

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 2024

Domiciled in Malaysia
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50050 Kuala Lumpur

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FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024**

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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024

		30 September 2024	31 December 2023
	Note	RM'000	RM'000
ASSETS			
Cash and cash equivalents	9	703,452	1,123,565
Financial assets at fair value through profit or loss ("FVTPL")	10	-	5,021
Financial investments at fair value through other comprehensive income ("FVOCI")	11	4,384,821	3,431,407
Financing and advances	12	14,690,713	14,781,079
Derivative financial assets	14	60,769	14,866
Other assets	15	37,257	39,610
Statutory deposits with BNM		207,500	185,000
Property and equipment		2,068	2,714
Right-of-use ("ROU") assets		3,106	3,478
Deferred tax assets		27,667	29,430
Total assets		<u>20,117,353</u>	<u>19,616,170</u>
LIABILITIES			
Deposits from customers	16	11,038,297	11,432,233
Investment accounts due to designated financial institution	17	6,025,957	5,109,520
Deposits and placements of banks and other financial institutions	18	87,135	459,179
Obligations on securities sold under repurchase agreements		145,067	-
Bills and acceptances payable		12,975	18,478
Derivative financial liabilities	14	58,292	14,488
Other liabilities	19	286,125	340,607
Provision for taxation and zakat		26,453	14,099
Total liabilities		<u>17,680,301</u>	<u>17,388,604</u>
EQUITY			
Share capital		555,000	555,000
Reserves		1,882,052	1,672,566
Total equity		<u>2,437,052</u>	<u>2,227,566</u>
Total liabilities and equity		<u>20,117,353</u>	<u>19,616,170</u>
Commitments and contingencies	29	<u>5,800,658</u>	<u>5,927,230</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 2023 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 2024**

	Note	Quarter Ended		Year-To-Date Ended	
		30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
Income derived from investment of depositors' funds and others	20	136,642	143,501	407,607	412,528
Income derived from investment of investment account funds	21	73,514	44,463	214,752	122,570
Income derived from investment of shareholder's funds	22	44,529	41,254	133,774	124,517
Impairment allowance and provisions writeback/(charged)	23	(26,131)	(46,047)	8,624	(25,109)
Total distributable income		228,554	183,171	764,757	634,506
Income attributable to depositors and others	24	(64,193)	(66,375)	(194,175)	(181,030)
Income attributable to investment account holder	25	(51,461)	(31,130)	(150,327)	(85,804)
Total net income		112,900	85,666	420,255	367,672
Operating expenses	26	(57,564)	(52,795)	(160,013)	(149,477)
Profit before taxation and zakat		55,336	32,871	260,242	218,195
Income tax expense	27	(13,318)	(7,899)	(62,752)	(52,386)
Zakat		(12)	(12)	(37)	(37)
Profit for the period		42,006	24,960	197,453	165,772
Items that may be subsequently reclassified to profit or loss					
Fair value reserve (debt instruments)					
- Change in fair value		12,516	(2,038)	17,559	17,908
- Transferred to profit or loss		(1,192)	(336)	(1,785)	(736)
- Related tax		(2,718)	570	(3,786)	(4,121)
Change in expected credit loss ("ECL") reserve on debt instruments at FVOCI		(6)	(19)	45	43
Other comprehensive income/(expense) for the period, net of income tax		8,600	(1,823)	12,033	13,094
Total comprehensive income for the period		50,606	23,137	209,486	178,866
Profit attributable to the owner of the Bank		42,006	24,960	197,453	165,772
Total comprehensive income attributable to the owner of the Bank		50,606	23,137	209,486	178,866
Basic earnings per ordinary share (sen)		22.70	13.50	106.73	89.61

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 2023 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 2024

	<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	
2024						
At 1 January 2024	555,000	91,000	155	(6,759)	1,588,170	2,227,566
Fair value reserve						
- Change in fair value	-	-	-	17,559	-	17,559
- Transferred to profit or loss	-	-	-	(1,785)	-	(1,785)
- Related tax	-	-	-	(3,786)	-	(3,786)
Change in ECL reserve	-	-	45	-	-	45
Total other comprehensive income for the period	-	-	45	11,988	-	12,033
Profit for the period	-	-	-	-	197,453	197,453
Total comprehensive income for the period	-	-	45	11,988	197,453	209,486
At 30 September 2024	555,000	91,000	200	5,229	1,785,623	2,437,052
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

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 2023 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 2024

	30 September 2024 RM'000	30 September 2023 RM'000
Cash flows from operating activities		
Profit before taxation and zakat	260,242	218,195
<i>Adjustments for:</i>		
Net loss/(gain) from disposal of:		
- Financial assets at FVTPL	150	-
- Financial investments at FVOCI	(1,785)	(737)
- Property and equipment	2	-
Depreciation of equipment	733	801
Depreciation of ROU assets	1,141	1,156
Impairment allowance and provisions	10,235	37,422
Finance expense on lease liabilities	76	43
Share-based costs	256	307
Unrealised loss on:		
- Financial assets at FVTPL	29	10
- Derivatives	(2,666)	(545)
Operating profit before changes in working capital	<u>268,413</u>	<u>256,652</u>
<i>Changes in operating assets and operating liabilities:</i>		
Financial assets at FVTPL	4,842	-
Financing and advances	94,985	430,462
Derivative financial assets	(43,237)	(13,523)
Other assets	2,339	(31,326)
Statutory deposits with BNM	(22,500)	8,000
Deposits from customers	(393,936)	639,285
Investment accounts due to designated financial institution	901,641	447,240
Deposits and placements of banks and other financial institutions	(372,044)	(503,673)
Obligations on securities sold under repurchase agreements	145,067	-
Bills and acceptances payable	(5,503)	(4,284)
Derivative financial liabilities	43,804	13,052
Other liabilities	(54,390)	(44,988)
Cash generated from operations	<u>569,481</u>	<u>1,196,897</u>
Income tax and zakat paid	(52,458)	(54,576)
Net cash generated from operating activities	<u>517,023</u>	<u>1,142,321</u>
Cash flows from investing activities		
Acquisition of financial investments at FVOCI	(4,310,000)	(5,253,790)
Proceeds from disposal of financial investments at FVOCI	3,374,145	3,900,967
Acquisition of equipment	(88)	(126)
Proceeds from disposal of equipment	-	19
Net cash generated used in investing activities	<u>(935,943)</u>	<u>(1,352,930)</u>
Cash flows from financing activity		
Payment of lease liabilities	(1,193)	(1,208)
Net cash used in financing activity	<u>(1,193)</u>	<u>(1,208)</u>
Net decrease in cash and cash equivalents	(420,113)	(211,817)
Cash and cash equivalents at 1 January	<u>1,123,565</u>	<u>1,653,270</u>
Cash and cash equivalents at 30 September	<u>703,452</u>	<u>1,441,453</u>
Change in liabilities arising from financing activity		
	2024	2023
	RM'000	RM'000
At 1 January	3,504	1,986
Payment of lease liabilities	(1,193)	(1,208)
Acquisition of new leases and changes in lease terms	769	1,490
Finance expense on lease liabilities	76	43
At 30 September	<u>3,156</u>	<u>2,311</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 2023 and the accompanying explanatory notes to the unaudited condensed interim financial statements.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2024

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 RM197.5 million for the financial period ended 30 September 2024, an increase of RM31.7 million mainly due to higher net write-back of allowances of RM33.7 million, net income from investment account funds of RM27.7 million, income from shareholder's funds of RM9.2 million; partly offset by higher income attributable to depositors of RM13.1 million, operating expenses of RM10.5 million and tax expense of RM10.4 million and lower income derived from investment of depositors' funds and others of RM4.9 million.

Allowances decreased by RM33.7 million mainly due to higher net writebacks in Stage 3 expected credit losses ("ECL") of RM67.1m partly offset by higher net charges in Stage 1 & 2 ECL of RM32.2 million and lower other recoveries of RM1.2 million.

Higher net income from investment account funds of RM27.7 million mainly due to higher financing income of RM92.2 million partly offset by higher profit attributable to investor of RM64.5 million.

Gross financing and advances decreased by RM0.2 billion or 1% to RM15.0 billion for the nine months of 2024 mainly from real estate, agriculture, finance, insurance and business services, manufacturing, and partly offset by higher exposure to transport, storage & communication, wholesale & retail trade and restaurants & hotels, construction and residential property sector. Customer deposits decreased by RM0.4 billion mainly from non-bank financial institutions and business enterprises; partly offset by higher deposits from individuals.

Shareholder's funds strengthened by RM0.2 billion to RM2.4 billion. The Bank is well capitalised, after taking into account the effects of RPSIA, with Common Equity Tier 1/Tier 1 capital ratios of 27.766% and Total capital ratio of 28.305%

ECONOMIC PERFORMANCE AND PROSPECTS

Malaysia's economy expanded by 5.1% in the first half of 2024, advancing by 5.9% in the second quarter of 2024. The growth was supported by higher household spending, increased exports, tourist arrivals, and robust investment activities. Bank Negara Malaysia ("BNM") expects the economy to expand closer to the upper end of the 4-5% forecast range supported by sustained growth momentum going into the second half of 2024. Resilient domestic expenditure, higher export activity, tourist spending, higher realisation of approved investments and expansion in investment activities will be the key drivers of growth.

As at 30 September 2024, the ringgit has appreciated this year by 11.4% against the US dollar, driven by Malaysia's strong economic performance and expectations of lower interest rates in major economies. BNM's decision to maintain the Overnight Policy Rate at 3.00% indicates a supportive monetary policy stance. Banks in Malaysia are well-positioned to support the financing needs of the domestic economy, with robust capital and liquidity buffers and prudent provisioning practices.

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 2024 (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 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 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 2025

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

Effective for annual periods commencing on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures - The Classification and Measurement of Financial Instruments*
- Amendments that are part of Annual Improvements – Volume 11, comprise:
 - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
 - Amendments to MFRS 7, *Financial Instruments: Disclosures*
 - Amendments to MFRS 9, *Financial Instruments*
 - Amendments to MFRS 10, *Consolidated Financial Statements*
 - Amendments to MFRS 107, *Statement of Cash Flows*

Effective for annual periods commencing on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*

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 except MFRS 10 which is not applicable to the Bank. 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 except for MFRS 18 which is a new accounting standard for presentation and disclosure of information in the financial statements that replaces MFRS 101, *Presentation of Financial Statements*.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2024 (continued)

1 BASIS OF PREPARATION (continued)

The new standard introduces a defined structure for the statement of profit or loss, which comprises new categories and subtotals. Income and expenses included in the statement of profit or loss are to be classified into three new distinct categories i.e., operating, investing and financing, based on the main business activities of the entity; and two new required subtotals to enable analysis, i.e., operating profit or loss and profit or loss before financing and income taxes. It also sets out new disclosure requirements of management-defined performance measures. Furthermore, MFRS 18 also provides enhanced guidance for aggregation and disaggregation of information in the financial statements.

The Bank plan to apply MFRS 18 from its mandatory effective from 1 January 2027, and MFRS 18 will be applied retrospectively, whereby the comparative information for the financial year ending 31 December 2026 will be restated in accordance with requirements of MFRS 18. The Bank are currently assessing the impact of MFRS 18 on presentation and disclosures in the Bank's financial statements.

(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 2023.

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 2023 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 2023 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 2024.

6 DIVIDEND

No dividend was proposed in respect of the financial period ended 30 September 2024.

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 2024.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2024 (continued)

9 CASH AND CASH EQUIVALENTS

	30 September 2024 RM'000	31 December 2023 RM'000
Cash and balances with banks and other financial institutions	103,069	75,806
Deposits and placements with BNM	600,399	1,047,762
	<u>703,468</u>	<u>1,123,568</u>
Stage 1 ECL allowance	(16)	(3)
	<u>703,452</u>	<u>1,123,565</u>
By geographical distribution determined based on where the credit risk resides		
Malaysia	628,257	1,071,223
Singapore	13,595	20,629
Other ASEAN countries	2,916	1,645
Rest of the world	58,700	30,071
	<u>703,468</u>	<u>1,123,568</u>

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

	30 September 2024 RM'000	31 December 2023 RM'000
At fair value		
Islamic Corporate Sukuk	-	5,021

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

	30 September 2024 RM'000	31 December 2023 RM'000
At fair value		
Malaysian Government Investment Issues	2,667,933	2,176,959
Islamic Corporate Sukuk	570,461	720,103
Islamic Negotiable Instruments of Deposit	796,094	199,181
Cagamas Sukuk	350,333	335,164
	<u>4,384,821</u>	<u>3,431,407</u>

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

	30 September 2024			31 December 2023		
	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	155	-	155	147	-	147
Transferred to Stage 2	(1)	1	-	-	-	-
New financial assets originated or purchased	257	-	257	322	-	322
Financial assets derecognised	(118)	-	(118)	(191)	-	(191)
Net remeasurement during the period/year	(93)	(1)	(94)	(123)	-	(123)
At 30 September/31 December	<u>200</u>	<u>-</u>	<u>200</u>	<u>155</u>	<u>-</u>	<u>155</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2024 (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	Ijarah		Ijarah		Musharakah Mutanaqisah RM'000	Mudharabah RM'000	Others RM'000	
	Bai' Inah RM'000	Bithaman Ajil RM'000			Bai' Dayn RM'000	Thumma Al- Bai RM'000	Ijarah RM'000	Muntahiah Bi Al-Tamlik RM'000				
30 September 2024												
At amortised cost and net of unearned income												
Cash line financing	263	1,472	-	-	-	-	610,487	-	-	-	15,192	627,414
Term Financing												
- House financing	-	2,656	191,803	-	-	-	-	1,372,737	45,009	-	-	1,612,205
- Syndicated term financing	-	-	2,344,570	-	-	-	-	-	-	66,117	-	2,410,687
- Hire purchase receivables	-	-	-	-	-	111,405	-	68,922	-	-	-	180,327
- Other term financing	23,933	26,177	5,390,719	-	-	-	-	636,347	57,565	-	-	6,134,741
Bills receivable	-	-	-	18,470	22,463	-	-	-	-	-	-	40,933
Trust receipts	-	-	-	216	-	-	-	-	-	-	-	216
Revolving credit	-	-	3,579,006	-	-	-	-	-	-	-	-	3,579,006
Claims on customers under acceptance credits	-	-	-	207,256	36,020	-	-	-	-	-	-	243,276
Other financing	-	-	125,427	-	-	-	-	-	-	-	-	125,427
Gross financing and advances	24,196	30,305	11,631,525	225,942	58,483	111,405	610,487	2,078,006	102,574	66,117	15,192	14,954,232
ECL allowance												(263,519)
Net financing and advances												14,690,713

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 2024, the gross exposure and ECL relating to RPSIA financing amounted to RM5,377 million (31 December 2023: RM4,964million) and RM13 million (31 December 2023: RM29 million) respectively.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2024 (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 2023												
At amortised cost and net of unearned income												
Cash line financing	4,634	1,500	-	-	-	-	537,362	-	-	-	12,487	555,983
Term Financing												
- House financing	-	3,637	47,183	-	-	-	-	1,470,517	48,791	-	-	1,570,128
- Syndicated term financing	-	-	2,109,399	-	-	-	-	-	-	100,227	-	2,209,626
- Hire purchase receivables	-	-	-	-	-	143,272	-	77,925	-	-	-	221,197
- Other term financing	38,027	17,650	5,263,542	-	-	-	-	733,394	64,809	-	-	6,117,422
Bills receivable	-	-	-	69,146	10,464	-	-	-	-	-	-	79,610
Revolving credit	-	-	4,046,725	-	-	-	-	-	-	-	-	4,046,725
Claims on customers under acceptance credits	-	-	-	216,974	19,400	-	-	-	-	-	-	236,374
Other financing	-	-	96,872	-	-	-	-	-	-	-	-	96,872
Gross financing and advances	42,661	22,787	11,563,721	286,120	29,864	143,272	537,362	2,281,836	113,600	100,227	12,487	15,133,937
ECL allowance												(352,858)
Net financing and advances												14,781,079

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2024 (continued)

12 FINANCING AND ADVANCES (continued)

	30 September 2024 RM'000	31 December 2023 RM'000
(ii) By type of customer		
Domestic banking institutions	725,790	809,238
Domestic non-bank financial institutions	1,663,282	1,922,978
Domestic business enterprises		
- Small and medium enterprises	2,607,661	2,327,187
- Others	8,109,644	8,185,221
Individuals	1,701,242	1,683,530
Foreign entities	146,613	205,783
	<u>14,954,232</u>	<u>15,133,937</u>
(iii) By profit rate sensitivity		
Fixed rate		
- House financing	78,125	91,335
- Hire purchase receivables	111,405	143,272
- Other fixed rate financing	981,471	672,287
Variable rate		
- Base rate/Base financing rate plus/Standardised base rate	3,932,359	3,632,246
- Cost plus	9,814,709	10,514,696
- Other variable rate	36,163	80,101
	<u>14,954,232</u>	<u>15,133,937</u>
(iv) By sector		
Agriculture, hunting, forestry and fishing	554,055	825,150
Mining and quarrying	10,085	12,677
Manufacturing	969,941	1,026,851
Electricity, gas and water	221,236	219,995
Construction	586,337	539,005
Real estate	764,516	1,251,690
Wholesale & retail trade and restaurants & hotels	1,382,452	1,125,201
Transport, storage and communication	1,115,607	710,073
Finance, insurance and business services	6,827,005	6,923,951
Community, social and personal services	714,834	721,210
Household		
- Purchase of residential properties	1,619,739	1,577,827
- Purchase of non-residential properties	44,436	45,382
- Others	143,989	154,925
	<u>14,954,232</u>	<u>15,133,937</u>
(v) By geographical distribution determined based on where the credit risk resides		
Malaysia	14,808,579	14,943,930
Singapore	62,727	57,577
Other ASEAN countries	4,168	4,512
Rest of the world	78,758	127,918
	<u>14,954,232</u>	<u>15,133,937</u>
(vi) By residual contractual maturity		
Up to one year	2,831,055	3,461,839
Over one year to three years	4,302,627	2,976,205
Over three years to five years	3,097,540	4,100,173
Over five years	4,723,010	4,595,720
	<u>14,954,232</u>	<u>15,133,937</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2024 (continued)

13 IMPAIRED FINANCING AND ADVANCES

(a) Movements in credit-impaired financing and advances

	30 September 2024 RM'000	31 December 2023 RM'000
At 1 January	550,589	732,428
Impaired during the period/year	65,912	117,998
Reclassified as non credit-impaired	(63,864)	(84,814)
Amount recovered	(86,996)	(111,038)
Amount written off	(77,567)	(103,985)
At 30 September/31 December	<u>388,074</u>	<u>550,589</u>
Stage 3 ECL allowance	<u>(156,500)</u>	<u>(257,463)</u>
Net impaired financing and advances	<u>231,574</u>	<u>293,126</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 2024, the credit-impaired RPSIA funded gross exposures and Stage 3 ECL recoverable from the RPSIA holder was fully paid off; nil (31 December 2023: RM15 million) and nil (31 December 2023: RM15 million) respectively.

	30 September 2024 RM'000	31 December 2023 RM'000
(i) By sector		
Agriculture, hunting, forestry and fishing	463	184
Manufacturing	36,689	97,854
Electricity, gas and water	120	121
Construction	59,078	91,371
Real estate	1,621	1,624
Wholesale & retail trade and restaurants & hotels	173,399	184,182
Transport, storage and communication	5,053	19,237
Finance, insurance and business services	1,718	7,242
Community, social and personal services	106	490
Household		
- Purchase of residential properties	93,430	127,722
- Purchase of non-residential properties	3,534	3,549
- Others	12,863	17,013
	<u>388,074</u>	<u>550,589</u>
(ii) By geographical distribution		
Malaysia	377,519	538,805
Singapore	2,325	2,411
Other ASEAN country	1,034	1,404
Rest of the world	7,196	7,969
	<u>388,074</u>	<u>550,589</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2024 (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	29,881	65,514	257,463	352,858	17,546	89,427	317,299	424,272
Transferred to Stage 1	24,446	(21,820)	(2,626)	-	62,365	(53,686)	(8,679)	-
Transferred to Stage 2	(6,066)	14,131	(8,065)	-	(5,285)	22,213	(16,928)	-
Transferred to Stage 3	(79)	(17,195)	17,274	-	(56)	(45,335)	45,391	-
New financial assets originated or purchased	15,825	14,200	-	30,025	18,341	27,495	-	45,836
Financial assets derecognised	(12,904)	(17,672)	(1,765)	(32,341)	(8,498)	(19,887)	(1,099)	(29,484)
Net remeasurement during the period/year	(18,145)	37,385	(26,187)	(6,947)	(54,573)	44,838	29,600	19,865
Written-off	-	-	(77,567)	(77,567)	-	-	(103,985)	(103,985)
Other movements	(188)	(294)	(2,027)	(2,509)	41	449	(4,136)	(3,646)
At 30 September/31 December	32,770	74,249	156,500	263,519	29,881	65,514	257,463	352,858

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2024 (continued)

14 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

	30 September 2024			31 December 2023		
	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	95,863	1,221	44	136,487	350	189
- Swaps	1,363,758	59,548	58,248	1,356,890	14,516	14,299
	<u>1,459,621</u>	<u>60,769</u>	<u>58,292</u>	<u>1,493,377</u>	<u>14,866</u>	<u>14,488</u>

15 OTHER ASSETS

	30 September 2024 RM'000	31 December 2023 RM'000
Profit receivable	32,071	28,283
Other receivables, deposits and prepayments	2,856	2,548
Amount due from immediate holding company	1,641	8,599
Amount due from ultimate holding company	689	180
	<u>37,257</u>	<u>39,610</u>

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

16 DEPOSITS FROM CUSTOMERS

	30 September 2024 RM'000	31 December 2023 RM'000
(a) By type of deposit		
Savings deposits		
- Tawarruq	556,524	553,927
- Qard	204,234	202,994
Demand deposits		
- Tawarruq	1,269,967	1,314,707
- Qard	4,276,343	4,428,925
Term deposits		
- Tawarruq	4,533,340	4,278,330
- Qard	16,081	1,445
Short-term deposits		
- Tawarruq	181,808	651,905
	<u>11,038,297</u>	<u>11,432,233</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2024 (continued)

16 DEPOSITS FROM CUSTOMERS (continued)

	30 September 2024 RM'000	31 December 2023 RM'000
(b) By type of customer		
Government and statutory bodies	88,823	98,621
Non-bank financial institutions	968,777	1,386,430
Business enterprises	5,870,328	6,072,023
Individuals	3,725,773	3,467,891
Foreign entities	320,820	343,088
Others	63,776	64,180
	<u>11,038,297</u>	<u>11,432,233</u>
(c) By residual maturity for term deposits and short-term deposits		
Up to six months	3,017,367	3,864,323
Over six months to one year	1,706,624	1,052,746
Over one year to three years	4,838	11,511
Over three years to five years	2,400	3,100
	<u>4,731,229</u>	<u>4,931,680</u>

17 INVESTMENT ACCOUNTS DUE TO DESIGNATED FINANCIAL INSTITUTION

	30 September 2024 RM'000	31 December 2023 RM'000
Mudharabah RPSIA		
Licensed bank	6,025,957	5,124,316
Amount receivable from immediate holding company under RPSIA	-	(14,796)
	<u>6,025,957</u>	<u>5,109,520</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 2024 RM'000	31 December 2023 RM'000
Non-Mudharabah		
Licensed banks	82,950	454,069
Other financial institutions	4,185	5,110
	<u>87,135</u>	<u>459,179</u>

Included in the above are deposits and placements of its immediate holding company of RM41 million (2023: RM433 million), which are unsecured and profit-bearing.

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2024 (continued)

19 OTHER LIABILITIES

		30 September 2024 RM'000	31 December 2023 RM'000
Profit payable		43,916	52,744
Other payables and accruals		79,680	60,588
Amount due to immediate holding company	(a)	107,087	176,468
Amount due to ultimate holding company	(a)	617	587
Amount due to other related company	(a)	22	-
Equity compensation benefits		518	705
Lease liabilities		3,156	3,504
ECL Allowances for financing commitments and financial guarantees	(b)	51,129	46,011
		<u>286,125</u>	<u>340,607</u>

(a) The amount due to ultimate and immediate holding companies and other related company 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:

30 September 2024

	<i>Non credit-impaired</i>		<i>Credit-impaired</i>	Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
At 1 January	13,028	17,829	15,154	46,011
Transferred to Stage 1	5,507	(5,507)	-	-
Transferred to Stage 2	(2,233)	2,233	-	-
Transferred to Stage 3	-	(385)	385	-
New financial assets originated or purchased	8,588	1,672	-	10,260
Financial assets derecognised	(4,474)	(4,202)	-	(8,676)
Net remeasurement during the period	(5,322)	8,597	613	3,888
Other movements	(328)	(18)	(8)	(354)
	<u>14,766</u>	<u>20,219</u>	<u>16,144</u>	<u>51,129</u>

31 December 2023

	<i>Non credit-impaired</i>		<i>Credit-impaired</i>	Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
At 1 January	3,257	41,042	27,742	72,041
Transferred to Stage 1	27,429	(27,429)	-	-
Transferred to Stage 2	(997)	997	-	-
Transferred to Stage 3	-	(1,162)	1,162	-
New financial assets originated or purchased	3,578	9,869	-	13,447
Financial assets derecognised	(1,225)	(15,001)	(12,745)	(28,971)
Net remeasurement during the year	(19,029)	9,350	(1,005)	(10,684)
Other movements	15	163	-	178
	<u>13,028</u>	<u>17,829</u>	<u>15,154</u>	<u>46,011</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2024 (continued)

20 INCOME DERIVED FROM INVESTMENT OF DEPOSITORS' FUNDS AND OTHERS

	Quarter Ended		Year-To-Date Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
Income derived from investment of:				
(i) Term deposits	55,878	46,884	153,594	142,537
(ii) Other deposits	80,764	96,617	254,013	269,991
	<u>136,642</u>	<u>143,501</u>	<u>407,607</u>	<u>412,528</u>
(i) Income derived from investment of term deposits				
Finance income and hibah				
Financing and advances				
- Finance income earned other than recoveries	41,017	33,168	113,911	102,938
- Recoveries from credit-impaired financing	1,344	977	3,251	4,295
- Discount unwind from credit-impaired financing	206	272	630	959
Financial assets at FVTPL	8	17	42	52
Financial investments at FVOCI	11,889	10,228	31,146	29,379
Deposits and placements with banks and other financial institutions	843	2,009	3,437	4,207
	<u>55,307</u>	<u>46,671</u>	<u>152,417</u>	<u>141,830</u>
Other trading income				
Net loss on financial assets at FVTPL	(50)	-	(50)	-
Unrealised loss on financial assets at FVTPL	(4)	(3)	(9)	(3)
Other operating income				
Net gain from sale of financial investments at FVOCI	400	94	579	221
Others	225	122	657	489
	<u>55,878</u>	<u>46,884</u>	<u>153,594</u>	<u>142,537</u>
(ii) Income derived from investment of other deposits				
Finance income and hibah				
Financing and advances				
- Finance income earned other than recoveries	59,287	68,353	188,531	194,847
- Recoveries from credit-impaired financing	1,943	2,013	5,324	7,882
- Discount unwind from credit-impaired financing	298	562	1,047	1,814
Financial assets at FVTPL	11	33	72	95
Financial investments at FVOCI	17,184	21,076	51,371	56,047
Deposits and placements with banks and other financial institutions	1,218	4,140	5,775	7,992
	<u>79,941</u>	<u>96,177</u>	<u>252,120</u>	<u>268,677</u>
Other trading income				
Net loss on financial assets at FVTPL	(73)	-	(73)	-
Unrealised loss on financial assets at FVTPL	(6)	(5)	(15)	(6)
Other operating income				
Net gain from sale of financial investments at FVOCI	578	194	891	406
Others	324	251	1,090	914
	<u>80,764</u>	<u>96,617</u>	<u>254,013</u>	<u>269,991</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2024 (continued)

21 INCOME DERIVED FROM INVESTMENT OF INVESTMENT ACCOUNT FUNDS

	Quarter Ended		Year-To-Date Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
Finance income and hibah				
Financing and advances				
- Finance income earned other than recoveries	71,610	42,601	210,505	114,194
Deposits and placements with banks and other financial institutions	1,711	1,862	4,054	8,376
Financial investments at FVOCI	193	-	193	-
	<u>73,514</u>	<u>44,463</u>	<u>214,752</u>	<u>122,570</u>

22 INCOME DERIVED FROM INVESTMENT OF SHAREHOLDER'S FUND

	Quarter Ended		Year-To-Date Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
Finance income and hibah				
Financing and advances				
- Finance income earned other than recoveries	21,971	17,096	63,187	51,373
- Recoveries from credit-impaired financing	720	504	1,798	2,122
- Discount unwind from credit-impaired financing	111	141	350	479
Financial assets at FVTPL	4	8	24	25
Financial investments at FVOCI	6,368	5,271	17,261	14,701
Deposits and placements with banks and other financial institutions	452	1,035	1,914	2,103
	<u>29,626</u>	<u>24,055</u>	<u>84,534</u>	<u>70,803</u>
Other trading income				
Net loss on financial assets at FVTPL	(27)	-	(27)	-
Unrealised loss on financial assets at FVTPL	(2)	(2)	(5)	(1)
Other operating income				
Commission	3,114	6,287	14,199	19,935
Service charges and fees	4,128	2,285	13,001	9,477
Shared services income received from immediate holding company	976	1,224	3,050	3,541
Shared services income received from ultimate holding company	32	36	96	96
Net gain from sale of financial investments at FVOCI	214	49	315	110
Others	120	63	364	242
Other trading income				
Net trading gain/(loss)				
- Foreign currency	(4,484)	18,499	(2,374)	10,026
- Derivatives	7,316	(19,142)	17,955	9,743
- Revaluation of derivatives	3,516	7,900	2,666	545
	<u>44,529</u>	<u>41,254</u>	<u>133,774</u>	<u>124,517</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2024 (continued)

23 IMPAIRMENT ALLOWANCE AND PROVISIONS

	Quarter Ended		Year-To-Date Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
Financing, advances and commitments				
Stage 1 and Stage 2 ECL net charge/(write back) during the period	12,044	(12,780)	15,752	(16,450)
Stage 3 ECL net charge during the period				
- Made during the period	25,352	77,506	45,183	91,654
- Written back	(8,662)	(16,918)	(65,554)	(44,854)
Credit-impaired financing recovered	(5,943)	(3,708)	(18,859)	(12,313)
Recovery from RPSIA holder*	3,337	1,964	14,796	7,034
Financial investments at FVOCI				
Stage 1 and Stage 2 ECL net (write back)/charge during the period	(6)	(19)	45	43
Other assets				
Stage 1 ECL net charge/(write back) during the period	9	2	13	(5)
	<u>26,131</u>	<u>46,047</u>	<u>(8,624)</u>	<u>25,109</u>

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

24 INCOME ATTRIBUTABLE TO DEPOSITORS AND OTHERS

	Quarter Ended		Year-To-Date Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
Deposits from customers				
- Non-Mudharabah	59,430	64,283	181,818	170,555
Deposits and placements of banks and other financial institutions				
- Non-Mudharabah	4,737	2,076	12,281	10,432
Lease liabilities	26	16	76	43
	<u>64,193</u>	<u>66,375</u>	<u>194,175</u>	<u>181,030</u>

25 INCOME ATTRIBUTABLE TO INVESTMENT ACCOUNT HOLDER

	Quarter Ended		Year-To-Date Ended	
	30 September 2024 RM'000	30 September 2023 RM'000	30 September 2024 RM'000	30 September 2023 RM'000
Investment accounts due to designated financial institution				
- Mudharabah	51,461	31,130	150,327	85,804

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2024 (continued)

26 OPERATING EXPENSES

	Quarter Ended		Year-To-Date Ended	
	30 September	30 September	30 September	30 September
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Personnel expenses				
Wages, salaries and bonus	4,964	5,133	13,045	14,648
Employees Provident Fund contributions	659	791	1,991	2,251
Share-based costs	84	124	256	307
Others	707	799	2,398	2,531
	<u>6,414</u>	<u>6,847</u>	<u>17,690</u>	<u>19,737</u>
Establishment expenses				
Depreciation of equipment	246	225	733	801
Depreciation of ROU assets	371	387	1,141	1,156
Rental of premises	15	4	16	10
Repair and maintenance	169	180	379	431
Information technology costs	280	128	532	378
Hire of equipment	15	19	58	51
Others	716	406	1,444	1,396
	<u>1,812</u>	<u>1,349</u>	<u>4,303</u>	<u>4,223</u>
Marketing expenses				
Advertising and business promotion	48	136	168	280
Transport and travelling	27	30	67	79
Others	104	(7)	108	54
	<u>179</u>	<u>159</u>	<u>343</u>	<u>413</u>
General administrative expenses				
Shared service fees to immediate holding company	39,144	34,825	109,588	98,068
IT and transaction processing fees to related companies	5,710	5,383	16,923	16,464
Others	4,305	4,232	11,166	10,572
	<u>49,159</u>	<u>44,440</u>	<u>137,677</u>	<u>125,104</u>
Total operating expenses	<u>57,564</u>	<u>52,795</u>	<u>160,013</u>	<u>149,477</u>

27 INCOME TAX EXPENSE

	Quarter Ended		Year-To-Date Ended	
	30 September	30 September	30 September	30 September
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current period charge	15,872	6,796	64,518	50,959
- Prior periods	-	-	256	-
Deferred tax				
- Origination and reversal of temporary differences	(2,554)	1,103	(2,022)	1,427
	<u>13,318</u>	<u>7,899</u>	<u>62,752</u>	<u>52,386</u>

28 CAPITAL COMMITMENTS

	30 September	31 December
	2024	2023
	RM'000	RM'000
Capital expenditure in respect of equipment		
- Contracted but not provided for	136	37

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2024 (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 2024			31 December 2023		
	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	-	-	-	2,886	2,886	700
Transaction-related contingent items	417,199	213,037	136,213	386,902	196,790	119,796
Short-term self-liquidating trade-related contingencies	25,035	5,007	1,319	34,068	6,814	3,311
Lending of banks' securities or the posting of securities as collateral by banks	30,664	30,664	-	-	-	-
Foreign exchange related contracts						
- Up to one year	422,208	3,119	1,103	399,199	2,392	689
- Over one year to five years	1,037,413	172,765	59,290	1,094,178	134,344	46,127
Formal standby facilities and credit lines						
- Original maturity up to one year	2,000	1,500	547	28,000	21,000	19,756
- Original maturity over one year	794,074	623,656	442,976	846,768	652,717	483,529
Other unconditionally cancellable commitments	3,072,065	246,842	33,035	3,135,229	192,739	24,165
	5,800,658	1,296,590	674,483	5,927,230	1,209,682	698,073

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 2024 (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.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable market data either directly (ie as prices) or indirectly (ie derived from observable market data). The valuation techniques that use market parameters as inputs include, but are not limited to, yield curves, volatilities and foreign exchange rates; and
- Level 3: Inputs for the valuation that are not based on observable market data.

(b) Financial instruments carried at fair value

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 September 2024				
Financial assets at fair value				
Financial investments at FVOCI	3,588,727	796,094	-	4,384,821
Derivative financial assets	323	60,392	54	60,769
	<u>3,589,050</u>	<u>856,486</u>	<u>54</u>	<u>4,445,590</u>
Financial liabilities at fair value				
Derivative financial liabilities	41	58,251	-	58,292
	<u>41</u>	<u>58,251</u>	<u>-</u>	<u>58,292</u>
31 December 2023				
Financial assets at fair value				
Financial assets at FVTPL	5,021	-	-	5,021
Financial investments at FVOCI	3,232,226	199,181	-	3,431,407
Derivative financial assets	93	14,770	3	14,866
	<u>3,237,340</u>	<u>213,951</u>	<u>3</u>	<u>3,451,294</u>
Financial liabilities at fair value				
Derivative financial liabilities	166	14,322	-	14,488
	<u>166</u>	<u>14,322</u>	<u>-</u>	<u>14,488</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2024 (continued)

30 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

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

	30 September 2024 RM'000	31 December 2023 RM'000
Financial assets at fair value		
At 1 January	3	47
Unrealised gain/(loss) recognised in profit or loss	51	(44)
At 30 September/31 December	<u>54</u>	<u>3</u>
Financial liabilities at fair value		
At 1 January	-	1
Unrealised gain/(loss) 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 2024 RM'000	31 December 2023 RM'000			
Asset					
Derivative financial assets	<u>54</u>	<u>3</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 2024 RM'000	31 December 2023 RM'000
Common Equity Tier 1 ("CET 1") capital		
Paid-up ordinary share capital	555,000	555,000
Retained earnings	1,743,617	1,588,170
Other reserves	96,229	84,241
Regulatory adjustment	(125,192)	(118,010)
	<u>2,269,654</u>	<u>2,109,401</u>

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2024 (continued)

31 CAPITAL ADEQUACY (continued)

	30 September 2024 RM'000	31 December 2023 RM'000
Tier 2 capital		
Stage 1 and 2 ECL and qualifying regulatory reserves under the Standardised Approach	1,547	2,111
Surplus eligible provisions over expected losses	42,509	46,165
	<u>44,056</u>	<u>48,276</u>
Capital base	<u>2,313,710</u>	<u>2,157,677</u>
	30 September 2024	31 December 2023
Before the effects of PSIA		
CET 1/Tier 1 capital ratio	20.177%	18.129%
Total capital ratio	<u>20.568%</u>	<u>18.544%</u>
After the effects of PSIA		
CET 1/Tier 1 capital ratio	27.766%	24.025%
Total capital ratio	<u>28.305%</u>	<u>24.575%</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 2024, credit risks relating to RPSIA assets excluded from the total capital ratio calculation amounted to RM3,075 million (31 December 2023: RM2,856 million).

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

	30 September 2024 RM'000	31 December 2023 RM'000
Total RWA for credit risk	7,208,668	7,863,015
Total RWA for market risk	11,640	9,428
Total RWA for operational risk	953,925	907,506
	<u>8,174,233</u>	<u>8,779,949</u>