165.8 million for the financial period ended 30 September 2023, an increase of RM33.1 million mainly due to higher income derived from investment of depositors' funds and others of RM51.3 million, net income from investment account funds of RM19.6 million, income from shareholder's funds of RM19.5 million and net write-back of allowances of RM14.3 million partly offset by higher income attributable to depositors of RM42.7 million, operating expenses of RM21.2 million and tax expense of RM7.7 million.

Income from investment of depositors' funds and others increase by RM51.3 million mainly due to higher finance income from financing of RM36.2 million and FVOCI of RM28.3 million partly offset by lower finance income from deposits and placements of banks and other financial institutions of RM14.3 million.

Allowances decreased by RM14.3 million mainly due to lower net charge in Stage 3 expected credit losses ("ECL") of RM101.1m partly offset by lower net writebacks in Stage 1 & 2 ECL of RM79.2 million and lower other recoveries of RM7.6 million.

Gross financing and advances decreased by RM0.5 billion or 4% to RM12.7 billion for the nine months of 2023 mainly from finance, insurance and business services, manufacturing, agriculture and residential property sectors partly offset by higher exposure to real estate and utilities sector. However, customer deposits increased by RM0.6 billion mainly from non-bank financial institutions and foreign entities partly offset by lower deposits from individuals.

Shareholder's funds strengthened by RM78.9 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 22.936% and Total capital ratio of 23.487%.

ECONOMIC PERFORMANCE AND PROSPECTS

Malaysia's economy expanded moderately by 2.9% in the second quarter of 2023 against the previous quarter's 5.6% as the economic growth was affected by slower external demand and a decline in commodity production.

The Malaysian economy is projected to expand close to the lower end of the 4.0% to 5.0% range in 2023. Growth will continue to be supported by domestic expenditure amid the challenging external environment. Continued employment and wage growth remain supportive of household spending. Tourist arrivals and spending are expected to improve further while investment activity will be supported by continued progress of multi-year infrastructure projects and implementation of initiatives under the New Industrial Master Plan 2030.

Bank Negara Malaysia maintained its Overnight Policy Rate ("OPR") at 3.00% at its Monetary Policy Committee meeting on 7 September 2023. At the current OPR level, the monetary policy stance remains supportive of the economy.

Domestic financial conditions remain conducive to financial intermediation amid sustained credit growth, with banks in Malaysia well-capitalised and the banking system underpinned by sound asset quality.

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 SEPTEMBER 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*

Effective for annual periods commencing on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates*

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 SEPTEMBER 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 September 2023.

6 DIVIDEND

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

9 CASH AND CASH EQUIVALENTS

	30 September 2023 RM'000	31 December 2022 RM'000
Cash and balances with banks and other financial institutions	110,333	109,567
Deposits and placements with BNM	1,331,125	1,543,714
	<u>1,441,458</u>	<u>1,653,281</u>
Stage 1 ECL allowance	(5)	(11)
	<u>1,441,453</u>	<u>1,653,270</u>

By geographical distribution determined based on where the credit risk resides

Malaysia	1,355,337	1,570,244
Singapore	22,476	35,988
Other ASEAN countries	2,652	751
Rest of the world	60,993	46,298
	<u>1,441,458</u>	<u>1,653,281</u>

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

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

	30 September 2023 RM'000	31 December 2022 RM'000
At fair value		
Islamic Corporate Sukuk	5,029	5,039

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

	30 September 2023 RM'000	31 December 2022 RM'000
At fair value		
Malaysian Government Investment Issues	2,249,762	1,985,126
Malaysian Government Islamic Treasury Bills	-	363,205
Bank Negara Malaysia Bills	499,408	-
Islamic Corporate Sukuk	725,658	367,130
Islamic Negotiable Instruments of Deposit	895,303	398,773
Cagamas Sukuk	199,819	84,984
	4,569,950	3,199,218

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

	30 September 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	262	-	262	224	-	224
Financial assets derecognised	(137)	-	(137)	(66)	-	(66)
Net remeasurement during the period/year	(82)	-	(82)	(65)	-	(65)
At 30 September/31 December	190	-	190	147	-	147

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

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 Muntahiah Bi Al-Tamlik RM'000	Musharakah Mutanaqisah RM'000	Mudharabah RM'000	Others RM'000	
	Bai' Inah RM'000	Bithaman Ajil RM'000				Al- Bai RM'000	Ijarah RM'000					
30 September 2023												
At amortised cost and net of unearned income												
Cash line financing	4,655	1,477	-	-	-	-	523,278	-	-	-	12,636	542,046
Term Financing												
- House financing	-	3,898	18,095	-	-	-	-	1,505,383	50,182	-	-	1,577,558
- Syndicated term financing	-	-	1,832,013	-	-	-	-	-	-	100,203	-	1,932,216
- Hire purchase receivables	-	-	-	-	-	140,034	-	75,593	-	-	-	215,627
- Other term financing	42,654	15,946	3,937,594	-	-	-	-	755,904	66,422	-	-	4,818,520
Bills receivable	-	-	-	70,606	21,091	-	-	-	-	-	-	91,697
Trust receipts	-	-	-	126	-	-	-	-	-	-	-	126
Revolving credit	-	-	3,189,456	-	-	-	-	-	-	-	-	3,189,456
Claims on customers under acceptance credits	-	-	-	150,350	32,050	-	-	-	-	-	-	182,400
Other financing	-	-	112,451	-	-	-	-	-	-	-	-	112,451
Gross financing and advances	47,309	21,321	9,089,609	221,082	53,141	140,034	523,278	2,336,880	116,604	100,203	12,636	12,662,097
ECL allowance												(371,921)
Net financing and advances												12,290,176

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 September 2023, the gross exposure and ECL relating to RPSIA financing amounted to RM3,373 million (31 December 2022: RM2,950 million) and RM34 million (31 December 2022: RM41 million) respectively.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 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>			Total RM'000
	Bai' Inah RM'000	Bai' Bithaman Ajil RM'000	Tawarruq RM'000	Murabahah RM'000	Bai' Dayn RM'000	Ijarah Thumma Al- Bai RM'000	Ijarah RM'000	Ijarah Muntahiah Bi Al-Tamlik RM'000	Musharakah Mutanaqisah RM'000	Mudharabah RM'000	Others RM'000	
31 December 2022												
At amortised cost and net of unearned income												
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
Gross financing and advances	68,003	26,452	9,228,009	259,680	97,170	154,171	474,131	2,630,028	128,883	100,219	8,514	13,175,260
ECL allowance												(424,272)
Net financing and advances												12,750,988

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

12 FINANCING AND ADVANCES (continued)

	30 September 2023 RM'000	31 December 2022 RM'000
(ii) By type of customer		
Domestic non-bank financial institutions	1,604,534	1,907,742
Domestic business enterprises		
- Small and medium enterprises	2,255,492	2,338,972
- Others	6,874,663	6,866,963
Individuals	1,696,366	1,799,616
Foreign entities	231,042	261,967
	<u>12,662,097</u>	<u>13,175,260</u>
(iii) By profit rate sensitivity		
Fixed rate		
- House financing	89,881	80,384
- Hire purchase receivables	140,034	154,171
- Other fixed rate financing	666,657	1,251,462
Variable rate		
- Base rate/Base financing rate plus/Standardised base rate	3,606,333	3,706,580
- Cost plus	8,079,091	7,931,457
- Other variable rate	80,101	51,206
	<u>12,662,097</u>	<u>13,175,260</u>
(iv) By sector		
Agriculture, hunting, forestry and fishing	166,483	287,423
Mining and quarrying	15,715	93,519
Manufacturing	996,076	1,226,992
Electricity, gas and water	213,611	132,012
Construction	426,424	431,073
Real estate	1,248,793	1,094,503
Wholesale & retail trade and restaurants & hotels	1,136,208	1,059,659
Transport, storage and communication	738,756	739,743
Finance, insurance and business services	5,339,875	5,609,595
Community, social and personal services	593,336	603,131
Household		
- Purchase of residential properties	1,585,429	1,664,832
- Purchase of non-residential properties	44,958	46,620
- Others	156,433	186,158
	<u>12,662,097</u>	<u>13,175,260</u>
(v) By geographical distribution determined based on where the credit risk resides		
Malaysia	12,449,919	12,939,708
Singapore	55,516	62,247
Other ASEAN countries	6,887	6,433
Rest of the world	149,775	166,872
	<u>12,662,097</u>	<u>13,175,260</u>

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

12 FINANCING AND ADVANCES (continued)

	30 September 2023 RM'000	31 December 2022 RM'000
(vi) By residual contractual maturity		
Up to one year	4,120,364	4,639,246
Over one year to three years	1,863,812	1,034,829
Over three years to five years	2,505,755	3,052,231
Over five years	4,172,166	4,448,954
	<u>12,662,097</u>	<u>13,175,260</u>

13 IMPAIRED FINANCING AND ADVANCES

(a) Movements in credit-impaired financing and advances

	30 September 2023 RM'000	31 December 2022 RM'000
At 1 January	732,428	544,552
Impaired during the period/year	87,457	340,794
Reclassified as non credit-impaired	(73,851)	(45,402)
Amount recovered	(95,974)	(76,710)
Amount written off	(82,782)	(30,806)
At 30 September/31 December	<u>567,278</u>	<u>732,428</u>
Stage 3 ECL allowance	<u>(278,066)</u>	<u>(317,299)</u>
Net impaired financing and advances	<u>289,212</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 September 2023, the credit-impaired RPSIA funded gross exposures and Stage 3 ECL recoverable from the RPSIA holder amounted to RM18 million (31 December 2022: RM25 million) and RM18 million (31 December 2022: RM25 million) respectively.

	30 September 2023 RM'000	31 December 2022 RM'000
(i) By sector		
Agriculture, hunting, forestry and fishing	1,631	1,571
Manufacturing	99,201	100,225
Electricity, gas and water	121	196
Construction	92,565	64,003
Real estate	2,423	35,323
Wholesale & retail trade and restaurants & hotels	187,178	205,264
Transport, storage and communication	22,470	32,623
Finance, insurance and business services	8,106	75,314
Community, social and personal services	490	1,893
Household		
- Purchase of residential properties	133,901	188,305
- Purchase of non-residential properties	3,564	1,989
- Others	15,628	25,722
	<u>567,278</u>	<u>732,428</u>
(ii) By geographical distribution		
Malaysia	556,430	722,462
Singapore	2,529	4,480
Other ASEAN country	1,380	1,402
Rest of the world	6,939	4,084
	<u>567,278</u>	<u>732,428</u>

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

13 IMPAIRED FINANCING AND ADVANCES (continued)

(b) Movements in ECL allowance for financing and advances

	30 September				31 December			
	<i>Non credit-impaired</i>		<i>Credit-impaired</i>		<i>Non credit-impaired</i>		<i>Credit-impaired</i>	
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January	17,546	89,427	317,299	424,272	31,250	218,475	220,895	470,620
Transferred to Stage 1	45,837	(37,385)	(8,452)	-	49,895	(46,452)	(3,443)	-
Transferred to Stage 2	(4,082)	18,026	(13,944)	-	(8,521)	16,890	(8,369)	-
Transferred to Stage 3	(54)	(41,797)	41,851	-	(182)	(80,699)	80,881	-
New financial assets originated or purchased	10,428	21,122	-	31,550	12,566	31,694	-	44,260
Financial assets derecognised	(6,197)	(13,223)	(996)	(20,416)	(8,482)	(36,773)	(6,376)	(51,631)
Net remeasurement during the period/year	(46,232)	39,717	28,341	21,826	(55,864)	16,165	72,148	32,449
Written-off	-	-	(82,781)	(82,781)	-	-	(30,806)	(30,806)
Reclassified to Other Liabilities	-	-	-	-	(3,173)	(31,173)	-	(34,346)
Other movements	74	648	(3,252)	(2,530)	57	1,300	(7,631)	(6,274)
At 30 September/31 December	17,320	76,535	278,066	371,921	17,546	89,427	317,299	424,272

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

14 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

	30 September 2023			31 December 2022		
	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	62,050	81	607	90,569	419	200
- Swaps	1,843,649	20,242	18,346	681,998	5,259	5,085
Profit rate derivatives						
- Swaps	-	-	-	58,241	577	616
	<u>1,905,699</u>	<u>20,323</u>	<u>18,953</u>	<u>830,808</u>	<u>6,255</u>	<u>5,901</u>

15 OTHER ASSETS

	30 September 2023 RM'000	31 December 2022 RM'000
Profit receivable	40,390	23,134
Other receivables, deposits and prepayments	4,189	3,182
Amount due from immediate holding company	15,513	2,113
Amount due from ultimate holding company	215	546
	<u>60,307</u>	<u>28,975</u>

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

16 DEPOSITS FROM CUSTOMERS

	30 September 2023 RM'000	31 December 2022 RM'000
(a) By type of deposit		
Savings deposits		
- Tawarruq	575,091	647,097
- Qard	198,870	217,248
Demand deposits		
- Tawarruq	1,333,603	1,343,958
- Qard	5,036,992	4,769,983
Term deposits		
- Tawarruq	4,120,429	4,701,355
- Qard	27,016	17,716
Short-term deposits		
- Tawarruq	1,326,232	281,591
	<u>12,618,233</u>	<u>11,978,948</u>

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

16 DEPOSITS FROM CUSTOMERS (continued)

(b) By type of customer

Government and statutory bodies	158,268	101,167
Non-bank financial institutions	2,088,054	1,211,273
Business enterprises	6,112,706	6,355,398
Individuals	3,360,424	3,960,376
Foreign entities	833,171	279,341
Others	65,610	71,393
	<u>12,618,233</u>	<u>11,978,948</u>

(c) By residual maturity for term deposits and short-term deposits

Up to six months	3,988,346	3,954,718
Over six months to one year	1,476,175	1,016,329
Over one year to three years	8,156	28,465
Over three years to five years	1,000	1,150
	<u>5,473,677</u>	<u>5,000,662</u>

17 INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTION

	30 September 2023 RM'000	31 December 2022 RM'000
Mudharabah RPSIA		
Licensed bank	3,581,896	3,134,656
Amount receivable from immediate holding company under RPSIA	<u>(17,972)</u>	<u>(25,006)</u>
	<u>3,563,924</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.

18 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	30 September 2023 RM'000	31 December 2022 RM'000
Non-Mudharabah		
Licensed banks	70,951	575,945
Other financial institutions	5,462	4,141
	<u>76,413</u>	<u>580,086</u>

Included in the above are deposits and placements of its immediate holding company of RM46 million (2022: RM537 million), which are unsecured and profit-bearing.

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

19 OTHER LIABILITIES

		30 September 2023 RM'000	31 December 2022 RM'000
Profit payable		38,590	38,862
Other payables and accruals		44,533	47,411
Amount due to immediate holding company	(a)	37,468	76,144
Amount due to ultimate holding company	(a)	469	20
Equity compensation benefits		640	612
Lease liabilities		2,311	1,986
ECL Allowances for financing commitments and financial guarantees	(b)	68,709	72,041
		<u>192,720</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:

	<i>Non credit-impaired</i>		<i>Credit-impaired</i>	Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
30 September 2023				
At 1 January	3,257	41,042	27,742	72,041
Transferred to Stage 1	4,872	(4,872)	-	-
Transferred to Stage 2	(956)	956	-	-
Transferred to Stage 3	-	(1,162)	1,162	-
New financial assets originated or purchased	2,463	2,530	-	4,993
Financial assets derecognised	(1,045)	(9,281)	-	(10,326)
Net remeasurement during the period	(3,782)	6,783	(1,162)	1,839
Other movements	25	137	-	162
	<u>4,834</u>	<u>36,133</u>	<u>27,742</u>	<u>68,709</u>
31 December 2022				
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
	<u>3,257</u>	<u>41,042</u>	<u>27,742</u>	<u>72,041</u>

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

20 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Quarter Ended		Year-To-Date Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Income derived from investment of:				
(i) Term deposits	46,884	45,695	142,537	131,573
(ii) Other deposits	96,617	81,222	269,991	229,684
	<u>143,501</u>	<u>126,917</u>	<u>412,528</u>	<u>361,257</u>
(i) Income derived from investment of term deposits				
Finance income and hibah				
Financing and advances				
- Finance income earned other than recoveries	33,168	32,878	102,938	94,868
- Recoveries from credit-impaired financing	977	1,293	4,295	4,067
- Discount unwind from credit-impaired financing	272	535	959	1,771
Financial assets at FVTPL	17	18	52	86
Financial investments at FVOCI	10,228	6,913	29,379	20,813
Deposits and placements with banks and other financial institutions	2,009	4,007	4,207	9,628
	<u>46,671</u>	<u>45,644</u>	<u>141,830</u>	<u>131,233</u>
Other trading income				
Net loss on financial assets at FVTPL	-	-	-	(65)
Unrealised loss on financial assets at FVTPL	(3)	(6)	(3)	(46)
Other operating income				
Net gain from sale of financial investments at FVOCI	94	-	221	145
Others	122	57	489	306
	<u>46,884</u>	<u>45,695</u>	<u>142,537</u>	<u>131,573</u>
(ii) Income derived from investment of other deposits				
Finance income and hibah				
Financing and advances				
- Finance income earned other than recoveries	68,353	58,438	194,847	165,518
- Recoveries from credit-impaired financing	2,013	2,299	7,882	7,200
- Discount unwind from credit-impaired financing	562	950	1,814	3,079
Financial assets at FVTPL	33	33	95	151
Financial investments at FVOCI	21,076	12,287	56,047	36,349
Deposits and placements with banks and other financial institutions	4,140	7,125	7,992	16,885
	<u>96,177</u>	<u>81,132</u>	<u>268,677</u>	<u>229,182</u>
Other trading income				
Net loss on financial assets at FVTPL	-	-	-	(116)
Unrealised loss on financial assets at FVTPL	(5)	(11)	(6)	(83)
Other operating income				
Net gain from sale of financial investments at FVOCI	194	-	406	175
Others	251	101	914	526
	<u>96,617</u>	<u>81,222</u>	<u>269,991</u>	<u>229,684</u>

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

21 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS

	Quarter Ended		Year-To-Date Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Finance income and hibah				
Financing and advances				
- Finance income earned other than recoveries	42,601	25,210	114,194	57,485
Deposits and placements with banks and other financial institutions	1,862	833	8,376	2,942
	<u>44,463</u>	<u>26,043</u>	<u>122,570</u>	<u>60,427</u>

22 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUND

	Quarter Ended		Year-To-Date Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Finance income and hibah				
Financing and advances				
- Finance income earned other than recoveries	17,096	12,925	51,373	36,644
- Recoveries from credit-impaired financing	504	508	2,122	1,579
- Discount unwind from credit-impaired financing	141	210	479	682
Financial assets at FVTPL	8	7	25	33
Financial investments at FVOCI	5,271	2,717	14,701	8,039
Deposits and placements with banks and other financial institutions	1,035	1,576	2,103	3,731
	<u>24,055</u>	<u>17,943</u>	<u>70,803</u>	<u>50,708</u>
Other trading income				
Net loss on financial assets at FVTPL	-	-	-	(25)
Unrealised loss on financial assets at FVTPL	(2)	(2)	(1)	(17)
Other operating income				
Commission	6,287	7,526	19,935	21,889
Service charges and fees	2,285	2,959	9,477	9,681
Shared services income received from immediate holding company	1,224	1,153	3,541	3,498
Shared services income received from ultimate holding company	36	30	96	82
Net gain from sale of financial investments at FVOCI	49	-	110	50
Others	63	22	242	116
Other trading income				
Net trading gain/(loss)				
- Foreign currency	18,499	1,675	10,026	700
- Derivatives	(19,142)	5,387	9,743	18,410
- Revaluation of derivatives	7,900	(670)	545	(92)
	<u>41,254</u>	<u>36,023</u>	<u>124,517</u>	<u>105,000</u>

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

23 IMPAIRMENT ALLOWANCE AND PROVISIONS

	Quarter Ended		Year-To-Date Ended	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Financing, advances and commitments				
Stage 1 and Stage 2 ECL net write back during the period	12,780	45,854	16,450	95,706
Stage 3 ECL net charge during the period	(60,588)	(81,747)	(46,800)	(147,890)
Credit-impaired financing recovered	3,708	4,585	12,313	17,545
Recovery from RPSIA holder*	(1,964)	(2,524)	(7,034)	(4,652)
Financial investments at FVOCI				
Stage 1 and Stage 2 ECL net write back/(charge) during the period	19	(102)	(43)	(103)
Other assets				
Stage 1 ECL net (charge)/write back during the period	(2)	(9)	5	(10)
	<u>(46,047)</u>	<u>(33,943)</u>	<u>(25,109)</u>	<u>(39,404)</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 September	30 September	30 September	30 September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deposits from customers				
- Non-Mudharabah	64,283	46,709	170,555	129,484
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah	2,076	2,429	10,432	5,060
Subordinated sukuk	-	-	-	3,761
Lease liabilities	16	12	43	44
	<u>66,375</u>	<u>49,150</u>	<u>181,030</u>	<u>138,349</u>

25 INCOME ATTRIBUTABLE TO INVESTMENT ACCOUNT HOLDER

	Quarter Ended		Year-To-Date Ended	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Investment accounts due to designated financial institution				
- Mudharabah	31,130	18,530	85,804	43,242

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

26 OPERATING EXPENSES

	Quarter Ended		Year-To-Date Ended	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Personnel expenses				
Wages, salaries and bonus	5,133	4,631	14,648	12,912
Employees Provident Fund contributions	791	728	2,251	2,112
Share-based costs	124	114	307	292
Others	799	664	2,531	2,034
	<u>6,847</u>	<u>6,137</u>	<u>19,737</u>	<u>17,350</u>
Establishment expenses				
Depreciation of equipment	225	356	801	1,086
Depreciation of ROU assets	387	383	1,156	1,141
Rental of premises	4	3	10	8
Repair and maintenance	180	140	431	496
Information technology costs	128	143	378	425
Hire of equipment	19	20	51	62
Others	406	493	1,396	1,519
	<u>1,349</u>	<u>1,538</u>	<u>4,223</u>	<u>4,737</u>
Marketing expenses				
Advertising and business promotion	136	51	280	210
Transport and travelling	30	27	79	57
Others	(7)	1	54	5
	<u>159</u>	<u>79</u>	<u>413</u>	<u>272</u>
General administrative expenses				
Shared service fees to immediate holding company	34,825	27,898	98,068	81,722
IT and transaction processing fees to related companies	5,383	5,287	16,464	15,524
Others	4,232	2,810	10,572	8,651
	<u>44,440</u>	<u>35,995</u>	<u>125,104</u>	<u>105,897</u>
Total operating expenses	<u>52,795</u>	<u>43,749</u>	<u>149,477</u>	<u>128,256</u>

27 INCOME TAX EXPENSE

	Quarter Ended		Year-To-Date Ended	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current period charge	6,796	6,528	50,959	43,607
- Prior periods	-	-	-	(7,046)
Deferred tax				
- Origination and reversal of temporary differences	1,103	6,179	1,427	8,133
	<u>7,899</u>	<u>12,707</u>	<u>52,386</u>	<u>44,694</u>

28 CAPITAL COMMITMENTS

	30 September	31 December
	2023	2022
	RM'000	RM'000
Capital expenditure in respect of equipment		
- Contracted but not provided for	<u>40</u>	<u>38</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 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 September 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	35,712	35,712	47,932	46,344	46,344	71,428
Transaction-related contingent items	413,247	210,636	127,025	503,004	254,661	159,453
Short-term self-liquidating trade-related contingencies	56,233	11,459	7,427	69,944	14,804	10,457
Forward asset purchases	150,000	150,000	50,123			
Foreign exchange related contracts						
- Up to one year	799,908	2,917	260	155,708	1,244	641
- Over one year to five years	1,105,791	161,813	55,772	616,859	85,542	50,061
Profit rate related contracts						
- Five years and above	-	-	-	58,241	7,587	1,059
Formal standby facilities and credit lines						
- Original maturity up to one year	1,750	1,312	1,196	10,000	7,500	710
- Original maturity over one year	956,597	738,229	486,312	539,616	424,419	342,380
Other unconditionally cancellable commitments	3,097,286	193,227	24,222	2,638,170	169,870	28,272
	6,616,524	1,505,305	800,269	4,637,886	1,011,971	664,461

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 - 30 SEPTEMBER 2023 (continued)

30 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:

	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.

(b) Financial instruments carried at fair value

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
30 September 2023				
Financial assets at fair value				
Financial assets at FVTPL	5,029	-	-	5,029
Financial investments at FVOCI	3,674,647	895,303	-	4,569,950
Derivative financial assets	56	20,252	15	20,323
	<u>3,679,732</u>	<u>915,555</u>	<u>15</u>	<u>4,595,302</u>
Financial liabilities at fair value				
Derivative financial liabilities	20	18,933	-	18,953
31 December 2022				
Financial assets at fair value				
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>
Financial liabilities at fair value				
Derivative financial liabilities	198	5,703	-	5,901

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

30 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:

	30 September 2023 RM'000	31 December 2022 RM'000
Financial assets at fair value		
At 1 January	47	36
Unrealised (loss)/gain recognised in profit or loss	(32)	11
At 30 September/31 December	<u>15</u>	<u>47</u>
Financial liabilities at fair value		
At 1 January	-	1
Unrealised loss/(gain) recognised in profit or loss	-	(1)
At 30 September/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 September 2023 RM'000	31 December 2022 RM'000			
Asset					
Derivative financial assets	<u>15</u>	<u>47</u>	Hedge for trading	Option pricing model	Standard deviation
Liability					
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.

31 CAPITAL ADEQUACY

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

	30 September 2023 RM'000	31 December 2022 RM'000
Common Equity Tier 1 ("CET 1") capital		
Paid-up ordinary share capital	555,000	555,000
Retained earnings	1,480,685	1,339,873
Other reserves	76,894	63,843
Regulatory adjustment	(118,500)	(105,617)
	<u>1,994,079</u>	<u>1,853,099</u>

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

31 CAPITAL ADEQUACY (continued)

	30 September 2023 RM'000	31 December 2022 RM'000
Tier 2 capital		
Stage 1 and 2 ECL and qualifying regulatory reserves under the Standardised Approach	2,262	2,341
Surplus eligible provisions over expected losses	45,680	50,365
	<u>47,942</u>	<u>52,706</u>
Capital base	<u>2,042,021</u>	<u>1,905,805</u>
	30 September 2023	31 December 2022
Before the effects of PSIA		
CET 1/Tier 1 capital ratio	18.176%	16.287%
Total capital ratio	<u>18.613%</u>	<u>16.750%</u>
After the effects of PSIA		
CET 1/Tier 1 capital ratio	22.936%	19.667%
Total capital ratio	<u>23.487%</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 September 2023, credit risks relating to RPSIA assets excluded from the total capital ratio calculation amounted to RM2,277 million (31 December 2022: RM1,955 million).

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

	30 September 2023	31 December 2022
After the effects of PSIA		
CET 1/Tier 1 capital ratio	22.811%	19.364%
Total capital ratio	<u>23.362%</u>	<u>19.923%</u>

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

	30 September 2023 RM'000	31 December 2022 RM'000
Total RWA for credit risk	7,794,347	8,581,516
Total RWA for market risk	12,309	7,266
Total RWA for operational risk	887,454	833,541
	<u>8,694,110</u>	<u>9,422,323</u>