

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Domiciled in Malaysia
Registered office:
19th Floor Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur

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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

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OCBC BANK (MALAYSIA) BERHAD
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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	Group		Bank	
		30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
ASSETS					
Cash and cash equivalents	10	4,291,319	2,926,206	2,614,262	3,056,698
Deposits and placements with banks and other financial institutions	11	359,248	344,182	575,313	665,147
Investment account placements	12	-	-	1,731,049	1,478,468
Financial assets at fair value through profit or loss ("FVTPL")	13	2,643,681	1,313,475	2,633,563	1,303,320
Financial investments at fair value through other comprehensive income ("FVOCI")	14	20,516,998	20,112,853	15,878,352	15,908,302
Loans, advances and financing	15	65,371,185	66,273,563	53,915,608	55,030,346
Derivative financial assets	17	991,249	1,151,754	992,102	1,153,095
Other assets	18	357,575	374,921	619,445	562,845
Statutory deposits with Bank Negara Malaysia		73,296	97,601	73,296	97,601
Investments in subsidiaries		-	-	557,051	557,051
Property and equipment		149,953	152,014	144,878	146,575
Right-of-use ("ROU") assets		32,775	30,757	28,539	26,309
Tax recoverable		14,609	11,068	-	-
Deferred tax assets		112,919	68,797	91,829	60,733
Total assets		94,914,807	92,857,191	79,855,287	80,046,490
LIABILITIES					
Deposits from customers	19	75,369,205	73,375,532	61,673,645	61,882,313
Deposits and placements of banks and other financial institutions	20	6,060,422	5,195,681	6,025,488	5,157,288
Bills and acceptances payable		85,385	88,737	73,257	73,673
Recourse obligation on loans sold to Cagamas Berhad		-	700,000	-	700,000
Derivative financial liabilities	17	879,118	1,229,790	878,973	1,229,826
Other liabilities	21	2,088,945	1,957,093	1,977,369	1,890,708
Tax payable and zakat		78,922	44,445	75,023	44,395
Subordinated bonds	22	1,506,679	1,491,327	1,506,679	1,491,327
Total liabilities		86,068,676	84,082,605	72,210,434	72,469,530
EQUITY					
Share capital		754,000	754,000	754,000	754,000
Reserves		8,092,131	8,020,586	6,890,853	6,822,960
Total equity		8,846,131	8,774,586	7,644,853	7,576,960
Total liabilities and equity		94,914,807	92,857,191	79,855,287	80,046,490
Commitments and contingencies	31	95,868,749	97,610,426	92,827,636	94,493,687

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

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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Group	Note	Quarter ended		Year to date ended	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
		RM'000	RM'000	RM'000	RM'000
Interest income	23	625,379	721,030	1,243,209	1,521,644
Interest income for financial assets at FVTPL	23	15,361	19,008	26,802	39,098
Interest expense	23	(232,234)	(380,449)	(479,840)	(819,259)
Net interest income	23	408,506	359,589	790,171	741,483
Income from Islamic banking operations	24	117,561	102,281	238,371	222,380
Net fee and commission income	25	133,288	91,991	253,246	184,021
Net trading income	26	58,686	49,972	96,230	98,729
Other operating income	27	16,339	24,838	33,527	83,224
Operating income		734,380	628,671	1,411,545	1,329,837
Operating expenses	28	(317,997)	(301,643)	(593,051)	(610,143)
Operating profit before impairment allowance and provision		416,383	327,028	818,494	719,694
Impairment allowance and provisions	29	(245,749)	(134,394)	(248,699)	(316,063)
Profit before income tax and zakat		170,634	192,634	569,795	403,631
Income tax expense	30	(43,418)	(46,116)	(146,110)	(97,990)
Zakat		(13)	(12)	(25)	(25)
Profit for the period		127,203	146,506	423,660	305,616
Other comprehensive income, net of income tax					
Items that will not be reclassified to profit or loss					
Change in fair value reserve (equity instruments)		4,000	4,234	4,198	4,234
Items that are or may be reclassified subsequently to profit or loss					
FVOCI reserve (debt instruments)					
- Change in fair value		25,809	166,162	(164,652)	191,163
- Amount transferred to profit or loss		(15,551)	(20,346)	(30,544)	(80,145)
- Related tax		(2,453)	(35,003)	46,856	(26,651)
Change in expected credit loss (ECL) reserve on debt instruments at FVOCI		(817)	282	(973)	848
Other comprehensive income/(expense) for the period		10,988	115,329	(145,115)	89,449
Total comprehensive income for the period		138,191	261,835	278,545	395,065
Profit attributable to owner of the Bank		127,203	146,506	423,660	305,616
Total comprehensive income attributable to owner of the Bank		138,191	261,835	278,545	395,065
Basic earnings per ordinary share (sen)		44.3	51.0	147.4	106.3

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

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Note	Quarter ended		Year to date ended	
		30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Bank					
Interest income	23	637,475	735,648	1,266,829	1,559,324
Interest income for financial assets at FVTPL	23	15,361	19,008	26,802	39,098
Interest expense	23	(241,237)	(389,414)	(496,697)	(842,269)
Net interest income	23	411,599	365,242	796,934	756,153
Net fee and commission income	25	133,288	91,991	248,656	183,367
Net trading income	26	58,686	49,972	96,230	98,729
Other operating income	27	43,433	52,063	85,818	139,829
Operating income		647,006	559,268	1,227,638	1,178,078
Operating expenses	28	(301,286)	(282,284)	(563,520)	(573,307)
Operating profit before impairment allowance and provision		345,720	276,984	664,118	604,771
Impairment allowance and provisions	29	(126,069)	(105,784)	(137,682)	(246,398)
Profit before income tax and zakat		219,651	171,200	526,436	358,373
Income tax expense	30	(55,110)	(43,238)	(135,566)	(90,766)
Profit for the period		164,541	127,962	390,870	267,607
Other comprehensive income, net of income tax					
<i>Items that will not be reclassified to profit or loss</i>					
Change in fair value reserve (equity instruments)		4,000	4,234	4,198	4,234
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
FVOCI reserve (debt instruments)					
- Change in fair value		20,740	137,195	(138,155)	151,226
- Amount transferred to profit or loss		(8,314)	(17,926)	(18,700)	(69,916)
- Related tax		(2,976)	(28,630)	37,652	(19,522)
Change in expected credit loss (ECL) reserve on debt instruments at FVOCI		(793)	254	(972)	826
Other comprehensive income/(expense) for the period		12,657	95,127	(115,977)	66,848
Total comprehensive income for the period		177,198	223,089	274,893	334,455
Profit attributable to owner of the Bank		164,541	127,962	390,870	267,607
Total comprehensive income attributable to owner of the Bank		177,198	223,089	274,893	334,455
Basic earnings per ordinary share (sen)		57.2	44.5	136.0	93.1

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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

Group	Share capital	<i>Non-distributable</i>			<i>Distributable</i>		Total equity
		Regulatory reserve	Capital reserve	ECL reserve	Fair value reserve	Retained earnings	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	754,000	600,000	-	1,916	333,379	7,085,291	8,774,586
Fair value reserve							
- Change in fair value	-	-	-	-	(160,454)	-	(160,454)
- Transferred to profit or loss	-	-	-	-	(30,544)	-	(30,544)
- Related tax	-	-	-	-	46,856	-	46,856
Change in ECL reserve	-	-	-	(973)	-	-	(973)
Total other comprehensive expense for the period	-	-	-	(973)	(144,142)	-	(145,115)
Profit for the period	-	-	-	-	-	423,660	423,660
Total comprehensive (expense)/income for the period	-	-	-	(973)	(144,142)	423,660	278,545
Contributions by and distributions to owner of the Bank							
Final 2020 ordinary dividend paid	-	-	-	-	-	(207,000)	(207,000)
At 30 June 2021	754,000	600,000	-	943	189,237	7,301,951	8,846,131
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	-	-	-	-	195,397	-	195,397
- Transferred to profit or loss	-	-	-	-	(80,145)	-	(80,145)
- Related tax	-	-	-	-	(26,651)	-	(26,651)
Change in ECL reserve	-	-	-	848	-	-	848
Total other comprehensive income for the period	-	-	-	848	88,601	-	89,449
Profit for the period	-	-	-	-	-	305,616	305,616
Total comprehensive income for the period	-	-	-	848	88,601	305,616	395,065
Contributions by and distributions to owner of the Bank							
Final 2019 ordinary dividend paid	-	-	-	-	-	(181,125)	(181,125)
At 30 June 2020	754,000	600,000	56,619	1,489	289,137	6,769,797	8,471,042

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STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Non-distributable			Distributable		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	
Bank						
At 1 January 2021	754,000	509,000	1,826	285,439	6,026,695	7,576,960
Fair value reserve						
- Change in fair value	-	-	-	(133,957)	-	(133,957)
- Transferred to profit or loss	-	-	-	(18,700)	-	(18,700)
- Related tax	-	-	-	37,652	-	37,652
Change in ECL reserve	-	-	(972)	-	-	(972)
Total other comprehensive expense for the period	-	-	(972)	(115,005)	-	(115,977)
Profit for the period	-	-	-	-	390,870	390,870
Total comprehensive (expense)/income for the period	-	-	(972)	(115,005)	390,870	274,893
Contributions by and distributions to owners of the Bank						
Final 2020 ordinary dividend paid	-	-	-	-	(207,000)	(207,000)
At 30 June 2021	754,000	509,000	854	170,434	6,210,565	7,644,853
At 1 January 2020	754,000	509,000	488	177,118	5,715,154	7,155,760
Fair value reserve						
- Change in fair value	-	-	-	155,460	-	155,460
- Transferred to profit or loss	-	-	-	(69,916)	-	(69,916)
- Related tax	-	-	-	(19,522)	-	(19,522)
Change in ECL reserve	-	-	826	-	-	826
Total other comprehensive income for the period	-	-	826	66,022	-	66,848
Profit for the period	-	-	-	-	267,607	267,607
Total comprehensive income for the period	-	-	826	66,022	267,607	334,455
Contributions by and distributions to owners of the Bank						
Final 2019 ordinary dividend payable	-	-	-	-	(181,125)	(181,125)
At 30 June 2020	754,000	509,000	1,314	243,140	5,801,636	7,309,090

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UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Group		Bank	
	Year to date ended		Year to date ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before income tax and zakat	569,795	403,631	526,436	358,373
<i>Adjustments for:</i>				
Depreciation of property, plant and equipment	12,109	13,631	11,234	12,394
Depreciation of right-of-use assets	8,116	9,703	7,206	8,585
Dividends received from financial investments at FVOCI	(625)	(450)	(625)	(450)
Impairment allowance and provisions	262,941	316,063	154,921	246,398
Finance expense on lease liabilities	390	526	340	487
Net (gain)/loss on disposal of:				
- Financial investments at FVOCI	(30,544)	(80,145)	(18,700)	(69,916)
- Property and equipment	47	-	-	-
Share-based costs	5,281	5,248	5,109	5,072
Unrealised loss/(gain) on:				
- Financial assets at FVTPL	4,514	(744)	4,476	(803)
- Hedging derivatives	(6,032)	(2)	(6,032)	(2)
- Trading derivatives	(208,915)	(44,032)	(208,624)	(45,506)
- Subordinated bonds	15,352	45,254	15,352	45,254
Operating profit before changes in working capital	632,429	668,683	491,093	559,886
<i>Changes in operating assets and operating liabilities:</i>				
Deposits and placements with banks and other financial institutions	(17,255)	(27,468)	87,645	(68,720)
Investment account placements	-	-	(252,985)	500,487
Financial assets at FVTPL	(1,334,720)	(2,216,011)	(1,334,719)	(2,215,953)
Loans, advances and financing	638,558	177,610	959,343	(172,521)
Other assets	19,442	(80,346)	(54,504)	(100,656)
Statutory deposits with Bank Negara Malaysia	24,305	1,638,335	24,305	1,329,035
Derivative financial assets and liabilities	24,752	213	24,768	220
Deposits from customers	1,993,673	1,427,513	(208,668)	1,520,363
Deposits and placements of banks and other financial institutions	864,741	1,172,386	868,200	1,192,241
Bills and acceptances payable	(3,352)	(27,419)	(416)	(22,666)
Other liabilities	123,439	(177,923)	78,227	(203,217)
Cash generated from operations	2,966,012	2,555,573	682,289	2,318,499
Income tax and zakat paid	(112,465)	(93,641)	(98,382)	(79,311)
Net cash generated from operating activities	2,853,547	2,461,932	583,907	2,239,188

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STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021 (continued)

	Group		Bank	
	Year to date ended		Year to date ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Acquisition of financial investments at FVOCI	(14,403,148)	(15,001,091)	(8,028,148)	(9,226,091)
Acquisition of property and equipment	(10,129)	(8,514)	(9,569)	(8,324)
Dividends received from financial investments at FVOCI	625	450	625	450
Proceeds from disposal of financial investments at FVOCI	13,838,577	13,465,304	7,924,169	7,707,713
Proceeds from disposal of property and equipment	53	-	51	-
Net cash used in investing activities	(574,022)	(1,543,851)	(112,872)	(1,526,252)
Cash flows from financing activities				
Payment of lease liabilities	(7,392)	(10,680)	(6,451)	(9,523)
Dividends paid to owner of the Bank	(207,000)	(181,125)	(207,000)	(181,125)
Net cash used in financing activities	(914,392)	(191,805)	(913,451)	(190,648)
Net increase/(decrease) in cash and cash equivalents	1,365,133	726,276	(442,416)	522,288
Cash and cash equivalents at 1 January	2,926,224	4,805,233	3,056,716	4,133,211
Cash and cash equivalents at 30 June	4,291,357	5,531,509	2,614,300	4,655,499

Details of cash and cash equivalents are disclosed in Note 10 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 2020 and the accompanying explanatory notes to the unaudited condensed interim financial statements.

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NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2021

GENERAL INFORMATION

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

FINANCIAL PERFORMANCE

The Group recorded a net profit of RM424 million for the first 6 months of 2021, an increase of RM118 million or 39% compared to the corresponding period last year. This was mainly due to lower impairment allowances of RM67 million as the economy was poised for a recovery following the plunge in the first half of 2020 brought about by the Covid-19 pandemic.

The Group's total income for the six-month financial period increased by RM82 million or 6%, derived mainly from a RM69 million or 38% increase in net fee and commission income.

Operating expenses were well managed and reduced by RM17 million or 3% against the corresponding period last year.

The Group and the Bank remained well capitalised with Common Equity Tier 1 capital ratios of 16.146% and 15.916%, Tier 1 capital ratios of 17.020% and 17.001%, and Total Capital ratios of 19.577% and 19.563% respectively.

ECONOMIC PERFORMANCE AND PROSPECTS

Malaysia's Gross Domestic Product ("GDP") recorded a smaller contraction of -0.5% in the first quarter of 2021 compared to -3.4% in the fourth quarter of 2020, mainly supported by improvements in domestic demand and the strong exports performance.

Notably, a nationwide Full Movement Control Order ("FMCO") was imposed on 1 June 2021, followed by the implementation of an Enhanced Movement Control Order ("EMCO") on 1 July 2021 in eight districts in Selangor and 14 localities in Kuala Lumpur following a steep increase in Covid-19 infections. The imposition of stricter containment measures amid the rising Covid-19 cases domestically led to further concerns over the economic outlook, uncertainties in investor sentiments and increased risk aversion towards domestic financial assets.

Given that the EMCO rolled out in Selangor and Kuala Lumpur affects an area that contributes 40% of total GDP and involved factory closures, we are likely to see downward pressure on exports into second half of 2021. The outlook for trade activities will depend on how well the pandemic is being managed, speed of the vaccination programme and how quickly the economy opens up.

While the Covid-19 pandemic will continue to exert downward pressure on earnings, Malaysia's financial system is expected to remain healthy with banks well capitalised to withstand potential stress and sustain credit intermediation in the economy.

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, 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 - 30 JUNE 2021 (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 for the assets and liabilities which are stated at fair values as disclosed in the notes to the unaudited condensed interim financial statements: financial assets at FVTPL, financial investments at FVOCI, loans, advances and financing at FVTPL and derivative financial instruments. The unaudited condensed interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, International Accounting Standards 34 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 16, *Leases - Covid-19-Related Rent Concessions beyond 30 June 2021*
- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16, *Interest Rate Benchmark Reform - Phase 2*

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

(i) Change in basis for determining cash flows

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

(ii) Hedge accounting

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

(iii) Disclosure

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

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1 BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

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 3, *Business Combinations - Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments - Annual Improvements to MFRS Standards 2018-2020*
- Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets Onerous Contracts - Cost of Fulfilling a Contract*

Effective for annual periods commencing on or after 1 January 2023

- Amendments to MFRS 101, *Presentation of Financial Statements - Disclosure of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 and the Bank's accounting policies and the key sources of estimation uncertainty were the same as those applied to the audited financial statements as at and for the financial year ended 31 December 2020.

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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 the audited financial statements as at and for the financial year ended 31 December 2020, except as disclosed in Note 1(a).

3 AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

4 SEASONALITY OF OPERATIONS

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

5 DEBT AND EQUITY SECURITIES

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

6 CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial period ended 30 June 2021.

7 DIVIDENDS

No dividend was proposed for the financial period ended 30 June 2021.

8 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.

9 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There was no unusual item affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank for the financial period ended 30 June 2021.

10 CASH AND CASH EQUIVALENTS

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Cash and balances with banks and other financial institutions	523,907	420,339	398,681	337,560
Money at call and deposit placements with financial institutions maturing within one month	57,150	57,941	225,619	474,156
Deposit placements with Bank Negara Malaysia	3,710,300	2,447,944	1,990,000	2,245,000
	4,291,357	2,926,224	2,614,300	3,056,716
ECL allowance	(38)	(18)	(38)	(18)
	4,291,319	2,926,206	2,614,262	3,056,698

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10 CASH AND CASH EQUIVALENTS (continued)

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
(a) By geography determined based on where the credit risk resides				
Malaysia	3,924,540	2,671,394	2,347,934	2,857,452
Singapore	73,468	86,477	49,725	57,399
Other ASEAN countries	9,628	18,432	9,062	15,858
Rest of the world	283,721	149,921	207,579	126,007
	<u>4,291,357</u>	<u>2,926,224</u>	<u>2,614,300</u>	<u>3,056,716</u>

(b) Included in the Bank's cash and cash equivalents are deposits and placements with OCBC Al-Amin of RM168 million (31 December 2020: RM416 million), which are unsecured and profit bearing.

(c) Movements in ECL allowance

	30 June 2021			31 December 2020		
	Stage 1 12 months ECL RM'000	Stage 2 Lifetime ECL RM'000	Total ECL non credit- impaired RM'000	Stage 1 12 months ECL RM'000	Stage 2 Lifetime ECL RM'000	Total ECL non credit- impaired RM'000
Group						
At 1 January	18	-	18	382	-	382
Transferred to Stage 1	-	-	-	-	-	-
New financial assets originated or purchased	922	-	922	94	-	94
Financial assets derecognised	(926)	-	(926)	(927)	-	(927)
Net remeasurement during the period/year	20	-	20	520	-	520
Other movements	4	-	4	(51)	-	(51)
At 30 June/31 December	<u>38</u>	<u>-</u>	<u>38</u>	<u>18</u>	<u>-</u>	<u>18</u>
Bank						
At 1 January	18	-	18	381	-	381
Transferred to Stage 1	-	-	-	-	-	-
New financial assets originated or purchased	922	-	922	94	-	94
Financial assets derecognised	(926)	-	(926)	(927)	-	(927)
Net remeasurement during the period/year	20	-	20	520	-	520
Other movements	4	-	4	(50)	-	(50)
At 30 June/31 December	<u>38</u>	<u>-</u>	<u>38</u>	<u>18</u>	<u>-</u>	<u>18</u>

11 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Licensed banks	359,255	344,182	575,320	665,147
Stage 1 ECL allowance	(7)	-	(7)	-
	<u>359,248</u>	<u>344,182</u>	<u>575,313</u>	<u>665,147</u>

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

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
(a) By geography determined based on where the credit risk resides				
Malaysia	223,746	145,584	439,811	466,549
Singapore	135,343	172,760	135,343	172,760
Rest of the world	166	25,838	166	25,838
	359,255	344,182	575,320	665,147
(b) By residual contractual maturity				
Maturity within one year	359,255	344,182	575,320	665,147
(c) Included in the Bank's deposits and placements with licensed banks are deposits and placements with OCBC Al-Amin of RM217 million (31 December 2020: RM321 million), which are unsecured and profit bearing.				

(d) Movements in ECL allowance

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
<u>Stage 1 ECL</u>				
At 1 January	-	-	-	-
New financial assets originated or purchased	34	23	34	23
Financial assets derecognised	(9)	-	(9)	-
Net remeasurement during the period/year	(18)	(23)	(18)	(23)
At 30 June/31 December	7	-	7	-

12 INVESTMENT ACCOUNT PLACEMENTS

<u>Bank</u>	30 June 2021 RM'000	31 December 2020 RM'000
	Restricted Profit Sharing Investment Accounts	1,765,997
ECL allowance	(34,948)	(34,545)
	1,731,049	1,478,468

(a) By geography determined based on where the credit risk resides

Malaysia	1,765,997	1,513,013
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12 INVESTMENT ACCOUNT PLACEMENTS (continued)

	30 June 2021 RM'000	31 December 2020 RM'000
(b) By residual contractual maturity		
Within one year	1,571,963	1,285,664
Over five years	194,034	227,349
	<u>1,765,997</u>	<u>1,513,013</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.

(c) Movements in ECL allowance

Bank	<i>Non credit-impaired</i>		<i>Credit- impaired</i>	Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
<u>2021</u>				
At 1 January	1,776	-	32,769	34,545
New financial assets originated or purchased	1,297	-	-	1,297
Net remeasurement during the period	(894)	-	-	(894)
At 30 June	<u>2,179</u>	<u>-</u>	<u>32,769</u>	<u>34,948</u>
<u>2020</u>				
At 1 January	1,285	26,615	32,769	60,669
Transferred to Stage 3	-	(42,229)	42,229	-
New financial assets originated or purchased	586	-	-	586
Financial assets derecognised	(669)	-	-	(669)
Net remeasurement during the year	574	15,614	(42,229)	(26,041)
At 31 December	<u>1,776</u>	<u>-</u>	<u>32,769</u>	<u>34,545</u>

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

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
At fair value				
Malaysian Government Investment Issues	716,095	397,195	716,095	397,195
Malaysian Government Securities	727,876	280,306	727,876	280,306
Malaysian Government Treasury Bills	1,073,279	466,658	1,073,279	466,658
Corporate Bonds and Sukuk	126,431	169,316	116,313	159,161
	<u>2,643,681</u>	<u>1,313,475</u>	<u>2,633,563</u>	<u>1,303,320</u>

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

	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
At fair value				
Malaysian Government Investment Issues	7,953,423	8,414,541	5,696,145	5,938,271
Malaysian Government Securities	4,350,442	4,081,419	4,350,442	4,081,419
Malaysian Treasury Bills and Islamic Treasury Bills	1,648,160	1,313,006	1,205,625	1,094,184
Malaysian Government Debt Securities and Sukuk	108,520	137,466	34,956	63,649
Foreign Government Debt Securities and Sukuk	267,907	203,273	267,907	179,033
Negotiable Instruments of Deposit and Islamic				
Negotiable Instruments of Deposit	2,923,895	3,344,587	1,526,046	2,345,362
Corporate and Islamic Corporate Bonds, Sukuk and				
Sanadat Mudharabah Cagamas	3,148,604	2,506,531	2,681,184	2,094,354
Unquoted shares in Malaysia	116,047	112,030	116,047	112,030
<i>Of which:</i>				
<i>Cagamas Holdings Berhad</i>	83,597	80,538	83,597	80,538
<i>Others</i>	32,450	31,492	32,450	31,492
	20,516,998	20,112,853	15,878,352	15,908,302

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

	30 June 2021			31 December 2020		
	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Total ECL non credit- impaired	Stage 1 12 months ECL	Stage 2 Lifetime ECL	Total ECL non credit- impaired
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
At 1 January	1,916	-	1,916	641	-	641
Transferred to Stage 1	-	-	-	766	(766)	-
Transferred to Stage 2	(15)	15	-	(79)	79	-
New financial assets originated or purchased	252	-	252	764	-	764
Financial assets derecognised	(663)	-	(663)	(736)	(275)	(1,011)
Net remeasurement during the period/year	(595)	11	(584)	585	974	1,559
Other movements	22	-	22	(25)	(12)	(37)
At 30 June/31 December	917	26	943	1,916	-	1,916
Bank						
At 1 January	1,826	-	1,826	488	-	488
Transferred to Stage 1	-	-	-	766	(766)	-
Transferred to Stage 2	(9)	9	-	(79)	79	-
New financial assets originated or purchased	156	-	156	496	-	496
Financial assets derecognised	(622)	-	(622)	(524)	(275)	(799)
Net remeasurement during the period/year	(535)	7	(528)	704	974	1,678
Other movements	22	-	22	(25)	(12)	(37)
At 30 June/31 December	838	16	854	1,826	-	1,826

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15 LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
At amortised cost				
Overdrafts	2,788,256	2,922,818	2,283,712	2,435,896
Term loans/financing:				
- Housing loans/financing	22,381,262	23,220,572	20,546,879	21,320,542
- Syndicated term loans/financing	6,089,314	4,887,639	4,561,872	3,966,961
- Hire purchase receivables	315,842	341,654	34,448	27,874
- Other term loans/financing	20,912,839	21,565,380	16,512,562	17,109,687
Credit cards	484,280	590,170	484,280	590,170
Bills receivable	168,935	201,503	111,595	146,240
Trust receipts	22,445	31,699	22,319	31,278
Claims on customers under acceptance credits	2,559,275	2,458,990	2,229,016	2,101,364
Revolving credit	9,085,102	9,491,988	6,251,378	6,467,563
Staff loans/financing	44,191	45,484	44,191	45,484
Other loans/financing	2,079,776	1,966,505	1,950,598	1,878,477
	<u>66,931,517</u>	<u>67,724,402</u>	<u>55,032,850</u>	<u>56,121,536</u>
At fair value				
Other term loans/financing	2,857	11,381	2,857	11,381
Gross loans, advances and financing	<u>66,934,374</u>	<u>67,735,783</u>	<u>55,035,707</u>	<u>56,132,917</u>
ECL allowance	(1,563,189)	(1,462,220)	(1,120,099)	(1,102,571)
Net loans, advances and financing	<u>65,371,185</u>	<u>66,273,563</u>	<u>53,915,608</u>	<u>55,030,346</u>

(a) By type of customer

Domestic banking institutions	-	2,419	-	2,419
Domestic non-bank financial institutions	2,177,368	2,132,030	1,169,129	1,113,628
Domestic business enterprises				
- Small and medium enterprises	14,353,448	14,554,161	11,870,523	12,069,643
- Others	22,506,221	22,118,893	16,670,890	16,718,969
Individuals	24,791,145	25,852,361	22,742,442	23,709,454
Foreign entities	3,106,192	3,075,919	2,582,723	2,518,804
	<u>66,934,374</u>	<u>67,735,783</u>	<u>55,035,707</u>	<u>56,132,917</u>

(b) By interest/profit rate sensitivity

Fixed rate				
- Housing loans/financing	76,802	72,969	25,933	33,760
- Hire purchase receivables	186,930	195,078	22,673	27,881
- Other fixed rate loans/financing	6,952,977	6,907,966	5,656,574	5,407,183
Variable rate				
- Base rate/Base lending rate/Base financing rate plus	35,979,395	37,963,920	31,885,604	33,722,463
- Cost plus	22,841,279	21,215,075	16,604,301	15,610,352
- Other variable rates	896,991	1,380,775	840,622	1,331,278
	<u>66,934,374</u>	<u>67,735,783</u>	<u>55,035,707</u>	<u>56,132,917</u>

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15 LOANS, ADVANCES AND FINANCING (continued)

	Group		Bank	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
(c) By sector				
Agriculture, hunting, forestry and fishing	4,080,839	4,049,154	2,527,970	2,620,779
Mining and quarrying	585,591	488,973	296,188	211,084
Manufacturing	8,040,410	8,234,720	6,531,302	6,738,361
Electricity, gas and water	517,517	411,600	466,962	362,300
Construction	2,701,681	2,893,317	1,688,543	1,889,874
Real estate	8,459,848	8,304,924	7,290,748	7,104,523
Wholesale & retail trade and restaurants & hotels	7,754,936	7,968,964	6,449,443	6,393,521
Transport, storage and communication	1,413,340	1,117,674	826,922	753,752
Finance, insurance and business services	2,955,350	3,008,845	1,779,601	1,811,703
Community, social and personal services	3,763,716	3,497,343	2,679,833	2,748,113
Household				
- Purchase of residential properties	23,283,811	24,157,473	21,440,620	22,248,230
- Purchase of non-residential properties	817,792	853,164	767,723	804,849
- Others	2,496,166	2,700,184	2,228,475	2,398,429
Others	63,377	49,448	61,377	47,399
	66,934,374	67,735,783	55,035,707	56,132,917
(d) By geography determined based on where the credit risk resides				
Malaysia	63,863,132	64,687,991	52,446,782	53,597,130
Singapore	1,404,456	1,359,384	1,330,981	1,280,428
Other ASEAN countries	467,405	438,491	370,606	323,717
Rest of the world	1,199,381	1,249,917	887,338	931,642
	66,934,374	67,735,783	55,035,707	56,132,917
(e) By residual contractual maturity				
Up to one year	19,305,437	19,919,974	15,566,339	16,039,243
Over one year to three years	4,393,422	4,660,054	3,350,215	3,591,102
Over three years to five years	7,442,477	6,482,295	5,318,246	4,889,278
Over five years	35,793,038	36,673,460	30,800,907	31,613,294
	66,934,374	67,735,783	55,035,707	56,132,917

16 IMPAIRED LOANS, ADVANCES AND FINANCING

(i) Movements in impaired loans, advances and financing

	Group		Bank	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
At 1 January	1,929,115	1,402,168	1,314,024	1,056,476
Impaired during the period/year	1,120,084	1,662,021	1,001,507	1,212,245
Reclassified as non credit-impaired	(206,740)	(226,458)	(196,675)	(196,966)
Amount recovered	(447,171)	(705,360)	(389,483)	(595,907)
Amount written off	(149,008)	(202,979)	(127,875)	(161,547)
Effect of foreign exchange difference	101	(277)	101	(277)
At 30 June/31 December	2,246,381	1,929,115	1,601,599	1,314,024
Stage 3 ECL allowance	(529,984)	(464,752)	(311,167)	(315,437)
Net impaired loans, advances and financing	1,716,397	1,464,363	1,290,432	998,587

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16 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)

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

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
(a) By sector				
Agriculture, hunting, forestry and fishing	193,502	201,509	26,510	6,305
Mining and quarrying	29,160	14,450	29,128	14,450
Manufacturing	480,838	429,898	448,889	400,624
Construction	129,904	137,833	36,186	38,978
Real estate	126,547	199,323	120,707	193,147
Wholesale & retail trade and restaurants & hotels	387,771	197,758	253,231	104,810
Transport, storage and communication	49,198	80,068	5,878	31,589
Finance, insurance and business services	25,912	19,930	11,278	8,713
Community, social and personal services	11,085	6,894	10,485	6,288
Household				
- Purchase of residential properties	674,127	503,872	547,324	396,269
- Purchase of non-residential properties	24,089	28,273	23,382	28,273
- Others	114,248	109,307	88,601	84,578
	2,246,381	1,929,115	1,601,599	1,314,024
(b) By geography determined based on where the credit risk resides				
Malaysia	2,171,665	1,888,705	1,531,676	1,278,254
Singapore	54,700	28,312	49,961	23,720
Rest of the world	20,016	12,098	19,962	12,050
	2,246,381	1,929,115	1,601,599	1,314,024
(c) By period overdue				
Up to 3 months	1,223,484	963,948	922,965	630,879
Over 3 months to 6 months	161,059	115,268	129,809	94,156
Over 6 months to 9 months	177,894	36,327	110,357	31,264
Over 9 months	683,944	813,572	438,468	557,725
	2,246,381	1,929,115	1,601,599	1,314,024
(d) By collateral type				
Property	1,401,404	1,042,819	1,218,983	917,803
Fixed deposits	426	1,935	426	1,935
Stock and shares	44,767	46,977	6,229	6,229
Machinery	32	-	-	-
Secured - others	41,592	63,687	9,658	24,382
Unsecured - corporate and other guarantees	329,741	357,775	88,438	61,419
Unsecured - clean	428,419	415,922	277,865	302,256
	2,246,381	1,929,115	1,601,599	1,314,024

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16 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)

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

	<i>Non credit-impaired</i>			<i>Credit- impaired</i>	30 June 2021	<i>Non credit-impaired</i>			<i>Credit- impaired</i>	31 December 2020
	Stage 1	Stage 2	Stage 3	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	RM'000	
Group										
At 1 January	316,391	681,077	464,752		1,462,220	258,799	334,183	378,350		971,332
Transferred to Stage 1	131,397	(122,488)	(8,909)		-	254,387	(226,146)	(28,241)		-
Transferred to Stage 2	(65,214)	88,773	(23,559)		-	(181,422)	191,406	(9,984)		-
Transferred to Stage 3	(1,209)	(86,558)	87,767		-	(3,673)	(256,356)	260,029		-
New financial assets originated or purchased	97,492	119,833	-		217,325	186,958	172,686	-		359,644
Financial assets derecognised	(75,326)	(148,991)	(18,841)		(243,158)	(149,965)	(197,917)	(27,724)		(375,606)
Net remeasurement during the period/year	(149,673)	244,801	191,624		286,752	(48,594)	664,720	120,736		736,862
Written off	-	-	(149,008)		(149,008)	-	-	(202,979)		(202,979)
Other movements	1,542	1,359	(13,843)		(10,942)	(99)	(1,499)	(25,435)		(27,033)
At 30 June/31 December	255,400	777,806	529,983		1,563,189	316,391	681,077	464,752		1,462,220
At 1 January										
- Loans, advances and financing	300,181	639,830	464,752		1,404,763	245,984	308,572	378,350		932,906
- Credit commitments and financial guarantees	16,210	41,247	-		57,457	12,814	25,612	-		38,426
	316,391	681,077	464,752		1,462,220	258,798	334,184	378,350		971,332
At 30 June/31 December										
- Loans, advances and financing	239,543	727,580	529,983		1,497,106	300,181	639,830	464,752		1,404,763
- Credit commitments and financial guarantees	15,857	50,226	-		66,083	16,210	41,247	-		57,457
	255,400	777,806	529,983		1,563,189	316,391	681,077	464,752		1,462,220

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16 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)

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

	<i>Non credit-impaired</i>			<i>Credit- impaired</i>	30 June 2021	<i>Non credit-impaired</i>			<i>Credit- impaired</i>	31 December 2020
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Bank										
At 1 January	248,182	538,952	315,437	1,102,571	197,808	254,134	269,142	721,084		
Transferred to Stage 1	114,988	(108,178)	(6,810)	-	166,981	(149,153)	(17,828)	-		
Transferred to Stage 2	(44,488)	66,311	(21,823)	-	(134,337)	142,039	(7,702)	-		
Transferred to Stage 3	(720)	(64,901)	65,621	-	(698)	(156,360)	157,058	-		
New financial assets originated or purchased	84,575	99,542	-	184,117	163,054	135,031	-	298,085		
Financial assets derecognised	(68,426)	(125,546)	(17,490)	(211,462)	(130,606)	(158,591)	(22,072)	(311,269)		
Net remeasurement during the period/year	(129,321)	195,849	114,099	180,627	(14,295)	472,503	115,118	573,326		
Written off	-	-	(127,875)	(127,875)	-	-	(161,547)	(161,547)		
Other movements	895	1,218	(9,992)	(7,879)	275	(651)	(16,732)	(17,108)		
At 30 June/31 December	205,685	603,247	311,167	1,120,099	248,182	538,952	315,437	1,102,571		
At 1 January										
- Loans, advances and financing	233,730	513,328	315,437	1,062,495	188,645	235,221	269,142	693,008		
- Credit commitments and financial guarantees	14,452	25,624	-	40,076	9,163	18,913	-	28,076		
	248,182	538,952	315,437	1,102,571	197,808	254,134	269,142	721,084		
At 30 June/31 December										
- Loans, advances and financing	191,300	570,430	311,167	1,072,897	233,730	513,328	315,437	1,062,495		
- Credit commitments and financial guarantees	14,385	32,817	-	47,202	14,452	25,624	-	40,076		
	205,685	603,247	311,167	1,120,099	248,182	538,952	315,437	1,102,571		

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16 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)

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

(a) By sector

	Group				Bank			
	<i>Non credit- impaired</i>	<i>Credit- impaired</i>	Stage 3		<i>Non credit- impaired</i>	<i>Credit- impaired</i>	Stage 3	
	Stage 1 and 2	Stage 3	Made during	Written	Stage 1 and 2	Stage 3	Made during	Written
			the period	off			the period	off
30 June 2021	RM'000	RM'000	(Note 29) RM'000	RM'000	RM'000	RM'000	(Note 29) RM'000	RM'000
Agriculture, hunting, forestry and fishing	59,832	1,306	1,044	41	53,738	1,212	927	-
Mining and quarrying	6,085	12,950	5,662	2	2,837	12,950	5,662	2
Manufacturing	140,550	55,550	12,390	1,535	107,854	47,259	10,310	1,371
Electricity, gas and water	8,427	-	-	-	7,500	-	-	-
Construction	149,122	77,380	56,885	2,903	109,531	18,137	4,635	2,873
Real estate	59,429	4,626	22,969	83,881	43,860	4,523	22,969	83,881
Wholesale & retail trade and restaurants & hotels	226,618	99,029	42,790	9,175	182,032	49,641	32,577	7,611
Transport, storage and communication	26,640	34,566	2,958	2,184	22,641	1,522	2,119	974
Finance, insurance and business services	27,332	6,887	10,356	5,015	25,281	3,595	4,009	659
Community, social and personal services	8,068	1,843	1,796	437	-	1,698	1,791	427
Household								
- Purchase of residential properties	133,185	177,601	124,774	27,285	120,007	134,210	101,723	20,331
- Purchase of non-residential properties	6,897	3,960	1,818	51	5,593	3,960	1,818	51
- Others	129,718	54,285	31,360	16,499	108,696	32,460	20,579	9,695
Others	51,303	-	-	-	19,362	-	-	-
	1,033,206	529,983	314,802	149,008	808,932	311,167	209,119	127,875

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16 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)

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

(a) By sector (continued)

	Group				Bank			
	<i>Non credit- impaired</i>	<i>Credit- impaired</i>	Stage 3		<i>Non credit- impaired</i>	<i>Credit- impaired</i>	Stage 3	
	Stage 1 and 2	Stage 3	Made during the year (Note 29)	Written off	Stage 1 and 2	Stage 3	Made during the year (Note 29)	Written off
31 December 2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Agriculture, hunting, forestry and fishing	92,790	1,159	617	172	84,660	1,055	547	39
Mining and quarrying	9,126	8,446	9,799	-	5,054	8,446	9,799	-
Manufacturing	173,997	60,945	84,552	37,114	134,966	54,259	73,993	31,673
Electricity, gas and water	9,809	-	-	-	8,674	-	-	-
Construction	119,442	26,635	9,274	8,350	86,545	17,732	4,573	2,344
Real estate	67,550	67,338	39,626	8,840	60,057	67,266	39,523	8,840
Wholesale & retail trade and restaurants & hotels	184,364	80,369	87,667	46,704	134,551	37,531	48,567	40,783
Transport, storage and communication	16,175	51,198	1,984	1,685	12,564	17,666	1,389	1,418
Finance, insurance and business services	28,088	3,459	3,814	2,659	25,551	1,297	2,354	2,389
Community, social and personal services	10,219	628	461	451	-	478	395	339
Household								
- Purchase of residential properties	121,892	107,426	156,279	66,805	108,774	74,745	95,542	56,361
- Purchase of non-residential properties	7,426	4,141	4,378	2,734	6,192	4,141	3,880	1,969
- Others	122,409	53,008	57,472	27,465	100,669	30,821	35,546	15,392
Others	34,180	-	-	-	18,877	-	-	-
	997,468	464,752	455,922	202,979	787,134	315,437	316,107	161,547

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16 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)

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

(b) By geographical distribution

	Group			Bank		
	<i>Non credit- impaired</i>	<i>Credit- impaired</i>	Total	<i>Non credit- impaired</i>	<i>Credit- impaired</i>	Total
	Stage 1 and 2	Stage 3		Stage 1 and 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	965,158	504,710	1,469,868	774,239	287,361	1,061,600
Singapore	13,032	18,733	31,765	12,532	17,319	29,851
Other ASEAN countries	7,801	54	7,855	7,683	-	7,683
Rest of the world	47,215	6,486	53,701	14,478	6,487	20,965
	1,033,206	529,983	1,563,189	808,932	311,167	1,120,099
31 December 2020						
Malaysia	947,295	451,658	1,398,953	753,226	303,768	1,056,994
Singapore	12,907	10,111	23,018	12,545	8,734	21,279
Other ASEAN countries	8,499	48	8,547	8,235	-	8,235
Rest of the world	28,767	2,935	31,702	13,128	2,935	16,063
	997,468	464,752	1,462,220	787,134	315,437	1,102,571

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17 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

Group	30 June 2021			31 December 2020		
	Contract or underlying principal amount RM'000	Fair value		Contract or underlying principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading						
Foreign exchange derivatives						
- Forwards	6,535,679	48,805	12,664	6,288,275	26,177	132,937
- Swaps	12,622,460	374,868	229,572	14,707,771	492,925	368,271
- Options	416,581	2,730	629	1,008,722	7,917	3,824
Interest rate derivatives						
- Forwards	-	-	-	1,600,000	6,421	6,421
- Swaps	44,656,955	433,491	509,718	43,722,009	554,280	653,473
- Futures	53,971	-	283	40,121	-	69
Equity and other derivatives						
- Swaps	1,160,878	21,962	21,962	790,144	23,637	23,637
- Exchange traded futures	8,942	32	-	-	-	-
- Commodity related contracts	65,844	5,176	5,136	79,436	6,947	6,735
- Credit linked notes	748,600	2,834	2,834	923,051	33,129	33,129
- Credit default swaps	20,758	20	20	-	-	-
	<u>67,201,289</u>	<u>985,565</u>	<u>878,465</u>	<u>69,159,529</u>	<u>1,151,433</u>	<u>1,228,496</u>
Hedging						
Interest rate derivatives						
- Swaps	420,758	5,684	653	420,060	321	1,294
	<u>67,622,047</u>	<u>991,249</u>	<u>879,118</u>	<u>69,579,589</u>	<u>1,151,754</u>	<u>1,229,790</u>
Bank						
Trading						
Foreign exchange derivatives						
- Forwards	6,518,829	48,772	12,519	6,293,279	26,005	132,973
- Swaps	12,621,947	374,871	229,572	14,708,278	492,933	368,271
- Options	416,581	2,730	629	1,008,722	7,917	3,824
Interest rate derivatives						
- Forwards	-	-	-	1,600,000	6,421	6,421
- Swaps	44,656,955	434,374	509,718	43,722,009	555,785	653,473
- Futures	53,971	-	283	40,121	-	69
Equity and other derivatives						
- Swaps	1,160,878	21,962	21,962	790,144	23,637	23,637
- Exchange traded futures	8,942	32	-	-	-	-
- Commodity related contracts	65,844	5,176	5,136	79,436	6,947	6,735
- Credit linked notes	748,600	2,834	2,834	923,051	33,129	33,129
- Credit default swaps	20,758	20	20	-	-	-
	<u>67,183,926</u>	<u>986,418</u>	<u>878,320</u>	<u>69,165,040</u>	<u>1,152,774</u>	<u>1,228,532</u>
Hedging						
Interest rate derivatives						
- Swaps	420,758	5,684	653	420,060	321	1,294
	<u>67,604,684</u>	<u>992,102</u>	<u>878,973</u>	<u>69,585,100</u>	<u>1,153,095</u>	<u>1,229,826</u>

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18 OTHER ASSETS

	Note	Group		Bank	
		30 June	31 December	30 June	31 December
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Amount due from subsidiaries	(a)	-	-	90,805	17,142
Interest/Profit receivable		149,241	161,442	124,813	136,500
Unquoted redeemable Islamic subordinated bonds of subsidiary	(b)	-	-	200,000	200,000
Other receivables, deposits and prepayments		211,606	216,867	207,099	212,591
Amount due from holding company		116	-	116	-
Impairment allowance on other receivables		(3,388)	(3,388)	(3,388)	(3,388)
		357,575	374,921	619,445	562,845

(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.

19 DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
(a) By type of deposit				
Demand deposits	22,060,808	20,124,779	16,524,580	15,421,232
Saving deposits	16,041,232	15,938,290	15,180,581	15,112,670
Fixed/General investment deposits	31,446,531	34,197,811	25,913,467	29,008,624
Short-term money market deposits	5,820,634	3,114,652	4,055,017	2,339,787
	75,369,205	73,375,532	61,673,645	61,882,313
(b) By type of customer				
Government and statutory bodies	250,399	357,011	26,568	32,180
Non-bank financial institutions	5,619,670	2,872,064	2,908,800	1,574,260
Business enterprises	27,683,159	26,401,843	21,590,465	20,923,473
Individuals	37,390,435	39,440,098	33,072,785	35,361,947
Foreign entities	3,521,428	3,453,965	3,297,399	3,270,799
Others	904,114	850,551	777,628	719,654
	75,369,205	73,375,532	61,673,645	61,882,313
(c) By maturity structure for fixed/term/general investment deposits, negotiable instruments of deposit and short-term money market deposits				
Up to six months	26,823,231	32,676,693	22,094,586	27,259,593
Over six months to one year	10,214,154	4,557,115	7,654,761	4,013,882
Over one year to three years	217,839	66,874	207,659	63,468
Over three years to five years	11,941	11,781	11,478	11,468
	37,267,165	37,312,463	29,968,484	31,348,411

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20 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Licensed banks and other financial institutions	6,060,422	5,195,681	6,025,488	5,157,288

21 OTHER LIABILITIES

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Amount due to subsidiaries	-	-	1,228	69,065
Equity compensation benefits	18,275	18,813	17,541	18,042
Interest/Profit payable	159,918	303,202	139,377	254,472
Structured investments	1,405,930	1,087,406	1,405,930	1,087,406
Lease liabilities	30,871	27,739	26,584	23,259
Other payables and accruals	457,986	517,899	386,709	438,464
Provision for commitments and contingencies	15,965	2,034	-	-
	2,088,945	1,957,093	1,977,369	1,890,708

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

22 SUBORDINATED BONDS

	Group and Bank	
	30 June 2021 RM'000	31 December 2020 RM'000
USD110 million Additional Tier 1 Capital Securities	456,679	441,327
RM390 million Redeemable Subordinated Bonds 2017/2027	390,000	390,000
RM110 million Redeemable Subordinated Bonds 2017/2027	110,000	110,000
RM550 million Redeemable Subordinated Bond 2020/2030	550,000	550,000
	1,506,679	1,491,327

23 NET INTEREST INCOME

	Quarter ended		Year to date ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Group				
Interest income				
Loans, advances and financing				
- Interest income other than recoveries	475,808	588,018	950,407	1,254,495
- Recoveries from impaired loans, advances and financing	32,616	10,445	53,706	30,046
- Discount unwind from impaired loans, advances and financing	5,677	4,157	10,239	6,960
Money at call and deposit placements with banks and other financial institutions	14,012	26,028	28,195	34,663
Financial investments at FVOCI	95,234	91,993	196,649	194,847
Others	2,032	389	4,013	633
	625,379	721,030	1,243,209	1,521,644
Financial assets at FVTPL	15,361	19,008	26,802	39,098
	640,740	740,038	1,270,011	1,560,742

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23 NET INTEREST INCOME (continued)

	Quarter ended		Year to date ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Interest expense				
Deposits from customers	(213,766)	(334,368)	(436,873)	(730,577)
Deposits and placements of banks and other financial institutions	(671)	(11,564)	(1,242)	(19,522)
Recourse obligation on loans sold to Cagamas Berhad	(1,691)	(7,692)	(9,299)	(15,385)
Subordinated bonds	(15,504)	(17,041)	(30,719)	(33,600)
Lease liabilities	(164)	(245)	(340)	(487)
Others	(438)	(9,539)	(1,367)	(19,688)
	<u>(232,234)</u>	<u>(380,449)</u>	<u>(479,840)</u>	<u>(819,259)</u>
Net interest income	408,506	359,589	790,171	741,483
Bank				
Interest income				
Loans, advances and financing				
- Interest income other than recoveries	475,808	588,018	950,407	1,254,495
- Recoveries from impaired loans, advances and financing	32,616	10,445	53,706	30,046
- Discount unwind from impaired loans, advances and financing	5,677	4,157	10,239	6,960
Money at call and deposit placements with banks and other financial institutions	23,714	37,408	47,054	65,876
Financial investments at FVOCI	95,234	92,837	196,649	196,527
Unquoted Islamic subordinated bond of subsidiary	2,394	2,394	4,761	4,787
Others	2,032	389	4,013	633
	<u>637,475</u>	<u>735,648</u>	<u>1,266,829</u>	<u>1,559,324</u>
Financial assets at FVTPL	15,361	19,008	26,802	39,098
	<u>652,836</u>	<u>754,656</u>	<u>1,293,631</u>	<u>1,598,422</u>
Interest expense				
Deposits from customers	(213,790)	(334,374)	(436,906)	(730,583)
Deposits and placements of banks and other financial institutions	(3,421)	(16,939)	(7,130)	(33,324)
Recourse obligation on loans sold to Cagamas Berhad	(1,691)	(7,692)	(9,299)	(15,385)
Subordinated bonds	(15,504)	(17,041)	(30,719)	(33,600)
Lease liabilities	(164)	(245)	(340)	(487)
Others	(6,667)	(13,123)	(12,303)	(28,890)
	<u>(241,237)</u>	<u>(389,414)</u>	<u>(496,697)</u>	<u>(842,269)</u>
Net interest income	411,599	365,242	796,934	756,153

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24 INCOME FROM ISLAMIC BANKING OPERATIONS

<u>Group</u>	Quarter ended		Year to date ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	129,025	134,602	253,830	295,651
Income derived from investment of specific investment account funds	12,876	12,702	24,098	32,935
Income derived from investment of shareholder's fund	30,880	30,282	67,662	63,434
Income attributable to depositors	(46,242)	(66,346)	(90,395)	(146,636)
Income attributable to investment account holder	(8,978)	(8,959)	(16,824)	(23,004)
	117,561	102,281	238,371	222,380

25 NET FEE AND COMMISSION INCOME

<u>Group</u>	Quarter ended		Year to date ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Commission	77,672	51,948	164,491	107,039
Service charges and fees	54,120	37,728	85,813	71,825
Guarantee fees	152	462	389	1,199
Other fee income	1,344	1,853	2,553	3,958
	133,288	91,991	253,246	184,021

Bank

Commission	77,672	51,948	159,901	107,039
Service charges and fees	54,120	37,728	85,813	71,171
Guarantee fees	152	462	389	1,199
Other fee income	1,344	1,853	2,553	3,958
	133,288	91,991	248,656	183,367

26 NET TRADING INCOME

<u>Group and Bank</u>	Quarter ended		Year to date ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Foreign exchange (loss)/gain	(2,203)	44,933	(108,983)	(107,287)
Realised (loss)/gain on financial assets at FVTPL	(247)	10,607	(6,684)	39,115
Realised gain on trading derivatives	91,083	74,050	7,749	120,592
Unrealised gain/(loss) on financial assets at FVTPL	2,263	3,688	(4,476)	803
Unrealised (loss)/gain on trading derivatives	(32,210)	(83,306)	208,624	45,506
	58,686	49,972	96,230	98,729

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27 OTHER OPERATING INCOME

<u>Group</u>	Quarter ended		Year to date ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Gain on disposal from financial investments at FVOCI	8,314	17,926	18,700	69,916
Gross dividends from financial investments at FVOCI in Malaysia	625	450	625	450
Rental of premises	1,103	1,006	2,199	2,055
Rental of safe deposit boxes	1,585	1,605	3,312	3,298
Shared services income received from related company	4,365	3,738	8,044	7,306
Unrealised (loss)/gain on hedging derivatives	(2)	6	-	2
Others	349	107	647	197
	<u>16,339</u>	<u>24,838</u>	<u>33,527</u>	<u>83,224</u>

Bank

Gain on disposal from financial investments at FVOCI	8,314	17,926	18,700	69,916
Gross dividends from financial investments at FVOCI in Malaysia	625	450	625	450
Rental of premises	1,119	1,012	2,230	2,076
Rental of safe deposit boxes	1,585	1,605	3,312	3,298
Shared services income received from subsidiary	27,082	27,219	52,264	56,584
Shared services income received from related company	4,365	3,738	8,044	7,306
Unrealised (loss)/gain on hedging derivatives	(2)	6	-	2
Others	345	107	643	197
	<u>43,433</u>	<u>52,063</u>	<u>85,818</u>	<u>139,829</u>

28 OPERATING EXPENSES

<u>Group</u>	Quarter ended		Year to date ended	
	30 June	30 June	30 June	30 June
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Personnel expenses				
Wages, salaries and bonus	137,996	123,882	245,982	246,482
Employees Provident Fund contributions	21,183	18,661	39,729	37,525
Share-based expenses	2,514	2,943	5,281	5,248
Others	13,624	12,826	25,258	25,036
	<u>175,317</u>	<u>158,312</u>	<u>316,250</u>	<u>314,291</u>

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28 OPERATING EXPENSES (continued)

	Quarter ended		Year to date ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
Group (continued)				
Establishment expenses				
Depreciation of property and equipment	5,728	6,245	12,109	13,631
Depreciation of ROU assets	3,918	4,628	8,116	9,703
Rental of premises	-	-	21	-
Repair and maintenance	2,538	2,616	4,860	5,920
Information technology costs	11,136	11,442	20,889	23,174
Hire of equipment	263	250	475	492
Others	4,432	4,661	9,069	9,690
	<u>28,015</u>	<u>29,842</u>	<u>55,539</u>	<u>62,610</u>
Marketing expenses				
Advertisement and business promotion	2,281	1,951	3,591	4,923
Transport and travelling	353	362	648	1,312
Others	242	389	640	1,409
	<u>2,876</u>	<u>2,702</u>	<u>4,879</u>	<u>7,644</u>
General administrative expenses				
Transaction processing fees	83,137	82,275	164,028	170,317
Others	28,652	28,512	52,355	55,281
	<u>111,789</u>	<u>110,787</u>	<u>216,383</u>	<u>225,598</u>
Total operating expenses	<u>317,997</u>	<u>301,643</u>	<u>593,051</u>	<u>610,143</u>
Bank				
Personnel expenses				
Wages, salaries and bonus	131,692	117,103	236,263	234,171
Employees Provident Fund contributions	20,266	17,693	37,993	35,584
Share-based expenses	2,445	2,872	5,109	5,072
Others	12,851	11,831	23,622	23,049
	<u>167,254</u>	<u>149,499</u>	<u>302,987</u>	<u>297,876</u>
Establishment expenses				
Depreciation of property and equipment	5,235	5,638	11,234	12,394
Depreciation of ROU assets	3,463	4,066	7,206	8,585
Rental of premises	-	-	23	1
Repair and maintenance	2,535	2,495	4,659	5,686
Information technology costs	10,975	11,272	20,559	22,835
Hire of equipment	234	215	418	427
Others	3,852	3,971	7,885	8,300
	<u>26,294</u>	<u>27,657</u>	<u>51,984</u>	<u>58,228</u>
Marketing expenses				
Advertisement and business promotion	2,241	1,932	3,488	4,813
Transport and travelling	341	350	626	1,249
Others	242	387	639	1,380
	<u>2,824</u>	<u>2,669</u>	<u>4,753</u>	<u>7,442</u>

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28 OPERATING EXPENSES (continued)

	Quarter ended		Year to date ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
<u>Bank (continued)</u>				
General administrative expenses				
Transaction processing fees	77,786	75,574	153,321	156,229
Others	27,128	26,885	50,475	53,532
	<u>104,914</u>	<u>102,459</u>	<u>203,796</u>	<u>209,761</u>
Total operating expenses	<u>301,286</u>	<u>282,284</u>	<u>563,520</u>	<u>573,307</u>

29 IMPAIRMENT ALLOWANCE AND PROVISIONS

	Quarter ended		Year to date ended	
	30 June 2021 RM'000	30 June 2020 RM'000	30 June 2021 RM'000	30 June 2020 RM'000
<u>Group</u>				
Loans, advances and financing				
Stage 1 and 2 ECL net charge during the period	66,078	20,687	35,738	183,924
Stage 3 ECL				
- Charge during the period	230,193	147,045	314,802	211,513
- Write back	(47,345)	(27,677)	(86,720)	(67,562)
Impaired loans, advances and financing				
- Recovered during the period	(16,384)	(5,689)	(28,173)	(13,846)
Financial investments at FVOCI				
Stage 1 and 2 ECL net (write back)/charge during the period	(817)	283	(973)	849
Other financial assets				
Stage 1 and 2 ECL net charge/(write back) during the period	31	(263)	27	1,159
Stage 3 ECL net charge during the period	62	8	67	26
Commitments and contingencies				
Net charge during the period	13,931	-	13,931	-
	<u>245,749</u>	<u>134,394</u>	<u>248,699</u>	<u>316,063</u>

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29 IMPAIRMENT ALLOWANCE AND PROVISIONS (continued)

	Quarter ended		Year to date ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Bank	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
Stage 1 and 2 ECL net charge/(write back) during the period	34,120	(12,812)	21,798	111,048
Stage 3 ECL				
- Charge during the period	145,914	129,172	209,119	175,651
- Write back	(42,955)	(20,403)	(75,522)	(51,205)
Impaired loans, advances and financing				
- Recovered during the period	(10,598)	(2,747)	(17,239)	(6,676)
Investment account placements				
Stage 1 and 2 ECL net charge during the period	288	12,575	404	15,569
Financial investments at FVOCI				
Stage 1 and 2 ECL net (write back)/charge during the period	(793)	254	(972)	826
Other financial assets				
Stage 1 and 2 ECL net charge/(write back) during the period	31	(263)	27	1,159
Stage 3 ECL net charge during the period	62	8	67	26
	126,069	105,784	137,682	246,398

30 INCOME TAX EXPENSE

	Quarter ended		Year to date ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Group	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current period	62,162	56,697	143,376	113,756
Deferred tax				
- Origination and reversal of temporary differences	(18,744)	(10,581)	2,734	(15,766)
	43,418	46,116	146,110	97,990
Bank				
Malaysian income tax				
- Current period	69,851	50,308	129,010	99,178
Deferred tax				
- Origination and reversal of temporary differences	(14,741)	(7,070)	6,556	(8,412)
	55,110	43,238	135,566	90,766

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31 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>	<u>Principal amount</u>	<u>Credit equivalent amount</u>	<u>Risk weighted amount</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
30 June 2021			
Direct credit substitutes	259,210	254,360	250,445
Transaction-related contingent items	2,738,574	1,405,558	909,567
Short-term self-liquidating trade-related contingencies	315,199	68,679	38,798
Forward asset purchases, forward deposits, partly paid shares and securities	31,395	31,395	-
Foreign exchange related contracts			
- One year or less	14,282,012	187,181	107,559
- Over one year to five years	4,591,932	654,657	141,651
- Over five years	700,776	48,149	55,933
Interest rate contracts			
- One year or less	17,571,277	4,928	4,483
- Over one year to five years	22,190,304	339,484	71,829
- Over five years	5,370,103	366,047	243,696
Equity and commodity related contracts	2,146,285	96,157	18,202
Credit derivative contracts	769,358	13,211	2,022
Formal standby facilities and credit lines			
- Original maturity up to one year	56,500	42,375	30,373
- Original maturity over one year	4,677,796	3,996,302	2,254,353
Other unconditionally cancellable commitments	20,168,028	2,333,061	393,483
Total	<u>95,868,749</u>	<u>9,841,544</u>	<u>4,522,394</u>
31 December 2020			
Direct credit substitutes	366,062	363,062	341,206
Transaction-related contingent items	2,873,351	1,475,356	972,445
Short-term self-liquidating trade-related contingencies	276,256	61,442	37,263
Foreign exchange related contracts			
- One year or less	16,931,014	102,916	55,549
- Over one year to five years	4,316,190	606,583	130,157
- Over five years	757,564	76,134	80,839
Interest rate contracts			
- One year or less	16,341,840	8,955	2,612
- Over one year to five years	22,649,037	369,306	81,494
- Over five years	6,791,313	348,019	242,776
Equity and commodity related contracts	869,580	10,251	2,448
Credit derivative contracts	923,051	23,091	3,927
Formal standby facilities and credit lines			
- Original maturity up to one year	92,000	69,000	33,898
- Original maturity over one year	5,104,439	4,284,532	2,132,001
Other unconditionally cancellable commitments	19,318,729	2,329,691	384,702
Total	<u>97,610,426</u>	<u>10,128,338</u>	<u>4,501,317</u>

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31 COMMITMENTS AND CONTINGENCIES (continued)

<u>Bank</u>	Principal amount	Credit equivalent amount	Risk weighted amount
	RM'000	RM'000	RM'000
30 June 2021			
Direct credit substitutes	195,366	195,366	190,930
Transaction-related contingent items	2,397,227	1,231,957	796,983
Short-term self-liquidating trade-related contingencies	255,381	56,474	33,074
Forward asset purchases, forward deposits, partly paid shares and securities	31,395	31,395	-
Foreign exchange related contracts			
- One year or less	14,271,044	187,115	107,570
- Over one year to five years	4,585,537	654,656	140,340
- Over five years	700,776	48,149	55,933
Interest rate contracts			
- One year or less	17,571,277	4,928	4,483
- Over one year to five years	22,190,304	339,484	71,829
- Over five years	5,370,103	366,047	213,856
Equity and commodity related contracts	2,146,285	96,157	18,202
Credit derivative contracts	769,358	13,211	2,022
Formal standby facilities and credit lines			
- Original maturity over one year	4,269,263	3,664,051	1,991,051
Other unconditionally cancellable commitments	18,017,820	2,169,979	363,427
Total	<u>92,827,636</u>	<u>9,101,344</u>	<u>4,020,073</u>
31 December 2020			
Direct credit substitutes	286,833	286,833	256,043
Transaction-related contingent items	2,489,838	1,279,054	849,799
Short-term self-liquidating trade-related contingencies	244,854	54,728	33,528
Foreign exchange related contracts			
- One year or less	16,936,018	102,584	55,289
- Over one year to five years	4,316,697	606,583	127,500
- Over five years	757,564	76,134	80,839
Interest rate contracts			
- One year or less	16,341,840	8,955	2,612
- Over one year to five years	22,649,037	369,306	81,494
- Over five years	6,791,313	348,019	206,120
Equity and commodity related contracts	869,580	10,251	2,448
Credit derivative contracts	923,051	23,091	3,927
Formal standby facilities and credit lines			
- Original maturity up to one year	52,000	39,000	20,696
- Original maturity over one year	4,610,303	3,892,414	1,805,140
Other unconditionally cancellable commitments	17,224,759	2,156,300	353,293
Total	<u>94,493,687</u>	<u>9,253,252</u>	<u>3,878,729</u>

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32 CAPITAL COMMITMENTS

	Group		Bank	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Capital expenditure commitments in respect of property and equipment contracted but not provided for	6,376	10,896	6,305	10,851

33 CREDIT EXPOSURE ARISING FROM CREDIT TRANSACTIONS WITH CONNECTED PARTIES

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

	Group		Bank	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Aggregate value of outstanding credit exposure to connected parties[^]:				
Credit facility and leasing (except guarantee)	730,317	710,437	722,548	701,273
Commitments and contingencies*	849,442	739,227	849,133	738,924
	<u>1,579,759</u>	<u>1,449,664</u>	<u>1,571,681</u>	<u>1,440,197</u>
Credit-impaired or in default	-	-	-	-
Outstanding credit exposures to connected parties:				
As a proportion of total credit exposures	1.98%	1.80%	2.34%	2.12%

[^] Comprises total outstanding balances and unutilised limits

* Commitments and contingencies transactions that give rise to credit and/or counterparty risk.

34 CREDIT RISK

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

	Note	Group		Bank	
		30 June	31 December	30 June	31 December
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents*	10	4,129,119	2,768,014	2,475,111	2,925,506
Deposits and placements with banks and other financial institutions	11	359,248	344,182	575,313	665,147
Investment account placements	12	-	-	1,731,049	1,478,468
Financial assets at FVTPL		2,643,681	1,313,475	2,633,563	1,303,320
Financial investments at FVOCI		20,516,998	20,112,853	15,878,352	15,908,302
Loans, advances and financing*	15	65,371,185	66,273,563	53,915,608	55,030,346
Derivative financial assets		991,249	1,151,754	992,102	1,153,095
Other assets		357,575	374,921	619,445	562,845
Contingent liabilities and commitments		28,246,702	28,030,837	25,222,952	24,908,587
		<u>122,615,757</u>	<u>120,369,599</u>	<u>104,043,495</u>	<u>103,935,616</u>

* Excluding cash in hand

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34 CREDIT RISK (continued)

(a) Credit quality analysis

Group	30 June 2021					31 December 2020				
	Financial assets at FVTPL	Financial investments at FVOCI	Loans, advances and financing*	Derivative financial assets	Contingent liabilities and credit commitments	Financial assets at FVTPL	Financial investments at FVOCI	Loans, advances and financing*	Derivative financial assets	Contingent liabilities and credit commitments
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(i) By issuer/counterparty										
Government and Central Bank	2,517,250	14,060,545	-	-	-	1,144,159	13,946,431	-	-	-
Foreign government	-	267,907	-	-	-	-	203,274	-	-	-
Public sector	56,262	1,497,194	-	-	-	29,880	564,137	-	-	-
Banks	11	2,220,554	-	574,710	101,972	2	2,431,648	-	767,539	144,054
Non-bank financial institutions	59,934	1,560,320	-	130,983	524,202	89,672	1,916,073	-	17,386	71,847
Business enterprise	10,224	910,478	18,429	267,224	16,745,900	49,762	1,051,290	25,413	321,182	18,301,471
Small and medium enterprises	-	-	98,045	-	5,888,596	-	-	100,309	-	4,514,527
Individuals	-	-	242,301	18,332	4,986,032	-	-	267,205	45,647	4,998,938
	<u>2,643,681</u>	<u>20,516,998</u>	<u>358,775</u>	<u>991,249</u>	<u>28,246,702</u>	<u>1,313,475</u>	<u>20,112,853</u>	<u>392,927</u>	<u>1,151,754</u>	<u>28,030,837</u>
(ii) By geographical distribution										
Malaysia	2,643,564	19,538,492	346,171	784,015	27,255,668	1,313,458	19,184,837	378,554	950,783	27,064,851
Singapore	10	62,487	4,243	36,030	121,894	-	60,297	8,664	86,064	85,819
Other ASEAN countries	-	271,569	2,586	1,508	517,334	-	304,043	2,468	986	543,780
Rest of the world	107	644,450	5,775	169,696	351,806	17	563,676	3,241	113,921	336,387
	<u>2,643,681</u>	<u>20,516,998</u>	<u>358,775</u>	<u>991,249</u>	<u>28,246,702</u>	<u>1,313,475</u>	<u>20,112,853</u>	<u>392,927</u>	<u>1,151,754</u>	<u>28,030,837</u>

* Past due but not credit-impaired at gross loans, advances and financing. The analysis of loans, advances and financing by sector and residual contractual maturity are detailed in Note 15(c) and Note 15(e) respectively.

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34 CREDIT RISK (continued)

(a) Credit quality analysis (continued)

Group (continued)	30 June 2021					31 December 2020				
	Financial assets at FVTPL	Financial investments at FVOCI	Loans, advances and financing*	Derivative financial assets	Contingent liabilities and credit commitments	Financial assets at FVTPL	Financial investments at FVOCI	Loans, advances and financing*	Derivative financial assets	Contingent liabilities and credit commitments
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(iii) By sector										
Agriculture, hunting, forestry and fishing	-	-	825	3,971	931,064	-	132,261	3,320	6,274	899,201
Mining and quarrying	-	134,206	-	162,966	313,816	-	-	563	176,109	359,071
Manufacturing	-	54,265	19,493	25,788	6,714,651	-	28,742	15,949	40,461	6,571,845
Electricity, gas and water	-	82,158	-	-	88,231	-	88,470	-	-	355,103
Construction	-	-	18,627	9,903	4,219,526	-	-	15,007	10,042	4,290,497
Real estate	107	-	16,675	1,987	2,326,460	17	-	20,783	12,910	2,212,926
Wholesale & retail trade and restaurants & hotels	-	56,919	40,147	14,709	3,980,900	-	55,913	51,241	5,323	4,271,017
Transport, storage and communication	-	187,236	2,728	47,233	528,970	9,648	144,949	1,823	65,067	641,231
Finance, insurance and business services	59,945	4,526,998	10,566	706,357	2,839,535	119,616	4,438,837	11,351	789,921	2,461,478
Community, social and personal services	-	-	7,413	-	1,313,350	-	-	5,033	-	924,872
Household										
- Purchase of residential properties	-	-	215,504	-	-	-	-	234,474	-	98,424
- Purchase of non-residential properties	-	-	6,884	-	-	-	-	8,550	-	-
- Others	-	-	19,913	18,333	4,984,961	-	-	24,180	45,647	4,940,412
Others	2,583,629	15,475,216	-	2	5,238	1,184,194	15,223,681	653	-	4,760
	<u>2,643,681</u>	<u>20,516,998</u>	<u>358,775</u>	<u>991,249</u>	<u>28,246,702</u>	<u>1,313,475</u>	<u>20,112,853</u>	<u>392,927</u>	<u>1,151,754</u>	<u>28,030,837</u>

* Past due but not credit-impaired at gross loans, advances and financing. The analysis of loans, advances and financing by sector and residual contractual maturity are detailed in Note 15(c) and Note 15(e) respectively.

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34 CREDIT RISK (continued)

(a) Credit quality analysis (continued)

Group (continued)	30 June 2021					31 December 2020				
	Financial assets at FVTPL	Financial investments at FVOCI	Loans, advances and financing*	Derivative financial assets	Contingent liabilities and credit commitments	Financial assets at FVTPL	Financial investments at FVOCI	Loans, advances and financing*	Derivative financial assets	Contingent liabilities and credit commitments
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(iv) By residual contractual maturity										
Within one year	1,536,343	8,636,522	11,341	236,470	17,587,934	598,296	7,265,426	52,824	345,640	15,601,851
One to five years	753,677	9,285,114	16,782	410,248	2,731,484	216,460	9,792,503	11,997	560,549	3,072,609
Over five years	353,661	2,595,362	330,652	344,531	7,927,284	498,719	3,054,924	328,106	245,565	9,356,377
	2,643,681	20,516,998	358,775	991,249	28,246,702	1,313,475	20,112,853	392,927	1,151,754	28,030,837
Bank										
(i) By issuer/counterparty										
Government and central bank	2,517,250	11,287,168	-	-	-	1,144,159	11,177,523	-	-	-
Foreign government	-	267,907	-	-	-	-	179,034	-	-	-
Public sector	56,262	1,120,919	-	-	-	29,880	229,965	-	-	-
Banks	11	822,705	-	576,990	101,972	2	1,432,423	-	773,249	144,054
Non-bank financial institutions	59,934	1,540,178	-	130,981	521,080	89,672	1,880,054	-	17,352	66,200
Business enterprises	106	839,475	209	265,799	13,830,728	39,607	1,009,303	222	316,847	15,306,110
Small and medium enterprises	-	-	98,045	-	5,888,596	-	-	100,309	-	4,514,527
Individuals	-	-	206,395	18,332	4,880,576	-	-	228,279	45,647	4,877,696
Others	-	-	-	-	-	-	-	-	-	-
	2,633,563	15,878,352	304,649	992,102	25,222,952	1,303,320	15,908,302	328,810	1,153,095	24,908,587
(ii) By geographical distribution										
Malaysia	2,633,446	14,899,846	297,246	784,870	24,246,558	1,303,303	15,004,526	316,905	952,127	23,957,463
Singapore	10	62,487	4,243	36,030	121,894	-	60,297	8,664	86,064	85,819
Other ASEAN countries	-	271,569	-	1,506	506,874	-	279,803	-	983	535,494
Rest of the world	107	644,450	3,160	169,696	347,626	17	563,676	3,241	113,921	329,811
	2,633,563	15,878,352	304,649	992,102	25,222,952	1,303,320	15,908,302	328,810	1,153,095	24,908,587

* Past due but not credit-impaired at gross loans, advances and financing. The analysis of loans, advances and financing by sector and residual contractual maturity are detailed in Note 15(c) and Note 15(e) respectively.

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34 CREDIT RISK (continued)

(a) Credit quality analysis (continued)

	30 June 2021					31 December 2020				
	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Loans, advances and financing* RM'000	Derivative financial assets RM'000	Contingent liabilities and credit commitments RM'000	Financial assets at FVTPL RM'000	Financial investments at FVOCI RM'000	Loans, advances and financing* RM'000	Derivative financial assets RM'000	Contingent liabilities and credit commitments RM'000
Bank (continued)										
(iii) By sector										
Agriculture, hunting, forestry and fishing	-	-	825	3,971	916,297	-	132,261	3,223	6,274	883,029
Mining and quarrying	-	134,206	-	162,966	275,279	-	-	-	176,109	262,493
Manufacturing	-	54,265	12,906	25,451	5,921,268	-	28,742	8,762	38,747	5,885,401
Electricity, gas and water	-	-	-	-	85,455	-	-	-	-	352,090
Construction	-	-	14,766	9,901	3,410,991	-	-	11,965	10,042	3,418,904
Real estate	107	-	14,502	926	2,020,190	17	-	20,407	10,455	1,913,257
Wholesale & retail trade and restaurants & hotels	-	56,919	37,201	14,690	3,670,435	-	55,913	45,083	5,157	3,902,645
Transport, storage and communication	-	131,613	2,124	47,232	314,962	9,648	114,102	1,056	65,067	454,864
Finance, insurance and business services	59,945	2,961,768	9,461	708,632	2,429,574	119,616	3,403,593	4,749	795,597	2,000,793
Community, social and personal services	-	-	6,469	-	1,298,995	-	-	4,633	-	917,517
Household										
- Purchase of residential properties	-	-	187,261	-	-	-	-	205,844	-	-
- Purchase of non-residential properties	-	-	6,884	-	-	-	-	8,550	-	-
- Others	-	-	12,250	18,333	4,879,506	-	-	13,885	45,647	4,917,594
Others	2,573,511	12,539,581	-	-	-	1,174,039	12,173,691	653	-	-
	<u>2,633,563</u>	<u>15,878,352</u>	<u>304,649</u>	<u>992,102</u>	<u>25,222,952</u>	<u>1,303,320</u>	<u>15,908,302</u>	<u>328,810</u>	<u>1,153,095</u>	<u>24,908,587</u>

* Past due but not credit-impaired at gross loans, advances and financing. The analysis of loans, advances and financing by sector and residual contractual maturity are detailed in Note 15(c) and Note 15(e) respectively.

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34 CREDIT RISK (continued)

(a) Credit quality analysis (continued)

	30 June 2021					31 December 2020				
	Financial assets at FVTPL	Financial investments at FVOCI	Loans, advances and financing*	Derivative financial assets	Contingent liabilities and credit commitments	Financial assets at FVTPL	Financial investments at FVOCI	Loans, advances and financing*	Derivative financial assets	Contingent liabilities and credit commitments
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank (continued)										
(iv) By residual contractual maturity										
Within one year	1,536,343	6,117,012	9,537	236,436	15,499,224	598,296	5,449,529	44,122	345,468	14,963,112
One to five years	743,559	7,412,585	3,604	410,251	2,303,067	206,305	7,817,244	1,516	560,557	2,634,180
Over five years	353,661	2,348,755	291,508	345,415	7,420,661	498,719	2,641,529	283,172	247,070	7,311,295
	<u>2,633,563</u>	<u>15,878,352</u>	<u>304,649</u>	<u>992,102</u>	<u>25,222,952</u>	<u>1,303,320</u>	<u>15,908,302</u>	<u>328,810</u>	<u>1,153,095</u>	<u>24,908,587</u>

* Past due but not credit-impaired at gross loans, advances and financing. The analysis of loans, advances and financing by sector and residual contractual maturity are detailed in Note 15(c) and Note 15(e) respectively.

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

	30 June 2021				31 December 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Group								
Cash and cash equivalents	4,129,119	-	-	4,129,119	2,768,014	-	-	2,768,014
Deposits and placements with banks and other financial institutions	359,248	-	-	359,248	344,182	-	-	344,182

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34 CREDIT RISK (continued)

(a) Credit quality analysis (continued)

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

<u>Group</u> (continued)	30 June 2021				31 December 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Financial assets at FVTPL*								
Government and central bank (unrated)	-	-	-	1,862,446	-	-	-	1,018,388
Government (AAA to BBB)	-	-	-	654,804	-	-	-	125,770
Investment grade (AAA to BBB)	-	-	-	66,501	-	-	-	159,670
Unrated	-	-	-	59,930	-	-	-	9,647
	-	-	-	2,643,681	-	-	-	1,313,475
Financial investments at FVOCI								
Government (AAA to BBB)	4,786,726	-	-	4,786,726	9,077,922	-	-	9,077,922
Government and central bank (unrated)	9,273,820	-	-	9,273,820	4,868,509	-	-	4,868,509
Foreign government (AAA to BBB)	267,906	-	-	267,906	-	-	-	-
Foreign government (unrated)	-	-	-	-	203,272	-	-	203,272
Investment grade (AAA to BBB)	2,254,123	-	-	2,254,123	1,925,813	-	-	1,925,813
Unrated	2,908,360	1,026,063	-	3,934,423	4,037,337	-	-	4,037,337
	19,490,935	1,026,063	-	20,516,998	20,112,853	-	-	20,112,853
Contingent liabilities and commitments (excluding derivative assets)								
Pass	26,449,923	1,354,309	-	27,804,232	25,593,689	1,951,047	-	27,544,736
Special Mention	-	335,682	-	335,682	-	379,858	-	379,858
Credit-impaired	-	-	106,788	106,788	-	-	106,243	106,243
	26,449,923	1,689,991	106,788	28,246,702	25,593,689	2,330,905	106,243	28,030,837

* ECL stage is not disclosed for financial assets at FVTPL.

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34 CREDIT RISK (continued)

(a) Credit quality analysis (continued)

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

	30 June 2021				31 December 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Bank								
Cash and cash equivalents	2,475,111	-	-	2,475,111	2,925,506	-	-	2,925,506
Deposits and placements with banks and other financial institutions	575,313	-	-	575,313	665,147	-	-	665,147
Investment account placements	1,658,246	-	72,803	1,731,049	1,319,233	-	159,235	1,478,468
Financial assets at FVTPL*								
Government and central bank (unrated)	-	-	-	1,862,446	-	-	-	1,018,388
Government (AAA to BBB)	-	-	-	654,804	-	-	-	125,770
Investment grade (AAA to BBB)	-	-	-	56,383	-	-	-	149,515
Unrated	-	-	-	59,930	-	-	-	9,647
	-	-	-	2,633,563	-	-	-	1,303,320
Financial investments at FVOCI								
Government (AAA to BBB)	4,487,782	-	-	4,487,782	6,690,971	-	-	6,690,971
Government and central bank (unrated)	6,799,386	-	-	6,799,386	4,486,553	-	-	4,486,553
Foreign government (AAA to BBB)	267,906	-	-	267,906	-	-	-	-
Investment grade (AAA to BBB)	1,935,981	-	-	1,935,981	1,822,865	-	-	1,822,865
Unrated	1,810,746	576,551	-	2,387,297	2,728,881	-	-	2,728,881
	15,301,801	576,551	-	15,878,352	15,908,302	-	-	15,908,302

* ECL stage is not disclosed for financial assets at FVTPL.

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34 CREDIT RISK (continued)

(a) Credit quality analysis (continued)

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

	30 June 2021				31 December 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Bank (continued)								
Contingent liabilities and commitments (excluding derivative assets)								
Pass	24,110,983	778,657	-	24,889,640	23,425,334	1,239,883	-	24,665,217
Special Mention	-	294,401	-	294,401	-	207,358	-	207,358
Credit-impaired	-	-	38,911	38,911	-	-	36,012	36,012
	24,110,983	1,073,058	38,911	25,222,952	23,425,334	1,447,241	36,012	24,908,587

(b) Credit quality of loans, advances and financing

Credit quality

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

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

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

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34 CREDIT RISK (continued)

(b) Credit quality of loans, advances and financing (continued)

Credit quality and ECL stage

<u>Group</u>	30 June 2021				31 December 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Neither past due nor credit-impaired								
(i) By internal grading								
Pass	50,623,820	7,665,154	-	58,288,974	51,873,222	8,155,675	-	60,028,897
Special Mention	-	5,054,792	-	5,054,792	-	4,427,920	-	4,427,920
	<u>50,623,820</u>	<u>12,719,946</u>	<u>-</u>	<u>63,343,766</u>	<u>51,873,222</u>	<u>12,583,595</u>	<u>-</u>	<u>64,456,817</u>
Past due but not credit-impaired								
(i) By period overdue								
Less than 2 months	-	267,740	-	267,740	-	238,887	-	238,887
2 months to less than 3 months	-	43,282	-	43,282	-	113,496	-	113,496
	<u>-</u>	<u>311,022</u>	<u>-</u>	<u>311,022</u>	<u>-</u>	<u>352,383</u>	<u>-</u>	<u>352,383</u>
Credit-impaired								
Past due	-	-	929,500	929,500	-	-	771,616	771,616
Not past due	-	-	786,897	786,897	-	-	692,747	692,747
	<u>-</u>	<u>-</u>	<u>1,716,397</u>	<u>1,716,397</u>	<u>-</u>	<u>-</u>	<u>1,464,363</u>	<u>1,464,363</u>
Total	<u>50,623,820</u>	<u>13,030,968</u>	<u>1,716,397</u>	<u>65,371,185</u>	<u>51,873,222</u>	<u>12,935,978</u>	<u>1,464,363</u>	<u>66,273,563</u>

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34 CREDIT RISK (continued)

(b) Credit quality of loans, advances and financing (continued)

Credit quality and ECL stage (continued)

	30 June 2021				31 December 2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Bank								
Neither past due nor credit-impaired								
(i) By internal grading								
Pass	41,529,731	6,562,307	-	48,092,038	43,052,900	7,076,238	-	50,129,138
Special Mention	-	4,267,576	-	4,267,576	-	3,604,421	-	3,604,421
	<u>41,529,731</u>	<u>10,829,883</u>	<u>-</u>	<u>52,359,614</u>	<u>43,052,900</u>	<u>10,680,659</u>	<u>-</u>	<u>53,733,559</u>
Past due but not credit-impaired								
(i) By period overdue								
Less than 2 months	-	226,959	-	226,959	-	198,052	-	198,052
2 months to less than 3 months	-	38,603	-	38,603	-	100,148	-	100,148
	<u>-</u>	<u>265,562</u>	<u>-</u>	<u>265,562</u>	<u>-</u>	<u>298,200</u>	<u>-</u>	<u>298,200</u>
Credit-impaired								
Past due	-	-	699,347	699,347	-	-	547,179	547,179
Not past due	-	-	591,085	591,085	-	-	451,408	451,408
	<u>-</u>	<u>-</u>	<u>1,290,432</u>	<u>1,290,432</u>	<u>-</u>	<u>-</u>	<u>998,587</u>	<u>998,587</u>
Total	<u>41,529,731</u>	<u>11,095,445</u>	<u>1,290,432</u>	<u>53,915,608</u>	<u>43,052,900</u>	<u>10,978,859</u>	<u>998,587</u>	<u>55,030,346</u>

The past due but not credit-impaired loans, advances and financing are classified as part of Special Mention.

The analysis of credit-impaired loans, advances and financing is disclosed in Note 16.

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34 CREDIT RISK (continued)

(b) Credit quality of loans, advances and financing (continued)

Collateral

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

- For personal housing loans, mortgages over residential properties;
- For commercial property loans, charges over the properties being financed;
- For vehicle loans/financing, charges over the vehicles being financed; and
- For other loans, charges over business assets such as premises, inventories, trade receivables, shares, equipment or deposits.

As at 30 June 2021 and 31 December 2020, there were no assets repossessed by the Group and the Bank as a result of taking possession of collateral held as security, or by calling upon other credit enhancements.

(ii) Quantification of the extent to which collateral and other credit enhancements mitigate credit risk and that best represents the maximum exposure to credit risk for credit-impaired loans, advances and financing.

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Fair value of collateral held against the covered portion of credit-impaired loans, advances and financing	1,762,817	1,762,817	1,934,341	1,496,509
Covered portion of credit-impaired loans, advances and financing	1,488,221	1,155,419	1,235,296	950,350
Uncovered portion of credit-impaired loans, advances and financing	758,160	773,696	366,303	363,674
	2,246,381	1,929,115	1,601,599	1,314,024

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35 FAIR VALUE 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	Corporate and other government bonds/sukuk and loans	Private debt equity investments
	Actively traded quoted equity securities of corporations	OTC derivatives	Corporate bonds/sukuk with illiquid markets
	Over-the counter ("OTC") derivatives	Cash and cash equivalents	Loans, advances and financing
		Deposits and placements with banks and other financial institutions	Unquoted shares
		Investment account placements	OTC derivatives
		Other assets	
Type of financial liabilities	OTC derivatives	OTC derivatives	OTC derivatives
		Deposits from customer	
		Deposits and placement of banks and other financial institutions	
		Subordinated bonds/sukuk	
		Other liabilities	

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35 FAIR VALUE 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>
30 June 2021				
Financial assets at fair value				
Financial assets at FVTPL	2,583,630	60,051	-	2,643,681
Financial investments at FVOCI	17,477,056	2,923,895	116,047	20,516,998
Loans, advances and financing	-	-	2,857	2,857
Derivative financial assets	456	972,213	18,580	991,249
	<u>20,061,142</u>	<u>3,956,159</u>	<u>137,484</u>	<u>24,154,785</u>
Financial liabilities at fair value				
Derivative financial liabilities	<u>532</u>	<u>877,946</u>	<u>640</u>	<u>879,118</u>
31 December 2020				
Financial assets at fair value				
Financial assets at FVTPL	1,313,457	18	-	1,313,475
Financial investments at FVOCI	16,656,235	3,344,588	112,030	20,112,853
Loans, advances and financing	-	-	11,381	11,381
Derivative financial assets	1,388	1,143,378	6,988	1,151,754
	<u>17,971,080</u>	<u>4,487,984</u>	<u>130,399</u>	<u>22,589,463</u>
Financial liabilities at fair value				
Derivative financial liabilities	<u>652</u>	<u>1,190,989</u>	<u>38,149</u>	<u>1,229,790</u>
Bank				
30 June 2021				
Financial assets at fair value				
Financial assets at FVTPL	2,573,512	60,051	-	2,633,563
Financial investments at FVOCI	14,236,259	1,526,046	116,047	15,878,352
Loans, advances and financing	-	-	2,857	2,857
Derivative financial assets	459	973,097	18,546	992,102
	<u>16,810,230</u>	<u>2,559,194</u>	<u>137,450</u>	<u>19,506,874</u>
Financial liabilities at fair value				
Derivative financial liabilities	<u>533</u>	<u>877,800</u>	<u>640</u>	<u>878,973</u>
31 December 2020				
Financial assets at fair value				
Financial assets at FVTPL	1,303,302	18	-	1,303,320
Financial investments at FVOCI	13,450,909	2,345,363	112,030	15,908,302
Loans, advances and financing	-	-	11,381	11,381
Derivative financial assets	1,403	1,144,705	6,987	1,153,095
	<u>14,755,614</u>	<u>3,490,086</u>	<u>130,398</u>	<u>18,376,098</u>
Financial liabilities at fair value				
Derivative financial liabilities	<u>707</u>	<u>1,190,974</u>	<u>38,145</u>	<u>1,229,826</u>

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35 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy of financial assets and liabilities (continued)

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

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Financial assets at fair value				
At 1 January	130,399	137,485	130,398	137,485
Purchased	-	6,422	-	6,422
Settled/Disposed	(8,849)	(38)	(8,849)	(38)
Transferred from Level 3	-	(21,092)	-	(21,092)
Realised loss				
- Recognised in net trading income	(6,925)	(556)	(6,925)	(556)
Unrealised gain				
- Recognised in net trading income	18,661	1,426	18,628	1,425
- Recognised in other comprehensive income	4,198	6,752	4,198	6,752
At 30 June/31 December	<u>137,484</u>	<u>130,399</u>	<u>137,450</u>	<u>130,398</u>
Financial liabilities at fair value				
At 1 January	38,149	31,665	38,145	31,665
Settled/disposed	-	6,422	-	6,422
Transferred from Level 3	-	(21,092)	-	(21,092)
Realised loss				
- Recognised in net trading income	(36,678)	(10,573)	(36,678)	(10,573)
Unrealised (loss)/gain				
- Recognised in net trading income	(831)	31,727	(827)	31,723
At 30 June/31 December	<u>640</u>	<u>38,149</u>	<u>640</u>	<u>38,145</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:

<u>Group</u>	30 June 2021 Fair value RM'000	31 December 2020 Fair value RM'000	Classification	Valuation technique	Unobservable input
Assets					
Financial investments at FVOCI	116,047	112,030	FVOCI	Net asset value approach	Net asset value
Loans, advances and financing	2,857	11,381	FVTPL	Discounted cash flow analysis	Discount factor
Derivative financial assets	18,580	6,988	Hedge for trading	Option pricing model	Standard deviation
	<u>137,484</u>	<u>130,399</u>			
Liabilities					
Derivative financial liabilities	640	38,149	Hedge for trading	Option pricing model	Standard deviation
	<u>640</u>	<u>38,149</u>			

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35 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy of financial assets and liabilities (continued)

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

Bank	30 June 2021 Fair value RM'000	31 December 2020 Fair value RM'000	Classification	Valuation technique	Unobservable input
Assets					
Financial investments at FVOCI	116,047	112,030	FVOCI	Net asset value approach	Net asset value
Loans, advances and financing	2,857	11,381	FVTPL	Discounted cash flow analysis	Discount factor
Derivative financial assets	18,546	6,987	Hedge for trading	Option pricing model	Standard deviation
	<u>137,450</u>	<u>130,398</u>			
Liabilities					
Derivative financial liabilities	137,450	38,145	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.

36 CAPITAL ADEQUACY

The capital ratios are computed in accordance with BNM's Capital Adequacy Framework (Capital Components).

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
CET 1 capital				
Paid-up ordinary share capital	754,000	754,000	754,000	754,000
Retained earnings	7,301,951	7,085,291	6,210,565	6,026,695
Other reserves	789,237	933,379	679,434	794,439
Regulatory adjustment for CET 1 capital	(403,764)	(456,711)	(944,627)	(983,450)
	<u>8,441,424</u>	<u>8,315,959</u>	<u>6,699,372</u>	<u>6,591,684</u>
Additional Tier 1 capital	456,679	441,327	456,679	441,327
Tier 1 capital	<u>8,898,103</u>	<u>8,757,286</u>	<u>7,156,051</u>	<u>7,033,011</u>
Stage 1 and Stage 2 ECL and qualifying regulatory reserves under the Standardised Approach	21,703	15,773	17,118	13,189
Surplus eligible provisions over expected losses	265,260	264,540	211,292	211,179
Subordinated bonds	1,050,000	1,050,000	1,050,000	1,050,000
Regulatory adjustment for Tier 2 capital	-	-	(200,000)	(200,000)
Tier 2 capital	<u>1,336,963</u>	<u>1,330,313</u>	<u>1,078,410</u>	<u>1,074,368</u>
Capital base	<u>10,235,066</u>	<u>10,087,599</u>	<u>8,234,461</u>	<u>8,107,379</u>

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36 CAPITAL ADEQUACY (continued)

	Group		Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
Before deducting proposed dividend				
CET 1 capital ratio	16.146%	16.086%	15.916%	15.776%
Tier 1 capital ratio	17.020%	16.940%	17.001%	16.832%
Total capital ratio	<u>19.577%</u>	<u>19.513%</u>	<u>19.563%</u>	<u>19.403%</u>
After deducting proposed dividend				
CET 1 capital ratio	16.146%	15.686%	15.916%	15.281%
Tier 1 capital ratio	17.020%	16.539%	17.001%	16.337%
Total capital ratio	<u>19.577%</u>	<u>19.113%</u>	<u>19.563%</u>	<u>18.908%</u>

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

After deducting proposed dividend				
CET 1 capital ratio	15.304%	14.901%	15.129%	14.539%
Tier 1 capital ratio	16.178%	15.755%	16.214%	15.595%
Total capital ratio	<u>18.735%</u>	<u>18.328%</u>	<u>18.776%</u>	<u>18.166%</u>

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

	Group		Bank	
	30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
Total RWA for credit risk	45,946,223	45,351,918	36,584,711	36,251,649
Total RWA for market risk	1,233,219	1,329,110	1,226,700	1,327,520
Total RWA for operational risk	5,099,535	5,015,847	4,280,157	4,203,941
	<u>52,278,977</u>	<u>51,696,875</u>	<u>42,091,568</u>	<u>41,783,110</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:

	30 June 2021	31 December 2020
CET 1/ Tier 1 capital ratio	16.946%	17.239%
Total capital ratio	<u>19.475%</u>	<u>19.810%</u>

Had the transitional arrangements not been applied, OCBC Al-Amin Bank Berhad capital adequacy ratios would be as follows:

CET 1/ Tier 1 capital ratio	15.883%	16.284%
Total capital ratio	<u>18.413%</u>	<u>18.854%</u>