

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2020**

	Note	Group		Bank	
		31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
ASSETS					
Cash and cash equivalents	9	5,188,825	4,804,851	4,842,754	4,132,830
Deposits and placements with banks and other financial institutions	10	116,346	-	682,141	434,376
Investment account placements	11	-	-	1,977,606	1,958,154
Financial assets at fair value through profit or loss ("FVTPL")	12	2,165,324	1,176,469	2,149,074	1,160,139
Financial investments at fair value through other comprehensive income ("FVOCI")	13	15,918,305	15,555,244	11,703,334	11,426,798
Loans, advances and financing	14	69,941,350	69,058,329	58,057,428	57,280,940
Derivative financial assets	16	1,854,817	749,732	1,855,540	749,830
Other assets	17	313,535	375,557	553,458	553,854
Statutory deposits with Bank Negara Malaysia		369,771	1,686,883	129,671	1,377,583
Investments in subsidiaries		-	-	557,051	557,051
Property and equipment		151,835	154,493	144,992	147,072
Right-of-use ("ROU") assets		31,144	25,805	27,978	22,831
Tax recoverable		9,189	6,457	-	-
Deferred tax assets		59,976	46,437	54,189	43,737
Total assets		96,120,417	93,640,257	82,735,216	79,845,195
LIABILITIES					
Deposits from customers	18	75,585,465	75,095,805	63,475,857	62,583,956
Deposits and placements of banks and other financial institutions	19	5,046,105	4,196,309	5,031,123	4,153,615
Bills and acceptances payable		75,971	89,047	57,328	71,512
Recourse obligation on loans sold to Cagamas Berhad		700,000	700,000	700,000	700,000
Derivative financial liabilities	16	1,682,233	700,023	1,682,260	699,968
Other liabilities	21	3,073,218	3,075,514	2,954,491	2,953,977
Tax payable and zakat		30,943	44,018	30,881	43,968
Subordinated bonds	20	1,536,150	1,482,439	1,536,150	1,482,439
Total liabilities		87,730,085	85,383,155	75,468,090	72,689,435
EQUITY					
Share capital		754,000	754,000	754,000	754,000
Reserves		7,636,332	7,503,102	6,513,126	6,401,760
Total equity		8,390,332	8,257,102	7,267,126	7,155,760
Total liabilities and equity		96,120,417	93,640,257	82,735,216	79,845,195
Commitments and contingencies	30	112,785,694	111,312,514	109,449,378	107,672,746

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2019 and the accompanying explanatory notes to the unaudited condensed interim financial statements.

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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	Note	Group		Bank	
		Year to date ended		Year to date ended	
		31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Interest income	22	800,614	938,237	823,676	959,026
Interest income for financial assets at FVTPL	22	20,090	12,879	20,090	12,879
Interest expense	22	(438,810)	(570,668)	(452,855)	(581,366)
Net interest income	22	381,894	380,448	390,911	390,539
Income from Islamic banking operations	23	120,099	108,317	-	-
Net fee and commission income	24	92,030	84,522	91,376	84,371
Net trading income	25	48,757	40,548	48,757	40,548
Other operating income	26	58,386	18,619	87,766	45,077
Operating income		701,166	632,454	618,810	560,535
Operating expenses	27	(308,500)	(294,362)	(291,023)	(274,678)
Operating profit before impairment allowance and provision		392,666	338,092	327,787	285,857
Impairment allowances and provisions	28	(181,669)	(114,198)	(140,614)	(86,720)
Profit before income tax and zakat		210,997	223,894	187,173	199,137
Income tax expense	29	(51,874)	(52,597)	(47,528)	(47,533)
Zakat		(13)	-	-	-
Profit for the period		159,110	171,297	139,645	151,604
Other comprehensive income/(expense), net of income tax					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Fair value reserve (debt instruments)					
- Change in fair value		25,001	142,532	14,031	127,825
- Amount transferred to profit or loss		(59,799)	(13,191)	(51,990)	(12,510)
- Related tax		8,352	(31,038)	9,108	(27,674)
Change in expected credit loss (ECL) reserve on debt instruments at FVOCI		566	(396)	572	(325)
Other comprehensive (expense)/income for the period		(25,880)	97,907	(28,279)	87,316
Total comprehensive income for the period		133,230	269,204	111,366	238,920
Profit attributable to owner of the Bank		159,110	171,297	139,645	151,604
Total comprehensive income attributable to owner of the Bank		133,230	269,204	111,366	238,920
Basic earnings per ordinary share (sen)		55.3	59.6	48.6	52.7

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2019 and the accompanying explanatory notes to the unaudited condensed interim financial statements.

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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

<u>Group</u>	Share capital RM'000	Regulatory reserve RM'000	Non-distributable		Fair value reserve RM'000	Distributable	Total equity RM'000
			Capital reserve RM'000	ECL reserve RM'000		Retained earnings RM'000	
At 1 January 2020	754,000	600,000	56,619	641	200,536	6,645,306	8,257,102
Fair value reserve							
- Change in fair value	-	-	-	-	25,001	-	25,001
- Transferred to profit or loss	-	-	-	-	(59,799)	-	(59,799)
- Related tax	-	-	-	-	8,352	-	8,352
Change in ECL reserve	-	-	-	566	-	-	566
Total other comprehensive income/(expense) for the period	-	-	-	566	(26,446)	-	(25,880)
Profit for the period	-	-	-	-	-	159,110	159,110
Total comprehensive income/(expense) for the period	-	-	-	566	(26,446)	159,110	133,230
At 31 March 2020	754,000	600,000	56,619	1,207	174,090	6,804,416	8,390,332
At 1 January 2019	754,000	600,000	56,619	1,405	83,650	5,967,779	7,463,453
Fair value reserve							
- Change in fair value	-	-	-	-	142,532	-	142,532
- Transferred to profit or loss	-	-	-	-	(13,191)	-	(13,191)
- Related tax	-	-	-	-	(31,038)	-	(31,038)
Change in ECL reserve	-	-	-	(396)	-	-	(396)
Total other comprehensive (expense)/income for the period	-	-	-	(396)	98,303	-	97,907
Profit for the period	-	-	-	-	-	171,297	171,297
Total comprehensive (expense)/income for the period	-	-	-	(396)	98,303	171,297	269,204
At 31 March 2019	754,000	600,000	56,619	1,009	181,953	6,139,076	7,732,657

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STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	Share capital RM'000	Non-distributable			Distributable	Total equity RM'000
		Regulatory reserve RM'000	ECL reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	
Bank						
At 1 January 2020	754,000	509,000	488	177,118	5,715,154	7,155,760
Fair value reserve						
- Change in fair value	-	-	-	14,031	-	14,031
- Transferred to profit or loss	-	-	-	(51,990)	-	(51,990)
- Related tax	-	-	-	9,108	-	9,108
Change in ECL reserve	-	-	572	-	-	572
Total other comprehensive income/(expense) for the period	-	-	572	(28,851)	-	(28,279)
Profit for the period	-	-	-	-	139,645	139,645
Total comprehensive income/(expense) for the period	-	-	572	(28,851)	139,645	111,366
At 31 March 2020	754,000	509,000	1,060	148,267	5,854,799	7,267,126
At 1 January 2019	754,000	509,000	1,156	81,458	5,202,243	6,547,857
Fair value reserve						
- Change in fair value	-	-	-	127,825	-	127,825
- Transferred to profit or loss	-	-	-	(12,510)	-	(12,510)
- Related tax	-	-	-	(27,674)	-	(27,674)
Change in ECL reserve	-	-	(325)	-	-	(325)
Total other comprehensive (expense)/income for the period	-	-	(325)	87,641	-	87,316
Profit for the period	-	-	-	-	151,604	151,604
Total comprehensive (expense)/income for the period	-	-	(325)	87,641	151,604	238,920
At 31 March 2019	754,000	509,000	831	169,099	5,353,847	6,786,777

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2019 and the accompanying explanatory notes to the unaudited condensed interim financial statements.

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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	Group		Bank	
	Year to date ended		Year to date ended	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before income tax and zakat	210,997	223,894	187,173	199,137
<i>Adjustments for:</i>				
Depreciation of property and equipment	7,386	7,381	6,756	6,655
Depreciation of right-of-use assets	5,075	4,616	4,519	3,953
Impairment allowance and provisions	181,669	114,198	140,614	86,720
Finance cost	242	251	242	215
Net (gain)/loss on disposal of:				
- Financial investments at FVOCI	(59,799)	(13,191)	(51,990)	(12,510)
- Property and equipment	-	8	-	8
Share-based expense	2,305	1,855	2,200	1,766
Unrealised loss/(gain) on:				
- Financial assets at FVPTL	2,948	(3,090)	2,885	(3,092)
- Hedging derivatives	3	5	3	5
- Trading derivatives	(128,268)	85,034	(128,812)	85,840
- Subordinated bonds	53,711	(13,471)	53,711	(13,471)
Operating profit before changes in working capital	276,269	407,490	217,301	355,226
<i>Changes in operating assets and operating liabilities:</i>				
Deposits and placements with banks and other financial institutions	(116,345)	(50,000)	(247,764)	(11,285)
Investment account placements	-	-	(22,446)	34,373
Financial assets at FVTPL	(991,803)	(808,268)	(991,820)	(802,148)
Loans, advances and financing	(1,062,684)	39,914	(912,096)	380,560
Other assets	62,001	(76,225)	375	(88,182)
Statutory deposits with Bank Negara Malaysia	1,317,112	(81,358)	1,247,912	(64,358)
Derivative financial assets and liabilities	4,756	(5,814)	4,757	(5,810)
Deposits from customers	489,660	632,852	891,901	627,925
Deposits and placements of banks and other financial institutions	849,796	(1,333,562)	877,508	(1,266,168)
Bills and acceptances payable	(13,076)	8,882	(14,184)	10,484
Other liabilities	(11,084)	264,788	(7,975)	210,964
Cash generated from/(used in) operations	804,602	(1,001,301)	1,043,469	(618,419)
Income tax and zakat paid	(72,879)	(75,033)	(61,958)	(60,708)
Net cash generated from/(used in) operating activities	731,723	(1,076,334)	981,511	(679,127)
Cash flows from investing activities				
Acquisition of financial investments at FVOCI	(8,211,677)	(5,736,003)	(4,536,677)	(3,826,003)
Acquisition of property and equipment	(4,729)	(2,467)	(4,676)	(2,436)
Proceeds from disposal of financial investments at FVOCI	7,874,251	4,856,443	4,274,806	2,991,557
Proceeds from disposal of property and equipment	-	44	-	44
Net cash used in investing activities	(342,155)	(881,983)	(266,547)	(836,838)

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STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020 (continued)

	Group		Bank	
	Year to date ended		Year to date ended	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Cash flows from financing activities				
Payment of lease liabilities	(4,173)	(4,714)	(3,619)	(4,021)
Net cash used in financing activities	(4,173)	(4,714)	(3,619)	(4,021)
Net increase/(decrease) in cash and cash equivalents	385,395	(1,963,031)	711,345	(1,519,986)
Cash and cash equivalents at 1 January	4,805,233	4,898,851	4,133,211	4,348,837
Cash and cash equivalents at 31 March	5,190,628	2,935,820	4,844,556	2,828,851

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

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the financial year ended 31 December 2019 and the accompanying explanatory notes to the unaudited condensed interim financial statements.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2020

GENERAL INFORMATION

The unaudited condensed consolidated interim financial statements of the Bank as at and for the financial period ended 31 March 2020 comprise the Bank and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

The Bank is principally engaged in banking and related financial services, whilst the subsidiaries are principally engaged in the businesses of Islamic Banking, corporate finance and related advisory services and, the provision of nominee services. There has been no significant change in the nature of these activities during the financial period.

FINANCIAL PERFORMANCE

The Group's net profit for the quarter ended 31 March 2020 decreased by 7%, from RM171 million in the corresponding quarter last year to RM159 million, mainly due to higher impairment allowances by RM68 million, from higher Stage 1 and 2 expected credit loss in a global COVID-19 pandemic weakened economy.

The Group registered 11% growth in total income attributed to higher gains on disposal of fair value through other comprehensive income securities and improved Islamic banking income in the first quarter of 2020. The Group managed to maintain its net interest income levels despite 2 Overnight Policy Rate ("OPR") reductions during first quarter this year.

Operating expenses were controlled at 5% increase.

Total assets size stood at RM96.1 billion; RM2.5 billion or 2.7% higher compared against 31 December 2019, largely from higher holdings of securities.

The Group and the Bank remained well capitalised with Common Equity Tier 1 capital ratios of 14.223% and 13.704%, Tier 1 capital ratios of 15.155% and 14.846% and Total Capital ratios of 17.784% and 17.460%, respectively.

ECONOMIC PERFORMANCE AND PROSPECTS

Due to significant worsening of the macroeconomic outlook as a result of COVID-19 both domestically and globally, Bank Negara Malaysia ("BNM") has projected Malaysia's Gross Domestic Product ("GDP") growth to be between -2.0% and 0.5% in 2020. In the first quarter of 2020, Malaysia's GDP slowed to 0.7% compared to 3.6% in the fourth quarter of 2019. The Malaysian Government introduced several countercyclical policy measures to mitigate the economic impact of the pandemic. These measures include offering economic stimulus packages such as the Special Relief Facility, utilisation of BNM Funds for small and medium enterprises ("SMEs") (including micro-credit schemes like Agrofood facility and Micro Enterprises facility), continued progress of public projects and higher public sector expenditure, complemented by OPR reductions and lowering of the statutory reserves requirement for banks to provide additional liquidity to the banking system, as well as cashflow/debt relief for individuals and SMEs in the form of 6-month loan moratoriums and deferment of tax payments.

The unprecedented nature and scale of fiscal and monetary policy interventions across economies are expected to cushion the economic disruptions caused by COVID-19 and to support a gradual normalisation of economic activities upon the successful containment of the pandemic. The Malaysian economy is expected to gradually improve in the second half of the year after the containment measures ease and the local Movement Control Order is lifted. It is expected to register a positive recovery in 2021.

The Group and the Bank will continue to monitor its asset quality, capital and liquidity closely.

1 BASIS OF PREPARATION

The accounting policies set out below have been applied consistently to the periods presented in these unaudited condensed interim financial statements and have been applied consistently by Group entities, unless otherwise stated.

The unaudited condensed interim financial statements are presented in Ringgit Malaysia ("RM"), which is the Bank's functional currency. All financial information presented in RM have been rounded to the nearest thousand, unless otherwise stated.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2020 (continued)

1 BASIS OF PREPARATION (continued)

(a) Statement of compliance

The unaudited condensed interim financial statements of the Group and the Bank have been prepared under the historical cost convention (except as disclosed in the notes to the unaudited condensed interim financial statements), in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134, International Financial Reporting Standard 34 and the requirements of the Companies Act 2016 in Malaysia and Shariah requirements (operations of Islamic Banking).

The unaudited condensed interim financial statements incorporate all activities relating to Islamic Banking which have been undertaken by the Group in compliance with Shariah principles. Islamic Banking refers generally to the acceptance of deposits and granting of financing under Shariah principles.

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

- Amendments to MFRS 3, *Business Combinations*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*
- Interest Rate Benchmark Reform (Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures*)

The Group and the Bank have not adopted the following accounting standards, amendments and interpretations issued by the Malaysian Accounting Standards Board ("MASB") as they are not yet effective:

Effective for annual periods commencing on or after 1 January 2022

- Amendments to MFRS 101, *Classification of Liabilities as Current or Non-current*

Effective date to be announced by MASB

- Amendments to MFRS 10 and MFRS 128, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

(b) Use of estimates and judgements

The preparation of the unaudited condensed interim financial statements in conformity with MFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited financial statements as at and for the financial year ended 31 December 2019.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2020 (continued)

2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group and the Bank in these unaudited condensed interim financial statements are the same as those applied by the Group and the Bank in its audited financial statements as at and for the financial year ended 31 December 2019, except as disclosed in Note 1(a).

3 SEASONALITY OF OPERATIONS

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

4 SHARE CAPITAL

There were no changes in the share capital of the Bank during the financial period.

5 CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial period ended 31 March 2020.

6 DIVIDENDS

No dividend has been proposed for the financial period ended 31 March 2020.

7 SIGNIFICANT AND SUBSEQUENT EVENTS

The widespread of COVID-19 since the beginning of 2020 is a fluid and challenging situation affecting all industries and hence, the impact is difficult to reliably predict. The Group and the Bank will continue to monitor the situation closely, taking appropriate and timely actions to minimise the impact. The Group's and the Bank's capital and liquidity positions remain strong and well above the regulatory requirements.

There were no other material events subsequent to the end of the reporting period that require disclosure or adjustments to the unaudited condensed interim financial statements.

8 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank for the financial period ended 31 March 2020.

9 CASH AND CASH EQUIVALENTS

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Cash and balances with banks and other financial institutions	510,683	716,740	423,373	606,244
Money at call and deposit placements with financial institutions maturing within one month	772,670	225,848	1,216,183	511,967
Deposit placements with Bank Negara Malaysia	3,907,275	3,862,645	3,205,000	3,015,000
	<u>5,190,628</u>	<u>4,805,233</u>	<u>4,844,556</u>	<u>4,133,211</u>
Stage 1 ECL allowance	(1,803)	(382)	(1,802)	(381)
	<u>5,188,825</u>	<u>4,804,851</u>	<u>4,842,754</u>	<u>4,132,830</u>

Included in the Bank's cash and cash equivalents are deposits and placements with OCBC Al-Amin of RM444 million (31 December 2019: RM286 million), which are unsecured and profit bearing.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2020 (continued)

9 CASH AND CASH EQUIVALENTS (continued)

Movements in ECL allowance

	31 March 2020			31 December 2019		
	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
Group						
At 1 January	382	-	382	1,345	-	1,345
New financial assets originated or purchased	103	-	103	172	-	172
Financial assets derecognised	(4)	-	(4)	(24)	-	(24)
Net remeasurement during the period/year	1,297	-	1,297	(1,091)	-	(1,091)
Other movements	25	-	25	(20)	-	(20)
At 31 March/31 December	1,803	-	1,803	382	-	382

Bank

At 1 January	381	-	381	1,345	-	1,345
New financial assets originated or purchased	103	-	103	172	-	172
Financial assets derecognised	(4)	-	(4)	(24)	-	(24)
Net remeasurement during the period/year	1,297	-	1,297	(1,092)	-	(1,092)
Other movements	25	-	25	(20)	-	(20)
At 31 March/31 December	1,802	-	1,802	381	-	381

10 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Licensed banks	116,348	-	682,143	434,376
Stage 1 ECL allowance	(2)	-	(2)	-
	116,346	-	682,141	434,376

Included in the Bank's deposits and placements with licensed banks are deposits and placements with OCBC Al-Amin of RM566 million (31 December 2019: RM434 million), which are unsecured and profit bearing.

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10 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS (continued)

Movements in ECL allowance

	31 March 2020			31 December 2019		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
	ECL	ECL	ECL	ECL	ECL	ECL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Group and Bank</u>						
At 1 January	-	-	-	44	-	44
New financial assets originated or purchased	1	-	1	-	-	-
Net remeasurement during the period/year	1	-	1	(44)	-	(44)
At 31 March/31 December	2	-	2	-	-	-

11 INVESTMENT ACCOUNT PLACEMENTS

	31 March 2020 RM'000	31 December 2019 RM'000
<u>Bank</u>		
Restricted Profit Sharing Investment Accounts	2,041,269	2,018,823
ECL allowance	(63,663)	(60,669)
	<u>1,977,606</u>	<u>1,958,154</u>

The exposure to Restricted Profit Sharing Investment Accounts ("RPSIA") is an arrangement with its subsidiary, OCBC Al-Amin, which contract is based on Mudharabah principle to fund a specific business venture where the Bank solely provides capital and the business venture is managed solely by OCBC Al-Amin. The profit of the business venture arrangement is shared with the Bank as mudarib based on a pre-agreed ratio, and losses borne by the Bank.

Movements in ECL allowance

<u>Bank</u>	<i>Non credit-impaired</i>		<i>Credit-</i>	Total ECL RM'000
	Stage 1	Stage 2	Stage 3	
	ECL	ECL	ECL	
2020	RM'000	RM'000	RM'000	
At 1 January	1,285	26,615	32,769	60,669
Net remeasurement during the period	308	2,686	-	2,994
At 31 March	<u>1,593</u>	<u>29,301</u>	<u>32,769</u>	<u>63,663</u>

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11 INVESTMENT ACCOUNT PLACEMENTS (continued)

Bank	<i>Non credit-impaired</i>		<i>Credit-</i>	Total
	Stage 1	Stage 2	Stage 3	
	ECL	ECL	ECL	ECL
2019	RM'000	RM'000	RM'000	RM'000
At 1 January	3,392	-	57,118	60,510
Transferred to Stage 2	(5,189)	5,189	-	-
New financial assets originated or purchased	316	-	-	316
Net remeasurement during the year	2,766	21,426	29,794	53,986
Written Off	-	-	(54,143)	(54,143)
At 31 December	1,285	26,615	32,769	60,669

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

	Group		Bank	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
At fair value				
Malaysian Government Investment Issues	521,322	589,121	521,322	589,121
Malaysian Government Securities	755,039	275,024	755,039	275,024
Malaysian Government Treasury Bills	494,136	295,732	494,136	295,732
Bank Negara Malaysia Monetary Notes	215,361	-	215,361	-
Corporate Bonds and Sukuk	179,466	16,592	163,216	262
	2,165,324	1,176,469	2,149,074	1,160,139

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

	Group		Bank	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	RM'000	RM'000	RM'000	RM'000
At fair value				
Malaysian Government Investment Issues	6,987,453	6,107,784	4,649,165	3,846,724
Malaysian Government Securities	2,993,697	3,129,096	2,993,697	3,129,096
Malaysian Treasury Bills and Islamic Treasury Bills	156,327	39,840	97,619	39,840
Malaysian Government Debt Securities and Sukuk	133,543	125,283	37,165	30,437
Bank Negara Malaysia Monetary Notes	521,413	497,441	521,413	497,441
Foreign Government Debt Securities and Sukuk	222,917	204,109	197,185	179,222
Negotiable Instruments of Deposit and Islamic Negotiable Instruments of Deposit	2,297,056	2,768,686	1,027,105	1,471,815
Corporate and Islamic Corporate Bonds, Sukuk and Sanadat Mudharabah Cagamas	2,500,622	2,577,728	2,074,708	2,126,946
Unquoted shares in Malaysia	105,277	105,277	105,277	105,277
	15,918,305	15,555,244	11,703,334	11,426,798

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

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

	31 March			31 December		
	<i>Non credit-impaired</i>		2020	<i>Non credit-impaired</i>		2019
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
	ECL	ECL	ECL	ECL	ECL	ECL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Group</u>						
At 1 January	641	-	641	1,355	50	1,405
Transferred to Stage 2	(15)	15	-	-	-	-
New financial assets originated or purchased	165	-	165	276	-	276
Financial assets derecognised	(69)	-	(69)	(716)	(41)	(757)
Net remeasurement during the period/year	155	297	452	(272)	(9)	(281)
Other movements	12	6	18	(2)	-	(2)
At 31 March/31 December	889	318	1,207	641	-	641
<u>Bank</u>						
At 1 January	488	-	488	1,156	-	1,156
Transferred to Stage 2	(15)	15	-	-	-	-
New financial assets originated or purchased	130	-	130	71	-	71
Financial assets derecognised	(57)	-	(57)	(650)	-	(650)
Net remeasurement during the period/year	184	297	481	(87)	-	(87)
Other movements	12	6	18	(2)	-	(2)
At 31 March/31 December	742	318	1,060	488	-	488

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14 LOANS, ADVANCES AND FINANCING

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
At amortised cost				
Overdrafts	3,366,393	3,398,207	2,887,381	2,944,597
Term loans/financing:				
- Housing loans/financing	23,864,248	24,189,809	21,939,451	22,247,391
- Syndicated term loans/financing	4,819,378	4,392,816	4,112,571	3,765,013
- Hire purchase receivables	333,412	344,785	10	10
- Other term loans/financing	21,430,362	21,500,426	17,215,349	17,349,480
Credit cards	601,178	673,849	601,178	673,849
Bills receivable	175,834	189,342	122,403	136,611
Trust receipts	32,726	33,364	32,565	33,229
Claims on customers under acceptance credits	2,995,189	3,121,354	2,698,498	2,701,054
Revolving credit	11,461,830	10,293,142	7,414,015	6,387,825
Staff loans/financing	47,135	48,156	47,135	48,156
Other loans/financing	1,914,683	1,833,851	1,797,281	1,704,249
	<u>71,042,368</u>	<u>70,019,101</u>	<u>58,867,837</u>	<u>57,991,464</u>
At fair value				
Other term loans/financing	10,180	10,560	10,180	10,560
Gross loans, advances and financing	<u>71,052,548</u>	<u>70,029,661</u>	<u>58,878,017</u>	<u>58,002,024</u>
ECL allowance	(1,111,198)	(971,332)	(820,589)	(721,084)
Net loans, advances and financing	<u>69,941,350</u>	<u>69,058,329</u>	<u>58,057,428</u>	<u>57,280,940</u>
a) By type of customer				
Domestic banking institutions	19,115	23,358	19,115	23,358
Domestic non-bank financial institutions	2,706,227	2,818,760	1,674,893	1,791,640
Domestic business enterprises				
- Small and medium enterprises	13,311,148	10,912,492	11,064,295	8,855,747
- Others	24,762,546	25,626,000	19,186,967	20,015,048
Individuals	26,528,568	26,986,984	24,342,199	24,774,846
Foreign entities	3,724,944	3,662,067	2,590,548	2,541,385
	<u>71,052,548</u>	<u>70,029,661</u>	<u>58,878,017</u>	<u>58,002,024</u>
b) By interest/profit rate sensitivity				
Fixed rate				
- Housing loans/financing	73,722	54,597	26,759	7,084
- Hire purchase receivables	161,529	165,105	10	10
- Other fixed rate loans/financing	6,963,679	7,088,138	5,585,952	5,538,079
Variable rate				
- Base rate/base lending rate/base financing rate plus	39,108,645	39,487,376	34,914,250	35,345,541
- Cost plus	22,856,847	22,442,446	16,531,055	16,362,580
- Other variable rates	1,888,126	791,999	1,819,991	748,730
	<u>71,052,548</u>	<u>70,029,661</u>	<u>58,878,017</u>	<u>58,002,024</u>

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14 LOANS, ADVANCES AND FINANCING (continued)

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
c) By sector				
Agriculture, hunting, forestry and fishing	3,976,347	4,073,759	2,287,716	2,407,460
Mining and quarrying	534,096	523,637	221,177	222,802
Manufacturing	8,297,986	7,906,235	6,761,712	6,402,766
Electricity, gas and water	524,108	440,404	485,721	409,895
Construction	3,252,016	3,156,404	2,469,087	2,394,540
Real estate	7,678,488	7,808,439	6,466,888	6,595,715
Wholesale & retail trade and restaurants & hotels	7,609,497	7,694,879	6,369,459	6,451,997
Transport, storage and communication	2,211,677	1,261,715	1,953,564	1,066,123
Finance, insurance and business services	3,551,302	3,650,396	2,330,221	2,435,541
Community, social and personal services	2,680,571	2,361,993	2,117,355	1,796,782
Household				
- Purchase of residential properties	24,819,093	25,165,317	22,884,984	23,213,270
- Purchase of non-residential properties	890,326	908,656	842,723	862,296
- Others	2,713,906	2,796,820	2,390,454	2,464,555
Others	2,313,135	2,281,007	1,296,956	1,278,282
	71,052,548	70,029,661	58,878,017	58,002,024
d) By geography based on where the credit risk resides				
Malaysia	67,376,036	66,421,116	56,281,290	55,454,801
Singapore	1,899,393	1,865,837	1,303,426	1,285,905
Other ASEAN countries	525,015	511,654	375,176	349,494
Rest of the world	1,252,104	1,231,054	918,125	911,824
	71,052,548	70,029,661	58,878,017	58,002,024
e) By residual contractual maturity				
Up to one year	23,687,036	22,536,861	18,765,256	17,626,038
Over one year to three years	3,395,987	3,519,191	2,561,314	2,699,713
Over three years to five years	6,562,738	6,009,591	5,038,832	4,584,009
Over five years	37,406,787	37,964,018	32,512,615	33,092,264
	71,052,548	70,029,661	58,878,017	58,002,024

15 IMPAIRED LOANS, ADVANCES AND FINANCING

(i) Movements in impaired loans, advances and financing

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
At 1 January	1,402,168	1,333,041	1,056,476	957,941
Impaired during the period/year	307,449	1,391,456	220,166	1,012,998
Reclassified as non credit-impaired	(117,594)	(574,881)	(105,927)	(432,701)
Amount recovered	(118,010)	(556,154)	(85,285)	(386,305)
Amount written off	(42,729)	(191,643)	(37,230)	(95,523)
Effect of foreign exchange difference	750	349	750	66
At 31 March/31 December	1,432,034	1,402,168	1,048,950	1,056,476
Stage 3 ECL allowance	(352,945)	(378,350)	(244,787)	(269,142)
Net impaired loans, advances and financing	1,079,089	1,023,818	804,163	787,334

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15 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)

(i) Movements in impaired loans, advances and financing (continued)

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
a) By sector				
Agriculture, hunting, forestry and fishing	9,397	9,343	6,034	5,708
Mining and quarrying	19,772	14,895	19,772	14,895
Manufacturing	146,428	152,905	111,182	116,677
Construction	129,346	80,081	42,055	38,165
Real estate	205,618	206,934	205,061	206,268
Wholesale & retail trade and restaurants & hotels	192,672	205,976	95,284	101,470
Transport, storage and communication	32,445	34,591	28,978	31,123
Finance, insurance and business services	18,370	15,927	9,583	8,315
Community, social and personal services	5,857	4,214	5,143	3,481
Household				
- Purchase of residential properties	494,529	488,748	423,780	423,115
- Purchase of non-residential properties	19,590	22,216	18,827	21,455
- Others	88,219	90,409	67,848	68,402
Others	69,791	75,929	15,403	17,402
	<u>1,432,034</u>	<u>1,402,168</u>	<u>1,048,950</u>	<u>1,056,476</u>
b) By geography based on where the credit risk resides				
Malaysia	1,379,233	1,359,309	1,000,959	1,017,534
Singapore	21,882	20,578	17,089	16,679
Rest of the world	30,919	22,281	30,902	22,263
	<u>1,432,034</u>	<u>1,402,168</u>	<u>1,048,950</u>	<u>1,056,476</u>

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(ii) Movements in ECL allowance on loans, advances and financing

Group	<i>Non credit-impaired</i>			<i>Credit-</i>	31 March	<i>Non credit-impaired</i>			<i>Credit-</i>	31 December
	Stage 1	Stage 2	Stage 3	<i>impaired</i>	2020	Stage 1	Stage 2	Stage 3	<i>impaired</i>	2019
	ECL	ECL	ECL		ECL	ECL	ECL	ECL		ECL
	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000	RM'000		RM'000
At 1 January	258,798	334,184	378,350		971,332	241,198	288,505	368,702		898,405
Transferred to Stage 1	68,712	(57,637)	(11,075)		-	301,333	(273,828)	(27,505)		-
Transferred to Stage 2	(28,583)	33,424	(4,841)		-	(79,351)	112,225	(32,874)		-
Transferred to Stage 3	(2,316)	(36,523)	38,839		-	(4,299)	(191,863)	196,162		-
New financial assets originated or purchased	49,190	23,293	-		72,483	199,067	65,193	-		264,260
Financial assets derecognised	(34,108)	(27,339)	(9,942)		(71,389)	(150,741)	(89,491)	(34,139)		(274,371)
Net remeasurement during the period/year	(12,592)	181,632	11,602		180,642	(247,873)	423,731	115,461		291,319
Written off	-	-	(42,729)		(42,729)	-	-	(191,643)		(191,643)
Other movements	2,627	3,457	(5,225)		859	(536)	(288)	(15,814)		(16,638)
At 31 March/31 December	301,728	454,491	354,979		1,111,198	258,798	334,184	378,350		971,332
At 1 January										
- Loans, advances and financing	245,984	308,572	378,350		932,906	228,310	274,791	368,702		871,803
- Credit commitments and financial guarantees	12,814	25,612	-		38,426	12,888	13,714	-		26,602
	258,798	334,184	378,350		971,332	241,198	288,505	368,702		898,405
At 31 March/31 December										
- Loans, advances and financing	290,456	414,213	354,979		1,059,648	245,984	308,572	378,350		932,906
- Credit commitments and financial guarantees	11,272	40,278	-		51,550	12,814	25,612	-		38,426
	301,728	454,491	354,979		1,111,198	258,798	334,184	378,350		971,332

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(ii) Movements in ECL allowance on loans, advances and financing

	<i>Non credit-impaired</i>			<i>Credit-</i>	31 March	<i>Non credit-impaired</i>			<i>Credit-</i>	31 December
	Stage 1	Stage 2	Stage 3	<i>impaired</i>	2020	Stage 1	Stage 2	Stage 3	<i>impaired</i>	2019
	ECL	ECL	ECL		ECL	ECL	ECL	ECL		ECL
Bank	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000	RM'000		RM'000
At 1 January	197,808	254,134	269,142		721,084	178,849	231,340	248,504		658,693
Transferred to Stage 1	55,845	(47,611)	(8,234)		-	236,510	(217,700)	(18,810)		-
Transferred to Stage 2	(19,424)	23,297	(3,873)		-	(55,639)	80,428	(24,789)		-
Transferred to Stage 3	(80)	(25,258)	25,338		-	(2,346)	(133,554)	135,900		-
New financial assets originated or purchased	40,900	21,150	-		62,050	167,070	57,121	-		224,191
Financial asset derecognised	(28,882)	(23,156)	(8,202)		(60,240)	(126,543)	(75,121)	(22,968)		(224,632)
Net remeasurement during the period/year	(11,784)	136,676	10,648		135,540	(199,713)	311,913	56,246		168,446
Written off	-	-	(37,230)		(37,230)	-	-	(95,523)		(95,523)
Other movements	1,427	760	(2,802)		(615)	(380)	(293)	(9,418)		(10,091)
At 31 March/31 December	235,810	339,992	244,787		820,589	197,808	254,134	269,142		721,084
At 1 January										
- Loans, advances and financing	188,645	235,221	269,142		693,008	169,102	217,864	248,504		635,470
- Credit commitments and financial guarantees	9,163	18,913	-		28,076	9,747	13,476	-		23,223
	197,808	254,134	269,142		721,084	178,849	231,340	248,504		658,693
At 31 March/31 December										
- Loans, advances and financing	225,368	314,518	244,787		784,673	188,645	235,221	269,142		693,008
- Credit commitments and financial guarantees	10,442	25,474	-		35,916	9,163	18,913	-		28,076
	235,810	339,992	244,787		820,589	197,808	254,134	269,142		721,084

Impact of movements in gross carrying amount on ECL allowance

Stage 1 ECL allowance increased by RM43 million and RM38 million respectively for the Group and the Bank compared to the balance at beginning of the year mainly due to newly originated loans, advances and financing and transfers from Stage 2 to Stage 1 ECL as a result of improved credit quality.

Stage 2 ECL allowance increased by RM120 million and RM86 million respectively for the Group and the Bank mainly due higher net remeasurement during the period due to weakened macroeconomic outlook arising from COVID-19 partially mitigated by the migration of loans, advances and financing from Stage 2 to Stage 1.

Stage 3 ECL allowance decreased by RM23 million and RM24 million respectively for the Group and the Bank mainly due to write offs.

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16 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

Group	31 March 2020			31 December 2019		
	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	6,533,321	217,135	122,758	4,368,293	11,504	42,376
- Swaps	19,389,318	691,258	525,298	15,361,383	454,265	334,840
- Options	1,892,011	34,281	10,876	704,214	6,907	294
Interest rate derivatives						
- Swaps	54,394,142	643,546	753,137	56,748,918	236,667	284,147
- Futures	107,932	88	24	286,545	63	-
Equity and other derivatives						
- Swaps	1,044,216	119,794	119,794	803,309	16,660	16,660
- Exchange traded futures	2,795	-	110	-	-	-
- Commodity futures	28,102	487	798	74,620	2,574	41
- Credit linked notes	983,646	148,228	148,228	953,135	21,092	21,092
	84,375,483	1,854,817	1,681,023	79,300,417	749,732	699,450
Hedging						
Interest rate derivatives						
- Swaps	21,586	-	1,210	20,467	-	573
	84,397,069	1,854,817	1,682,233	79,320,884	749,732	700,023
Bank						
Trading						
Foreign exchange derivatives						
- Forwards	6,501,704	216,530	122,657	4,360,330	11,209	42,321
- Swaps	19,395,947	691,258	525,427	15,361,208	454,269	334,840
- Options	1,892,011	34,281	10,876	704,214	6,907	294
Interest rate derivatives						
- Swaps	54,394,142	644,874	753,136	56,748,918	237,056	284,147
- Futures	107,932	88	24	286,545	63	-
Equity and other derivatives						
- Swaps	1,044,216	119,794	119,794	803,309	16,660	16,660
- Exchange traded futures	2,795	-	110	-	-	-
- Commodity futures	28,102	487	798	74,620	2,574	41
- Credit linked notes	983,646	148,228	148,228	953,135	21,092	21,092
	84,350,495	1,855,540	1,681,050	79,292,279	749,830	699,395
Hedging						
Interest rate derivatives						
- Swaps	21,586	-	1,210	20,467	-	573
	84,372,081	1,855,540	1,682,260	79,312,746	749,830	699,968

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17 OTHER ASSETS

	Note	Group		Bank	
		31 March	31 December	31 March	31 December
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Amount due from subsidiaries	(a)	-	-	63,340	12,223
Interest/Profit receivable		121,241	138,747	101,850	112,404
Unquoted redeemable Islamic subordinated sukuk of a subsidiary	(b)	-	-	200,000	200,000
Other receivables, deposits and prepayments		192,294	236,810	188,268	229,227
		<u>313,535</u>	<u>375,557</u>	<u>553,458</u>	<u>553,854</u>

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

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

18 DEPOSITS FROM CUSTOMERS

	Group		Bank	
	31 March	31 December	31 March	31 December
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
a) By type of deposit				
Demand deposits	18,021,578	17,238,374	13,803,305	13,028,179
Saving deposits	13,127,731	12,520,313	12,369,079	11,825,379
Fixed/General investment deposits	37,688,732	38,693,976	30,849,533	32,063,682
Negotiable instruments of deposits	4,533,156	4,284,146	4,533,155	3,684,146
Short-term money market deposits	2,214,268	2,358,996	1,920,785	1,982,570
	<u>75,585,465</u>	<u>75,095,805</u>	<u>63,475,857</u>	<u>62,583,956</u>
b) By type of customer				
Government and statutory bodies	670,213	957,967	90,491	189,645
Non-bank financial institutions	3,157,529	3,854,813	2,068,903	2,086,313
Business enterprises	27,111,243	26,446,757	21,598,376	20,632,967
Individuals	36,263,813	36,002,821	31,703,677	32,129,591
Foreign entities	7,484,774	6,947,700	7,255,107	6,800,530
Others	897,893	885,747	759,303	744,910
	<u>75,585,465</u>	<u>75,095,805</u>	<u>63,475,857</u>	<u>62,583,956</u>
c) By maturity structure for fixed/term/general investment deposits, negotiable instruments of deposit and short-term money market deposits				
Up to six months	37,376,101	38,711,401	32,227,085	32,605,459
Over six months to one year	6,832,310	6,371,164	4,858,584	4,883,328
Over one year to three years	215,287	247,121	205,346	234,179
Over three years to five years	12,458	7,432	12,458	7,432
	<u>44,436,156</u>	<u>45,337,118</u>	<u>37,303,473</u>	<u>37,730,398</u>

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19 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Licensed banks and other financial institutions	5,046,105	3,991,634	5,031,123	3,948,940
Bank Negara Malaysia	-	204,675	-	204,675
	5,046,105	4,196,309	5,031,123	4,153,615

20 SUBORDINATED BONDS

	Group and Bank	
	31 March 2020 RM'000	31 December 2019 RM'000
USD110 million Additional Tier 1 Capital Securities	474,902	450,285
USD130 million Redeemable Subordinated Bonds 2015/2025	561,248	532,154
RM390 million Redeemable Subordinated Bonds 2017/2027	390,000	390,000
RM110 million Redeemable Subordinated Bonds 2017/2027	110,000	110,000
	1,536,150	1,482,439

21 OTHER LIABILITIES

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Amount due to subsidiaries	-	-	6,765	31,954
Equity compensation benefits	16,665	14,284	15,871	13,592
Interest/Profit payable	455,577	531,528	383,931	456,909
Structured investments	2,207,048	2,068,458	2,207,048	2,068,458
Lease liabilities	31,870	25,387	28,671	22,382
Other payables and accruals	359,856	433,655	312,037	360,514
Provision for commitments and contingencies	2,202	2,202	168	168
	3,073,218	3,075,514	2,954,491	2,953,977

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

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22 NET INTEREST INCOME

	Group		Bank	
	Year to date ended		Year to date ended	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest income				
Loans, advances and financing				
- Interest income other than recoveries	666,477	739,788	666,477	739,788
- Recoveries from impaired loans, advances and financing	19,601	11,755	19,601	11,755
- Discount unwind from impaired loans, advances and financing	2,803	3,951	2,803	3,139
Money at call and deposit placements with banks and other financial institutions	8,635	32,131	28,468	49,761
Financial investments at FVOCI	102,854	132,050	103,690	132,842
Unquoted Islamic subordinated sukuk of subsidiary	-	-	2,393	2,367
Others	244	18,562	244	19,374
	<u>800,614</u>	<u>938,237</u>	<u>823,676</u>	<u>959,026</u>
Financial assets at FVTPL	20,090	12,879	20,090	12,879
	<u>820,704</u>	<u>951,116</u>	<u>843,766</u>	<u>971,905</u>
Interest expense				
Deposits from customers	(396,209)	(474,840)	(396,209)	(474,840)
Deposits and placements of banks and other financial institutions	(7,958)	(26,985)	(16,385)	(37,683)
Recourse obligation on loans sold to Cagamas Berhad	(7,693)	(7,650)	(7,693)	(7,650)
Subordinated bonds	(16,559)	(22,898)	(16,559)	(22,898)
Lease liabilities	(242)	-	(242)	-
Others	(10,149)	(38,295)	(15,767)	(38,295)
	<u>(438,810)</u>	<u>(570,668)</u>	<u>(452,855)</u>	<u>(581,366)</u>
Net interest income	<u>381,894</u>	<u>380,448</u>	<u>390,911</u>	<u>390,539</u>

23 INCOME FROM ISLAMIC BANKING OPERATIONS

	Group	
	Year to date ended	
	31 March	31 March
	2020	2019
	RM'000	RM'000
Income derived from investment of depositors' funds and others	161,049	158,558
Income derived from investment of specific investment account funds	20,233	14,343
Income derived from investment of shareholder's funds	33,152	27,568
Income attributable to depositors	(80,290)	(81,454)
Income attributable to investment account holder	(14,045)	(10,698)
	<u>120,099</u>	<u>108,317</u>

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24 NET FEE AND COMMISSION INCOME

	Group		Bank	
	Year to date ended		Year to date ended	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Commission	55,091	37,576	55,091	37,425
Service charges and fees	34,097	43,779	33,443	43,779
Guarantee fees	737	941	737	941
Other fee income	2,105	2,226	2,105	2,226
	92,030	84,522	91,376	84,371

25 NET TRADING INCOME

	Group		Bank	
	Year to date ended		Year to date ended	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Foreign exchange (loss)/gain	(152,220)	74,227	(152,220)	74,227
Realised gain on financial assets at FVTPL	28,508	13,852	28,508	13,852
Realised gain on trading derivatives	46,542	35,217	46,542	35,217
Unrealised (loss)/gain on financial assets at FVTPL	(2,885)	3,092	(2,885)	3,092
Unrealised gain/(loss) on trading derivatives	128,812	(85,840)	128,812	(85,840)
	48,757	40,548	48,757	40,548

26 OTHER OPERATING INCOME

	Group		Bank	
	Year to date ended		Year to date ended	
	31 March	31 March	31 March	31 March
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of financial investments at FVOCI	51,990	12,510	51,990	12,510
Rental of premises	1,049	1,042	1,064	1,057
Rental of safe deposit boxes	1,693	1,702	1,693	1,702
Shared services income received from subsidiaries	-	-	29,365	26,442
Shared services income received from related company	3,568	3,253	3,568	3,253
Unrealised loss on hedging derivatives	(4)	(5)	(4)	(5)
Others	90	117	90	118
	58,386	18,619	87,766	45,077

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27 OPERATING EXPENSES

	Note	Group		Bank	
		Year to date ended		Year to date ended	
		31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Personnel expenses					
Wages, salaries and bonus		122,600	120,133	117,068	113,545
Employees Provident Fund contributions		18,864	18,425	17,891	17,364
Equity settled share-based payment transactions		2,305	1,855	2,200	1,766
Others		12,210	13,504	11,218	12,550
		<u>155,979</u>	<u>153,917</u>	<u>148,377</u>	<u>145,225</u>
Establishment expenses					
Depreciation of property and equipment		7,386	7,381	6,756	6,655
Depreciation of ROU assets		5,075	4,616	4,519	3,953
Rental of premises	(a)	-	-	1	-
Repair and maintenance		3,304	2,285	3,191	2,059
Information technology costs		11,732	7,954	11,563	7,799
Hire of equipment	(a)	242	241	212	208
Others		5,029	4,587	4,329	3,860
		<u>32,768</u>	<u>27,064</u>	<u>30,571</u>	<u>24,534</u>
Marketing expenses					
Advertisement and business promotion		2,972	4,144	2,881	4,016
Transport and travelling		950	1,025	899	947
Others		1,020	640	993	625
		<u>4,942</u>	<u>5,809</u>	<u>4,773</u>	<u>5,588</u>
General administrative expenses					
Transaction processing fees		88,042	83,568	80,655	76,551
Others		26,769	24,004	26,647	22,780
		<u>114,811</u>	<u>107,572</u>	<u>107,302</u>	<u>99,331</u>
Total operating expenses		<u>308,500</u>	<u>294,362</u>	<u>291,023</u>	<u>274,678</u>

(a) These expenses are in respect of short-term and/or leases of low-value items which the Group and the Bank elected not to recognise as ROU assets and lease liabilities under MFRS16.

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28 IMPAIRMENT ALLOWANCES

	Group		Bank	
	Year to date ended		Year to date ended	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Loans, advances and financing				
Stage 1 and 2 ECL net charge during the period	163,237	50,196	123,860	30,019
Stage 3 ECL				
- Made during the period	64,468	109,913	46,479	56,109
- Write back	(39,885)	(34,465)	(30,802)	(24,562)
Impaired loans, advances and financing				
- Recovered during the period	(8,157)	(10,965)	(3,929)	(5,260)
Investment account placements				
Stage 1 and 2 ECL net charge during the period	-	-	2,994	1,030
Stage 3 ECL net charge during the period	-	-	-	29,794
Financial investments at FVOCI				
Stage 1 and 2 ECL net charge/(write back) during the	566	(396)	572	(325)
Other financial assets				
Stage 1 and 2 ECL net charge/(write back) during the	1,422	(99)	1,422	(99)
Stage 3 ECL net charge during the period	18	14	18	14
	181,669	114,198	140,614	86,720

29 INCOME TAX EXPENSE

	Group		Bank	
	Year to date ended		Year to date ended	
	31 March 2020 RM'000	31 March 2019 RM'000	31 March 2020 RM'000	31 March 2019 RM'000
Malaysian income tax				
- Current period	57,059	45,406	48,870	36,974
Expenses not deductible for tax purposes				
- Origination and reversal of temporary differences	(5,185)	7,191	(1,342)	10,559
	51,874	52,597	47,528	47,533

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30 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to their customers. No material losses are anticipated as a result of these transactions.

The credit equivalent and risk weighted amounts were computed using the credit conversion factors and risk weights as defined in BNM's Capital Adequacy Framework (Basel II) - Internal Ratings Approach.

<u>Group</u>	Principal amount RM'000	Credit equivalent amount RM'000	Risk weighted amount RM'000
31 March 2020			
Direct credit substitutes	484,774	484,774	323,503
Transaction-related contingent items	2,964,978	1,518,606	974,232
Short-term self-liquidating trade-related contingencies	264,016	57,761	29,708
Forward asset purchases, forward deposits, partly paid shares and securities	187,377	187,377	-
Foreign exchange related contracts			
- Less than one year	22,986,565	298,884	171,284
- One year to less than five years	2,426,108	992,788	185,766
- Five years and above	2,401,977	55,527	64,003
Interest rate contracts			
- Less than one year	13,613,274	4,598	2,500
- One year to less than five years	27,262,708	449,714	116,021
- Five years and above	13,647,678	416,776	263,780
Equity and commodity related contracts	1,075,113	16,770	9,792
Credit derivative contracts	983,646	25,232	5,275
Formal standby facilities and credit lines			
- Original maturity exceeding one year	3,836,540	3,327,582	1,602,665
Other unconditionally cancellable commitments	20,650,940	2,362,919	378,027
Total	112,785,694	10,199,308	4,126,556
31 December 2019			
Direct credit substitutes	556,783	556,783	382,333
Transaction-related contingent items	2,894,812	1,481,544	964,121
Short-term self-liquidating trade-related contingencies	317,254	70,341	38,329
Foreign exchange related contracts			
- Less than one year	16,056,853	102,797	42,975
- One year to less than five years	2,039,038	830,982	168,652
- Five years and above	2,337,999	61,013	70,317
Interest rate contracts			
- Less than one year	19,615,753	7,217	3,924
- One year to less than five years	25,424,297	435,591	95,183
- Five years and above	12,015,880	268,183	167,717
Equity and commodity related contracts	877,929	27,053	12,084
Credit derivative contracts	953,135	34,227	7,724
Formal standby facilities and credit lines			
- Original maturity exceeding one year	4,751,921	4,015,159	2,118,291
Other unconditionally cancellable commitments	23,470,860	2,293,492	373,892
Total	111,312,514	10,184,382	4,445,542

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30 COMMITMENTS AND CONTINGENCIES (continued)

<u>Bank</u>	<u>Principal amount</u> RM'000	<u>Credit equivalent amount</u> RM'000	<u>Risk weighted amount</u> RM'000
31 March 2020			
Direct credit substitutes	388,922	388,922	240,309
Transaction-related contingent items	2,586,515	1,325,762	853,574
Short-term self-liquidating trade-related contingencies	244,919	53,372	27,795
Forward asset purchases, forward deposits, partly paid shares and securities	187,377	187,377	-
Foreign exchange related contracts			
- Less than one year	22,973,233	298,006	170,683
- One year to less than five years	2,414,452	992,788	184,590
- Five years and above	2,401,977	55,527	64,003
Interest rate contracts			
- Less than one year	13,613,274	4,598	2,500
- One year to less than five years	27,262,708	449,714	116,021
- Five years and above	13,647,678	416,776	233,703
Equity and commodity related contracts	1,075,113	16,770	9,792
Credit derivative contracts	983,646	25,232	5,275
Formal standby facilities and credit lines			
- Original maturity exceeding one year	3,337,720	2,932,539	1,247,324
Other unconditionally cancellable commitments	18,331,844	2,215,999	354,599
Total	109,449,378	9,363,382	3,510,168
31 December 2019			
Direct credit substitutes	459,747	459,747	288,691
Transaction-related contingent items	2,520,793	1,291,025	833,504
Short-term self-liquidating trade-related contingencies	299,674	63,864	34,528
Foreign exchange related contracts			
- Less than one year	16,048,890	102,203	42,359
- One year to less than five years	2,038,863	830,982	167,062
- Five years and above	2,337,999	61,014	70,316
Interest rate contracts			
- Less than one year	19,615,753	7,217	3,924
- One year to less than five years	25,424,297	435,592	95,183
- Five years and above	12,015,880	268,184	147,831
Equity and commodity related contracts	877,929	27,054	12,084
Credit derivative contracts	953,135	34,228	7,724
Formal standby facilities and credit lines			
- Original maturity exceeding one year	4,329,396	3,680,439	1,850,839
Other unconditionally cancellable commitments	20,750,390	2,166,807	353,465
Total	107,672,746	9,428,354	3,907,511

31 CAPITAL COMMITMENTS

	<u>Group</u>		<u>Bank</u>	
	<u>31 March 2020</u> RM'000	<u>31 December 2019</u> RM'000	<u>31 March 2020</u> RM'000	<u>31 December 2019</u> RM'000
Capital expenditure commitments in respect of property and equipment contracted but not provided for	8,278	6,000	8,231	5,953

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 31 MARCH 2020 (continued)**32 FAIR VALUES OF FINANCIAL INSTRUMENTS****Fair value hierarchy of financial instruments**

The Group and the Bank measure the fair value of financial assets and liabilities using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The valuation hierarchy and the types of instruments classified into each level within that hierarchy, are set out below:

	Level 1	Level 2	Level 3
Fair value determined	Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets and financial liabilities that the entity can access at the measurement date.	Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets and liabilities, either directly or indirectly.	Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.
Type of financial assets	Actively traded government and agency securities Actively traded quoted equity securities of corporations	Corporate and other government bonds/sukuk and loans Over-the counter ("OTC") derivatives Cash and cash equivalents Deposits and placements with banks and other financial institutions Investment account placements Other assets	Private debt equity investments Corporate bonds/sukuk with illiquid markets Loans, advances and financing OTC derivatives Unquoted equity instruments
Type of financial liabilities	OTC derivatives	OTC derivatives Deposits from customers Deposits and placement of banks and other financial institutions Subordinated bonds/sukuk Other liabilities	OTC derivatives

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32 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy of financial instruments (continued)

<u>Group</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
31 March 2020				
Financial assets at fair value				
Financial assets at FVTPL	1,770,497	394,827	-	2,165,324
Financial investments at FVOCI	10,078,769	5,734,259	105,277	15,918,305
Loans, advances and financing	-	-	10,180	10,180
Derivative financial assets	882	1,663,438	190,497	1,854,817
	<u>11,850,148</u>	<u>7,792,524</u>	<u>305,954</u>	<u>19,948,626</u>
Financial liabilities at fair value				
Derivative financial liabilities	821	1,531,340	150,072	1,682,233
31 December 2019				
Financial assets at fair value				
Financial assets at FVTPL	864,145	312,324	-	1,176,469
Financial investments at FVOCI	9,236,880	6,213,087	105,277	15,555,244
Loans, advances and financing	-	-	10,560	10,560
Derivative financial assets	1,507	726,577	21,648	749,732
	<u>10,102,532</u>	<u>7,251,988</u>	<u>137,485</u>	<u>17,492,005</u>
Financial liabilities at fair value				
Derivative financial liabilities	888	667,470	31,665	700,023
Bank				
31 March 2020				
Financial assets at fair value				
Financial assets at FVTPL	1,770,497	378,577	-	2,149,074
Financial investments at FVOCI	7,740,481	3,857,576	105,277	11,703,334
Loans, advances and financing	-	-	10,180	10,180
Derivative financial assets	902	1,664,206	190,432	1,855,540
	<u>9,511,880</u>	<u>5,900,359</u>	<u>305,889</u>	<u>15,718,128</u>
Financial liabilities at fair value				
Derivative financial liabilities	839	1,531,370	150,051	1,682,260
31 December 2019				
Financial assets at fair value				
Financial assets at FVTPL	864,145	295,994	-	1,160,139
Financial investments at FVOCI	6,975,820	4,345,701	105,277	11,426,798
Loans, advances and financing	-	-	10,560	10,560
Derivative financial assets	1,590	726,592	21,648	749,830
	<u>7,841,555</u>	<u>5,368,287</u>	<u>137,485</u>	<u>13,347,327</u>
Financial liabilities at fair value				
Derivative financial liabilities	894	667,409	31,665	699,968

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32 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy of financial instruments (continued)

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

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Financial assets at fair value				
At 1 January	137,485	197,081	137,485	197,081
Purchased	-	10,000	-	10,000
Settled/disposed	(177)	(24,661)	(177)	(24,655)
Transferred to Level 3	-	3,576	-	3,570
Realised loss				
- Recognised in net trading income	(1,382)	(71,182)	(1,382)	(71,182)
Unrealised gain				
- Recognised in net trading income	170,028	16,612	169,963	16,612
- Recognised in other comprehensive income	-	6,059	-	6,059
At 31 March/31 December	<u>305,954</u>	<u>137,485</u>	<u>305,889</u>	<u>137,485</u>
Financial liabilities at fair value				
At 1 January	31,665	73,283	31,665	73,283
Transferred to Level 3	-	4,161	-	4,161
Realised gain				
- Recognised in net trading income	(8,296)	(72,030)	(8,296)	(72,030)
Unrealised loss				
- Recognised in net trading income	126,703	26,251	126,682	26,251
At 31 March/31 December	<u>150,072</u>	<u>31,665</u>	<u>150,051</u>	<u>31,665</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:

Group	31 March 2020 Fair value RM'000	31 December 2019 Fair value RM'000	Classification	Valuation technique	Unobservable input
Assets					
Financial investments at FVOCI	105,277	105,277	FVOCI	Net asset value approach	Net asset value
Loans, advances and financing	10,180	10,560	FVTPL	Discounted cash flow analysis and market approach	Implied equity value, incentive fee and discount factor
Derivative financial assets	190,497	21,648	Hedge for trading	Option pricing model	Standard deviation
	<u>305,954</u>	<u>137,485</u>			
Liabilities					
Derivative financial liabilities	150,072	31,665	Hedge for trading	Option pricing model	Standard deviation

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32 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy of financial instruments (continued)

The following table shows the valuation techniques used in the determination of fair value within Level 3, as well as the unobservable inputs used in the valuation model:

Bank	31 March 2020 Fair value RM'000	31 December 2019 Fair value RM'000	Classification	Valuation technique	Unobservable input
Assets					
Financial investments at FVOCI	105,277	105,277	FVOCI	Net asset value approach	Net asset value
Loans, advances and financing	10,180	10,560	FVTPL	Discounted cash flow analysis and market approach	Implied equity value, incentive fee and discount factor
Derivative financial assets	190,432	21,648	Hedge for trading	Option pricing model	Standard deviation
	<u>305,889</u>	<u>137,485</u>			
Liabilities					
Derivative financial liabilities	150,051	31,665	Hedge for trading	Option pricing model	Standard deviation

The Group and the Bank consider that any reasonably possible changes to the unobservable input will not result in a significant financial impact.

33 CAPITAL ADEQUACY

The capital ratios are computed in accordance with BNM's Capital Adequacy Framework (Capital Components) whereby recognition of the Group's and the Bank's Additional Tier 1 and Tier 2 capital instruments are subject to a gradual phase out.

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Common Equity Tier 1 ("CET 1") capital				
Paid-up ordinary share capital	754,000	754,000	754,000	754,000
Retained earnings	6,645,306	6,645,307	5,715,154	5,715,154
Other reserves	830,709	857,156	657,268	686,118
Regulatory adjustment for CET 1 capital	(803,348)	(768,876)	(1,248,746)	(1,218,797)
	<u>7,426,667</u>	<u>7,487,587</u>	<u>5,877,676</u>	<u>5,936,475</u>
Additional Tier 1 capital				
Additional Tier 1 capital	474,902	450,285	474,902	450,285
	<u>7,901,569</u>	<u>7,937,872</u>	<u>6,352,578</u>	<u>6,386,760</u>

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33 CAPITAL ADEQUACY (continued)

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Tier 2 capital				
Stage 1 and Stage 2 ECL and qualifying regulatory reserves under the Standardised Approach	14,715	13,191	12,156	10,473
Surplus eligible provisions over expected losses	263,207	260,207	213,077	211,418
Subordinated bonds	1,061,248	1,032,154	1,061,247	1,032,154
Regulatory adjustment for Tier 2 capital	-	-	(200,000)	(200,000)
	<u>1,339,170</u>	<u>1,305,552</u>	<u>1,086,480</u>	<u>1,054,045</u>
Capital base	<u>9,240,739</u>	<u>9,243,424</u>	<u>7,439,059</u>	<u>7,440,805</u>
Before deducting proposed dividend				
CET 1 capital ratio	14.579%	14.736%	14.140%	14.250%
Tier 1 capital ratio	15.511%	15.622%	15.282%	15.331%
Total capital ratio	<u>18.140%</u>	<u>18.192%</u>	<u>17.896%</u>	<u>17.861%</u>
After deducting proposed dividend				
CET 1 capital ratio	14.223%	14.380%	13.704%	13.815%
Tier 1 capital ratio	15.155%	15.266%	14.846%	14.896%
Total capital ratio	<u>17.784%</u>	<u>17.835%</u>	<u>17.460%</u>	<u>17.426%</u>

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

	Group		Bank	
	31 March 2020 RM'000	31 December 2019 RM'000	31 March 2020 RM'000	31 December 2019 RM'000
Total RWA for credit risk	45,045,009	44,422,981	36,485,241	36,074,121
Total RWA for market risk	957,291	1,503,354	957,708	1,510,830
Total RWA for operational risk	4,940,089	4,884,966	4,126,141	4,074,650
	<u>50,942,389</u>	<u>50,811,301</u>	<u>41,569,090</u>	<u>41,659,601</u>

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

The capital adequacy ratios of OCBC Al-Amin are as follows:

	31 March 2020	31 December 2019
CET 1 capital ratio	16.322%	16.704%
Tier 1 capital ratio	16.322%	16.704%
Total capital ratio	<u>19.000%</u>	<u>19.425%</u>