

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

Domiciled in Malaysia
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OCBC BANK (MALAYSIA) BERHAD
AND ITS SUBSIDIARY COMPANIES
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**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

CONTENTS	PAGE
STATEMENTS OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	4
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	5
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	6
STATEMENT OF CHANGES IN EQUITY	7
STATEMENTS OF CASH FLOWS	8 - 10
NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS	11 - 53

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

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

	Note	Group		Bank	
		30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
ASSETS					
Cash and cash equivalents	10	2,901,994	6,952,345	2,420,108	5,591,793
Deposits and placements with banks and other financial institutions	11	831,997	1,863,600	1,081,997	2,107,603
Investment account placements	12	-	-	3,550,335	3,093,946
Financial assets at fair value through profit or loss ("FVTPL")	13	2,447,202	566,098	2,442,164	561,059
Financial investments at fair value through other comprehensive income ("FVOCI")	14	21,461,810	22,901,346	16,854,822	19,702,128
Loans, advances and financing	15	63,795,656	64,298,998	51,296,880	51,563,714
Derivative financial assets	17	1,627,247	1,307,652	1,633,532	1,307,663
Other assets	18	400,206	364,470	411,765	420,034
Statutory deposits with Bank Negara Malaysia ("BNM")		929,515	903,160	723,515	703,160
Investments in subsidiaries		-	-	557,051	557,051
Property and equipment		127,591	133,974	125,000	130,853
Right-of-use ("ROU") assets		24,155	14,814	21,758	12,775
Tax recoverable		5,439	5,770	81	81
Deferred tax assets		183,729	231,043	148,434	190,656
Total assets		94,736,541	99,543,270	81,267,442	85,942,516
LIABILITIES					
Deposits from customers	19	70,791,191	77,717,263	59,085,451	65,747,671
Deposits and placements of banks and other financial institutions	20	7,376,628	5,720,234	7,355,296	5,676,869
Bills and acceptances payable		85,985	114,286	67,457	102,529
Derivative financial liabilities	17	1,327,687	1,447,264	1,327,108	1,447,629
Other liabilities	21	4,390,675	4,100,040	4,249,287	3,946,907
Tax payable and zakat		90,366	117,204	77,282	105,030
Subordinated bonds	22	1,050,000	1,050,000	1,050,000	1,050,000
Total liabilities		85,112,532	90,266,291	73,211,881	78,076,635
EQUITY					
Share capital		754,000	754,000	754,000	754,000
Reserves		8,870,009	8,522,979	7,301,561	7,111,881
Total equity		9,624,009	9,276,979	8,055,561	7,865,881
Total liabilities and equity		94,736,541	99,543,270	81,267,442	85,942,516
Commitments and contingencies	31	127,495,190	117,466,765	123,997,455	113,725,526

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 2022 and the accompanying explanatory notes to the unaudited condensed interim financial statements.

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

Group	Note	Quarter ended		Year to date ended	
		30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Interest/Finance income		860,921	629,587	1,692,395	1,221,893
Interest income for financial assets at FVTPL		20,714	11,426	33,853	23,962
Interest/Finance expense		(430,251)	(232,813)	(826,146)	(446,712)
Net interest/finance income	23	451,384	408,200	900,102	799,143
Income from Islamic banking operations	24	135,191	117,105	267,103	227,834
Net fee and commission income	25	86,110	101,728	167,373	196,936
Net trading income	26	112,232	70,127	228,047	136,132
Other operating income/(expense)	27	13,468	(26,157)	28,627	(32,982)
Operating income		798,385	671,003	1,591,252	1,327,063
Operating expenses	28	(363,061)	(318,896)	(717,527)	(610,702)
Operating profit before impairment allowances and provisions		435,324	352,107	873,725	716,361
Impairment allowances and provisions writeback	29	29,720	69,512	85,249	144,883
Profit before income tax and zakat		465,044	421,619	958,974	861,244
Income tax expense	30	(131,407)	(134,599)	(251,098)	(270,929)
Zakat		(12)	(13)	(25)	(25)
Profit for the period		333,625	287,007	707,851	590,290
Other comprehensive income, net of income tax					
Items that will not be reclassified to profit or loss					
Change in fair value reserve (equity instruments)		3,078	(693)	3,078	3,993
Items that are or may be reclassified subsequently to profit or loss					
FVOCI reserve (debt instruments)					
- Change in fair value		(20,404)	(165,717)	114,908	(260,121)
- Amount transferred to profit or loss		(14,616)	35,279	(23,016)	47,481
- Related tax		8,404	31,306	(22,054)	51,034
Change in expected credit loss ("ECL") reserve on debt instruments at FVOCI		261	127	388	38
Other comprehensive (expense)/income for the period		(23,277)	(99,698)	73,304	(157,575)
Total comprehensive income for the period		310,348	187,309	781,155	432,715
Profit attributable to owner of the Bank		333,625	287,007	707,851	590,290
Total comprehensive income attributable to owner of the Bank		310,348	187,309	781,155	432,715
Basic earnings per ordinary share (sen)		116.0	99.8	246.2	205.3

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 2022 and the accompanying explanatory notes to the unaudited condensed interim financial statements.

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Note	Quarter ended		Year to date ended	
		30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Bank					
Interest/Finance income		893,992	645,041	1,755,422	1,252,994
Interest income for financial assets at FVTPL		20,714	11,426	33,853	23,962
Interest/Finance expense		(458,687)	(245,737)	(880,712)	(471,370)
Net interest/finance income	23	456,019	410,730	908,563	805,586
Net fee and commission income	25	83,936	101,185	164,661	194,943
Net trading income	26	112,232	70,127	228,047	136,132
Other operating income	27	46,548	1,689	91,736	20,807
Operating income		698,735	583,731	1,393,007	1,157,468
Operating expenses	28	(346,480)	(303,266)	(685,803)	(581,557)
Operating profit before impairment allowances and provisions		352,255	280,465	707,204	575,911
Impairment allowances and provisions writeback	29	19,447	83,541	64,311	150,344
Profit before income tax		371,702	364,006	771,515	726,255
Income tax expense	30	(109,007)	(117,766)	(206,097)	(238,658)
Profit for the period		262,695	246,240	565,418	487,597
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)		3,078	(693)	3,078	3,993
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
FVOCI reserve (debt instruments)					
- Change in fair value		(18,457)	(137,815)	94,962	(224,437)
- Amount transferred to profit or loss		(14,616)	33,899	(22,616)	47,851
- Related tax		7,937	24,940	(17,363)	42,381
Change in expected credit loss ("ECL") reserve on debt instruments at FVOCI		173	110	326	37
Other comprehensive (expense)/income for the period		(21,885)	(79,559)	58,387	(130,175)
Total comprehensive income for the period		240,810	166,681	623,805	357,422
Profit attributable to owner of the Bank		262,695	246,240	565,418	487,597
Total comprehensive income attributable to owner of the Bank		240,810	166,681	623,805	357,422
Basic earnings per ordinary share (sen)		91.4	85.6	196.7	169.6

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

Group	<i>Non-distributable</i>			<i>Distributable</i>		Total equity
	Share capital	Regulatory reserve	ECL reserve	Fair value reserve	Retained earnings	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	754,000	600,000	671	(52,598)	7,974,906	9,276,979
Fair value reserve						
- Change in fair value	-	-	-	117,986	-	117,986
- Transferred to profit or loss	-	-	-	(23,016)	-	(23,016)
- Related tax	-	-	-	(22,054)	-	(22,054)
Change in ECL reserve	-	-	388	-	-	388
Total other comprehensive income for the period	-	-	388	72,916	-	73,304
Profit for the period	-	-	-	-	707,851	707,851
Total comprehensive income for the period	-	-	388	72,916	707,851	781,155
Contributions by and distributions to owner of the Bank						
Final 2022 ordinary dividend paid	-	-	-	-	(434,125)	(434,125)
At 30 June 2023	754,000	600,000	1,059	20,318	8,248,632	9,624,009
At 1 January 2022	754,000	600,000	446	30,069	7,542,579	8,927,094
Fair value reserve						
- Change in fair value	-	-	-	(256,128)	-	(256,128)
- Transferred to profit or loss	-	-	-	47,481	-	47,481
- Related tax	-	-	-	51,034	-	51,034
Change in ECL reserve	-	-	38	-	-	38
Total other comprehensive income/(expense) for the period	-	-	38	(157,613)	-	(157,575)
Profit for the period	-	-	-	-	590,290	590,290
Total comprehensive income/(expense) for the period	-	-	38	(157,613)	590,290	432,715
Transfer upon disposal of equity investment designated at FVOCI				(10,150)	10,150	-
Contributions by and distributions to owner of the Bank						
Final 2021 ordinary dividend paid	-	-	-	-	(434,125)	(434,125)
At 30 June 2022	754,000	600,000	484	(137,694)	7,708,894	8,925,684

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	<i>Non-distributable</i>			<i>Distributable</i>		Total equity
	Share capital	Regulatory reserve	ECL reserve	Fair value reserve	Retained earnings	
Bank	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	754,000	509,000	524	(25,441)	6,627,798	7,865,881
Fair value reserve						
- Change in fair value	-	-	-	98,040	-	98,040
- Transferred to profit or loss	-	-	-	(22,616)	-	(22,616)
- Related tax	-	-	-	(17,363)	-	(17,363)
Change in ECL reserve	-	-	326	-	-	326
Total other comprehensive income for the period	-	-	326	58,061	-	58,387
Profit for the period	-	-	-	-	565,418	565,418
Total comprehensive income for the period	-	-	326	58,061	565,418	623,805
Contributions by and distributions to owners of the Bank						
Final 2022 ordinary dividend paid	-	-	-	-	(434,125)	(434,125)
At 30 June 2023	754,000	509,000	850	32,620	6,759,091	8,055,561
At 1 January 2022	754,000	509,000	392	35,539	6,389,841	7,688,772
Fair value reserve						
- Change in fair value	-	-	-	(220,444)	-	(220,444)
- Transferred to profit or loss	-	-	-	47,851	-	47,851
- Related tax	-	-	-	42,381	-	42,381
Change in ECL reserve	-	-	37	-	-	37
Total other comprehensive income/(expense) for the period	-	-	37	(130,212)	-	(130,175)
Profit for the period	-	-	-	-	487,597	487,597
Total comprehensive income/(expense) for the period	-	-	37	(130,212)	487,597	357,422
Transfer upon disposal of equity investment designated at FVOCI				(10,150)	10,150	-
Contributions by and distributions to owners of the Bank						
Final 2021 ordinary dividend paid	-	-	-	-	(434,125)	(434,125)
At 30 June 2022	754,000	509,000	429	(104,823)	6,453,463	7,612,069

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Group		Bank	
	Year to date ended		Year to date ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before income tax and zakat	958,974	861,244	771,515	726,255
<i>Adjustments for:</i>				
Depreciation of property, plant and equipment	9,975	11,323	9,399	10,593
Depreciation of right-of-use assets	6,124	6,548	5,376	5,811
Dividends received from financial investments at FVOCI	(450)	(450)	(450)	(450)
Impairment allowances and provisions	(49,878)	(104,528)	(37,545)	(122,949)
Finance expense on lease liabilities	154	158	127	127
Net (gain)/loss on disposal of:				
- Financial investments at FVOCI	(23,016)	47,481	(22,616)	47,851
- Property and equipment	(3)	15	(3)	-
Share-based costs	6,869	7,236	6,686	7,058
Unrealised (gain)/loss on:				
- Financial assets at FVTPL	5,429	(502)	5,429	(629)
- Hedging derivatives	5,808	161	5,808	161
- Trading derivatives	(512,543)	(205,711)	(512,543)	(205,133)
- Subordinated bonds	-	9,541	-	9,541
Operating profit before changes in working capital	407,443	632,516	231,183	478,236
<i>Changes in operating assets and operating liabilities:</i>				
Deposits and placements with banks and other financial institutions	1,031,647	(34,067)	1,025,650	(77,632)
Investment account placements	-	-	(458,193)	(617,345)
Financial assets at FVTPL	(1,886,533)	562,242	(1,886,534)	557,347
Loans, advances and financing	546,460	800,697	302,188	1,194,489
Other assets	(35,801)	32,132	8,195	21,029
Statutory deposits with Bank Negara Malaysia	(26,355)	(115,594)	(20,355)	(115,594)
Derivative financial assets and liabilities	66,602	38,775	59,384	38,739
Deposits from customers	(6,926,072)	645,549	(6,662,220)	644,592
Deposits and placements of banks and other financial institutions	1,656,394	1,205,603	1,678,427	1,188,948
Bills and acceptances payable	(28,301)	25,952	(35,072)	15,038
Other liabilities	281,997	920,242	291,451	952,566
Cash (used in)/generated from operations	(4,912,519)	4,714,047	(5,465,896)	4,280,413
Income tax and zakat paid	(252,370)	(131,815)	(208,986)	(124,906)
Net cash (used in)/generated from operating activities	(5,164,889)	4,582,232	(5,674,882)	4,155,507

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (continued)

	Group		Bank	
	Year to date ended		Year to date ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash flows from investing activities				
Proceeds from redemption of Murabahah subordinated Sukuk issued by subsidiary	-	-	-	200,000
Acquisition of financial investments at FVOCI	(14,940,119)	(7,649,076)	(12,452,669)	(5,058,356)
Acquisition of property and equipment	(3,594)	(4,612)	(3,527)	(4,423)
Dividends received from financial investments at FVOCI	450	450	450	450
Proceeds from disposal of financial investments at FVOCI	16,498,602	9,187,050	15,398,976	6,070,229
Proceeds from disposal of property and equipment	19	2	-	-
Net cash generated from investing activities	1,555,358	1,533,814	2,943,230	1,207,900
Cash flows from financing activities				
Redemption of subordinated bond	-	(468,820)	-	(468,820)
Payment of lease liabilities	(6,695)	(6,620)	(5,908)	(5,848)
Dividends paid to owner of the Bank	(434,125)	(434,125)	(434,125)	(434,125)
Net cash used in financing activities	(440,820)	(909,565)	(440,033)	(908,793)
Net (decrease)/increase in cash and cash equivalents	(4,050,351)	5,206,481	(3,171,685)	4,454,614
Cash and cash equivalents at 1 January	6,952,345	4,828,559	5,591,793	2,916,924
Cash and cash equivalents at 30 June	2,901,994	10,035,040	2,420,108	7,371,538

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

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (continued)

Changes in liabilities arising from financing activities

	At 1 January RM'000	Net Cash outflows RM'000	Foreign exchange movement RM'000	Acquisition of new leases* RM'000	Finance cost RM'000	At 30 June RM'000
2023						
<u>Group</u>						
Subordinated bonds	1,050,000	-	-	-	-	1,050,000
Lease liabilities	13,286	(6,695)	-	15,465	154	22,210
Total liabilities from financing activities	<u>1,063,286</u>	<u>(6,695)</u>	<u>-</u>	<u>15,465</u>	<u>154</u>	<u>1,072,210</u>
<u>Bank</u>						
Subordinated bonds	1,050,000	-	-	-	-	1,050,000
Lease liabilities	11,205	(5,908)	-	14,359	127	19,783
Total liabilities from financing activities	<u>1,061,205</u>	<u>(5,908)</u>	<u>-</u>	<u>14,359</u>	<u>127</u>	<u>1,069,783</u>
2022						
<u>Group</u>						
Subordinated bonds	1,509,279	(468,820)	9,541	-	-	1,050,000
Lease liabilities	24,429	(6,620)	-	135	158	18,102
Total liabilities from financing activities	<u>1,533,708</u>	<u>(475,440)</u>	<u>9,541</u>	<u>135</u>	<u>158</u>	<u>1,068,102</u>
<u>Bank</u>						
Subordinated bonds	1,509,279	(468,820)	9,541	-	-	1,050,000
Lease liabilities	21,620	(5,848)	-	60	127	15,959
Total liabilities from financing activities	<u>1,530,899</u>	<u>(474,668)</u>	<u>9,541</u>	<u>60</u>	<u>127</u>	<u>1,065,959</u>

* Acquisition of new leases includes changes in lease terms.

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

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

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 RM708 million for the financial period ended 30 June 2023, an increase of RM118 million or 20% compared to the corresponding period last year. The increase in profit was mainly attributable to higher operating income, partially offset by higher operating expenses and lower net writeback of expected credit loss in current period as most of the relief assistance programmes have expired and repayments resumed last year.

The Group generated higher operating income of RM1.59 billion (up RM264 million) from higher net interest income (up RM101 million, 13%) and income from Islamic Banking (up RM39 million, 17%) on improved net interest margin; as well as higher net trading income (up RM92 million, 68%) and gain on disposal of FVOCI securities (up RM71 million, 147%). Operating expenses increased by RM107 million mainly from higher personnel cost.

The Group and the Bank remain well capitalised with Common Equity Tier 1 capital ratios and Tier 1 capital ratios of 15.957% and 14.642% and Total capital ratios of 18.505% and 17.608% respectively, after proposed dividend.

ECONOMIC PERFORMANCE AND PROSPECTS

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

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

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

1 BASIS OF PREPARATION

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

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

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

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

1 BASIS OF PREPARATION (continued)

(a) Statement of compliance

The unaudited condensed interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, *Interim Financial Reporting*, International Accounting Standard 34, *Interim Financial Reporting* and applicable 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 and the Bank 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 101, *Presentation of Financial Statements and MFRS Practice Statement 2, Making Materiality Judgements - Disclosure of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to MFRS 112, *Income Taxes - International Tax Reform - Pillar Two Model Rules*

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

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

Effective for annual periods commencing on or after 1 January 2024

- Amendments to MFRS 16, *Leases - Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements - Non-current Liabilities with Covenants*

The Group and the Bank plan to apply the abovementioned accounting standards and amendments, which are relevant to the Group and the Bank, 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 2022.

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group and the Bank in these unaudited condensed interim financial statements are the same as those applied by the Group and the Bank in the audited financial statements as at 31 December 2022 and for the financial year ended then, 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 2022 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 Group and Bank during the financial period ended 30 June 2023.

6 CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial period ended 30 June 2023.

7 DIVIDENDS

Final dividend of 151 sen per ordinary share totalling RM434,125,000 in respect of the financial year ended 31 December 2022 was paid on 25 May 2023.

The Directors recommend an interim dividend of 163 sen per ordinary share in respect of the financial period ended 30 June 2023 totalling RM468,625,000.

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 OR TRANSACTIONS

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 2023.

10 CASH AND CASH EQUIVALENTS

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Cash and balances with banks and other financial institutions	350,926	542,616	257,397	433,049
Money at call and deposit placements with financial institutions maturing within one month	1,365,238	892,873	1,834,784	1,185,591
Deposit placements with Bank Negara Malaysia	1,185,906	5,516,914	328,000	3,973,200
	2,902,070	6,952,403	2,420,181	5,591,840
Stage 1 ECL allowance	(76)	(58)	(73)	(47)
	<u>2,901,994</u>	<u>6,952,345</u>	<u>2,420,108</u>	<u>5,591,793</u>

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

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

10 CASH AND CASH EQUIVALENTS (continued)

	Group		Bank	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
(a) By geography determined based on where the credit risk resides				
Malaysia	2,613,957	6,571,855	2,204,778	5,294,329
Singapore	143,404	133,507	118,487	97,519
Other ASEAN countries	7,894	10,373	5,829	9,622
Rest of the world	136,815	236,668	91,087	190,370
	<u>2,902,070</u>	<u>6,952,403</u>	<u>2,420,181</u>	<u>5,591,840</u>

(b) Included in the Bank's cash and cash equivalents are deposits and placements with its Islamic Banking subsidiary, OCBC Al-Amin Bank Berhad, of RM470 million (31 December 2022: RM293 million), which are unsecured and profit bearing.

(c) Movements in ECL allowance

	Group		Bank	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Stage 1 ECL				
At 1 January	58	31	47	31
New financial assets originated or purchased	2	16	2	16
Financial assets derecognised	(1)	(4)	(1)	(4)
Net remeasurement during the period/year	15	15	23	4
Other movements	2	-	2	-
At 30 June/31 December	<u>76</u>	<u>58</u>	<u>73</u>	<u>47</u>

11 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Licensed banks	832,014	1,863,660	1,082,014	2,107,663
Stage 1 ECL allowance	(17)	(60)	(17)	(60)
	<u>831,997</u>	<u>1,863,600</u>	<u>1,081,997</u>	<u>2,107,603</u>

	Group		Bank	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
(a) By geography determined based on where the credit risk resides				
Malaysia	826,328	1,863,660	1,076,328	2,107,663
Rest of the world	5,686	-	5,686	-
	<u>832,014</u>	<u>1,863,660</u>	<u>1,082,014</u>	<u>2,107,663</u>

(b) By residual contractual maturity

	Group	Bank
	30 June	31 December
	2023	2022
	RM'000	RM'000
Maturity within one year	<u>832,014</u>	<u>1,863,660</u>
	<u>1,082,014</u>	<u>2,107,663</u>

(c) Included in the Bank's deposits and placements with licensed banks are deposits and placements with its Islamic Banking subsidiary, OCBC Al-Amin Bank Berhad, of RM250 million (31 December 2022: RM244 million), which are unsecured and profit bearing.

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

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

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

(d) Movements in ECL allowance

	30 June 2023			31 December 2022		
	Stage 1 12 months RM'000	Stage 2 Lifetime RM'000	Total ECL non credit- impaired RM'000	Stage 1 12 months RM'000	Stage 2 Lifetime RM'000	Total ECL non credit- impaired RM'000
<u>Group and Bank</u>						
At 1 January	60	-	60	8	-	8
Transferred to Stage 1	19	(19)	-	-	-	-
Transferred to Stage 2	(9)	9	-	-	-	-
New financial assets originated or purchased	63	-	63	92	-	92
Financial assets derecognised	(17)	-	(17)	(15)	-	(15)
Net remeasurement during the period/year	(99)	10	(89)	(25)	-	(25)
At 30 June/31 December	<u>17</u>	<u>-</u>	<u>17</u>	<u>60</u>	<u>-</u>	<u>60</u>

12 INVESTMENT ACCOUNT PLACEMENTS

	30 June 2023 RM'000	31 December 2022 RM'000
<u>Bank</u>		
Restricted Profit Sharing Investment Accounts	3,592,849	3,134,656
Stage 1 ECL allowance	(42,514)	(40,710)
	<u>3,550,335</u>	<u>3,093,946</u>

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

Malaysia	<u>3,592,849</u>	<u>3,134,656</u>
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	30 June 2023 RM'000	31 December 2022 RM'000
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(b) By residual contractual maturity

Within one year	3,572,913	3,109,650
Over five years	19,936	25,006
	<u>3,592,849</u>	<u>3,134,656</u>

The exposure to Restricted Profit Sharing Investment Accounts ("RPSIA") is an arrangement with its Islamic banking subsidiary, OCBC Al-Amin Bank Berhad ("OABB"), which the 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 OABB. The profit of the business venture arrangement is shared between the Bank and OABB based on a pre-agreed ratio with losses, if any, borne by the Bank.

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

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

12 INVESTMENT ACCOUNT PLACEMENTS (continued)

(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	
30 June 2023				
At 1 January	3,326	12,378	25,006	40,710
New financial assets originated or purchased	1,598	-	-	1,598
Net remeasurement during the period	2,723	2,553	(5,070)	206
At 30 June	7,647	14,931	19,936	42,514
31 December 2022				
At 1 January	2,970	701	32,769	36,440
New financial assets originated or purchased	906	10,156	-	11,062
Financial assets derecognised	(605)	-	-	(605)
Net remeasurement during the year	16	1,521	(7,763)	(6,226)
Other movements	39	-	-	39
At 31 December	3,326	12,378	25,006	40,710

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

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
At fair value				
Malaysian Government Investment Issues	187,427	68,761	187,427	68,761
Malaysian Government Securities	247,430	477,196	247,430	477,196
Malaysian Government Treasury Bills	1,287,984	-	1,287,984	-
Bank Negara Malaysia Monetary Notes	429,143	-	429,143	-
Corporate Bonds and Sukuk	295,218	20,141	290,180	15,102
	2,447,202	566,098	2,442,164	561,059

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

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
At fair value				
Malaysian Government Investment Issues	6,574,048	5,758,688	4,467,936	3,773,562
Malaysian Government Securities	6,533,235	6,155,399	6,533,235	6,155,399
Malaysian Treasury Bills and Islamic Treasury Bills	768,648	1,547,820	399,525	1,184,615
Malaysian Government Debt Securities and Sukuk	-	30,077	-	30,077
Bank Negara Malaysia Monetary Notes	116,821	-	-	-
Foreign Government Debt Securities and Sukuk	199,295	-	199,295	-
Negotiable Instruments of Deposit and Islamic Negotiable Instruments of Deposit	4,236,351	6,995,336	3,588,062	6,596,563
Corporate and Islamic Corporate Bonds, Sukuk and Sanadat Mudharabah Cagamas	2,920,795	2,304,486	1,554,152	1,852,372
Unquoted shares in Malaysia				
- Cagamas Holdings Berhad	85,595	85,595	85,595	85,595
- Others	27,022	23,945	27,022	23,945
	21,461,810	22,901,346	16,854,822	19,702,128

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

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

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

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

	30 June 2023			31 December 2022		
	Stage 1 12 months RM'000	Stage 2 Lifetime RM'000	Total ECL non credit- impaired RM'000	Stage 1 12 months RM'000	Stage 2 Lifetime RM'000	Total ECL non credit- impaired RM'000
Group						
At 1 January	632	39	671	415	31	446
Transferred to Stage 1	1	(1)	-	-	-	-
Transferred to Stage 2	(66)	66	-	(26)	26	-
New financial assets originated or purchased	852	1	853	895	-	895
Financial assets derecognised	(111)	(2)	(113)	(341)	(16)	(357)
Net remeasurement during the period/year	(332)	(26)	(358)	(325)	(2)	(327)
Other movements	5	1	6	14	-	14
At 30 June/31 December	981	78	1,059	632	39	671
Bank						
At 1 January	485	39	524	361	31	392
Transferred to Stage 1	1	(1)	-	-	-	-
Transferred to Stage 2	(66)	66	-	(26)	26	-
New financial assets originated or purchased	703	1	704	671	-	671
Financial assets derecognised	(87)	(2)	(89)	(275)	(16)	(291)
Net remeasurement during the period/year	(269)	(26)	(295)	(260)	(2)	(262)
Other movements	5	1	6	14	-	14
At 30 June/31 December	772	78	850	485	39	524

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

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

15 LOANS, ADVANCES AND FINANCING

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
At amortised cost				
Overdrafts	2,676,548	2,530,791	2,148,043	2,035,037
Term loans/financing:				
- Housing loans/financing	18,881,260	19,752,258	17,285,619	18,095,328
- Syndicated term loans/financing	7,524,920	7,417,938	5,629,467	5,578,093
- Hire purchase receivables	281,273	284,183	59,255	47,156
- Other term loans/financing	20,547,587	20,737,068	15,618,729	15,849,279
Credit cards	493,601	522,666	493,601	522,666
Bills receivable	176,819	180,673	72,213	113,281
Trust receipts	18,020	32,793	17,670	32,309
Claims on customers under acceptance credits	2,522,453	2,843,233	2,301,108	2,554,259
Revolving credit	9,780,158	9,487,215	6,496,447	5,877,252
Staff loans/financing	41,333	42,022	41,333	42,022
Other loans/financing	2,004,136	1,736,751	1,869,042	1,645,649
Gross loans, advances and financing	64,948,108	65,567,591	52,032,527	52,392,331
ECL allowance	(1,152,452)	(1,268,593)	(735,647)	(828,617)
Net loans, advances and financing	63,795,656	64,298,998	51,296,880	51,563,714
(a) By type of customer				
Domestic non-bank financial institutions	3,605,198	3,266,364	2,000,514	1,358,622
Domestic business enterprises				
- Small and medium enterprises	12,272,220	12,328,093	9,938,911	9,989,121
- Others	26,031,021	25,814,507	19,005,236	18,947,544
Individuals	20,960,011	21,948,651	19,240,887	20,149,035
Foreign entities	2,079,658	2,209,976	1,846,979	1,948,009
	64,948,108	65,567,591	52,032,527	52,392,331
(b) By interest/profit rate sensitivity				
Fixed rate				
- Housing loans/financing	113,661	92,830	8,045	12,446
- Hire purchase receivables	183,681	186,643	43,442	32,472
- Other fixed rate loans/financing	6,710,448	7,432,400	5,936,375	6,180,938
Variable rate				
- Base rate/Base lending rate/Base financing rate plus/Standardised base rate	30,595,981	31,736,883	27,022,537	28,030,303
- Cost plus	26,329,275	25,197,049	18,087,857	17,265,592
- Other variable rates	1,015,062	921,786	934,271	870,580
	64,948,108	65,567,591	52,032,527	52,392,331

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

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

15 LOANS, ADVANCES AND FINANCING (continued)

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
(c) By sector				
Agriculture, hunting, forestry and fishing	1,690,257	1,861,704	1,521,445	1,574,281
Mining and quarrying	60,841	159,646	51,900	66,127
Manufacturing	6,854,847	6,754,012	5,831,663	5,527,020
Electricity, gas and water	633,897	600,182	429,193	468,170
Construction	1,379,452	1,365,812	944,166	934,739
Real estate	7,405,687	6,739,612	6,141,137	5,645,109
Wholesale & retail trade and restaurants & hotels	7,080,850	7,213,726	5,952,893	6,154,067
Transport, storage and communication	1,603,498	1,548,505	825,908	808,762
Finance, insurance and business services	13,724,916	13,907,495	8,232,678	8,297,900
Community, social and personal services	2,049,252	1,897,893	1,451,056	1,294,762
Household				
- Purchase of residential properties	19,625,770	20,547,323	18,022,057	18,882,491
- Purchase of non-residential properties	659,335	692,624	612,986	646,004
- Others	2,179,506	2,279,057	2,015,445	2,092,899
	<u>64,948,108</u>	<u>65,567,591</u>	<u>52,032,527</u>	<u>52,392,331</u>
(d) By geography determined based on where the credit risk resides				
Malaysia	63,041,836	63,532,347	50,337,799	50,592,639
Singapore	1,138,924	1,214,290	1,079,269	1,152,043
Other ASEAN countries	233,558	238,387	227,045	231,954
Rest of the world	533,790	582,567	388,414	415,695
	<u>64,948,108</u>	<u>65,567,591</u>	<u>52,032,527</u>	<u>52,392,331</u>
(e) By residual contractual maturity				
Up to one year	18,670,650	18,647,546	14,480,358	14,008,300
Over one year to three years	6,276,637	6,179,765	4,823,356	5,144,936
Over three years to five years	8,781,861	8,562,621	5,752,764	5,510,390
Over five years	31,218,960	32,177,659	26,976,049	27,728,705
	<u>64,948,108</u>	<u>65,567,591</u>	<u>52,032,527</u>	<u>52,392,331</u>

16 IMPAIRED LOANS, ADVANCES AND FINANCING

(i) Movements in impaired loans, advances and financing

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
At 1 January	2,960,361	2,443,262	2,227,933	1,898,710
Impaired during the period/year	393,767	1,825,968	352,975	1,485,174
Reclassified as unimpaired	(285,476)	(321,501)	(245,093)	(276,099)
Amount recovered	(440,300)	(849,238)	(393,505)	(772,528)
Amount written off	(55,782)	(138,130)	(42,652)	(107,324)
At 30 June/31 December	<u>2,572,570</u>	<u>2,960,361</u>	<u>1,899,658</u>	<u>2,227,933</u>
Stage 3 ECL allowance	<u>(702,100)</u>	<u>(816,365)</u>	<u>(413,996)</u>	<u>(499,066)</u>
Net impaired loans, advances and financing	<u>1,870,470</u>	<u>2,143,996</u>	<u>1,485,662</u>	<u>1,728,867</u>

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

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

16 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)

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

	Group		Bank	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
(a) By sector				
Agriculture, hunting, forestry and fishing	7,620	23,113	6,373	21,542
Mining and quarrying	12,016	13,023	12,016	13,023
Manufacturing	383,783	447,198	283,329	346,973
Electricity, gas and water	41,830	89,492	41,709	89,296
Construction	100,286	109,818	40,235	45,815
Real estate	163,101	193,751	132,705	158,428
Wholesale & retail trade and restaurants & hotels	521,794	608,587	328,175	403,323
Transport, storage and communication	32,584	39,052	7,006	6,429
Finance, insurance and business services	142,202	127,047	70,686	51,733
Community, social and personal services	13,641	18,030	13,138	16,137
Household				
- Purchase of residential properties	1,022,511	1,131,856	852,715	943,551
- Purchase of non-residential properties	26,883	30,642	25,334	28,653
- Others	104,319	128,752	86,237	103,030
	2,572,570	2,960,361	1,899,658	2,227,933
(b) By geography determined based on where the credit risk resides				
Malaysia	2,467,475	2,856,964	1,807,635	2,134,502
Singapore	59,996	69,205	55,260	64,725
Other ASEAN countries	2,828	2,824	1,428	1,422
Rest of the world	42,271	31,368	35,335	27,284
	2,572,570	2,960,361	1,899,658	2,227,933
(c) By collateral type				
Property	1,841,119	2,118,156	1,479,361	1,723,987
Fixed deposits	1,748	3,973	1,748	3,973
Machinery	359	421	-	-
Secured - others	45,177	42,592	21,202	19,266
Unsecured - corporate and other guarantees	356,886	42,964	144,832	115,141
Unsecured - clean	327,281	752,255	252,515	365,566
	2,572,570	2,960,361	1,899,658	2,227,933

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

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

16 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)

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

	<i>Non credit-impaired</i>		<i>Credit-</i>	30 June	<i>Non credit-impaired</i>		<i>Credit-</i>	31 December
	Stage 1	Stage 2	<i>impaired</i>	2023	Stage 1	Stage 2	<i>impaired</i>	2022
	RM'000	RM'000	RM'000	Total	RM'000	RM'000	RM'000	Total
Group								
At 1 January	112,411	339,817	816,365	1,268,593	164,509	1,226,893	531,926	1,923,328
Transferred to Stage 1	123,608	(104,335)	(19,273)	-	361,351	(344,599)	(16,752)	-
Transferred to Stage 2	(19,586)	56,006	(36,420)	-	(20,317)	58,185	(37,868)	-
Transferred to Stage 3	(150)	(49,502)	49,652	-	(344)	(317,848)	318,192	-
New financial assets originated or purchased	56,968	57,655	-	114,623	121,505	181,891	-	303,396
Financial assets derecognised	(39,149)	(76,241)	(44,521)	(159,911)	(51,535)	(151,227)	(52,845)	(255,607)
Net remeasurement during the period/year	(117,867)	107,804	9,322	(741)	(422,644)	(108,793)	248,686	(282,751)
Written off	-	-	(55,782)	(55,782)	-	-	(138,130)	(138,130)
Reclassified to Other Liabilities	-	-	-	-	(41,323)	(207,290)	-	(248,613)
Other movements	830	2,083	(17,243)	(14,330)	1,209	2,605	(36,844)	(33,030)
At 30 June/31 December	117,065	333,287	702,100	1,152,452	112,411	339,817	816,365	1,268,593
Bank								
At 1 January	91,539	238,012	499,066	828,617	130,289	1,007,717	311,031	1,449,037
Transferred to Stage 1	85,728	(72,604)	(13,124)	-	311,456	(298,147)	(13,309)	-
Transferred to Stage 2	(16,987)	47,888	(30,901)	-	(11,796)	41,295	(29,499)	-
Transferred to Stage 3	(102)	(43,248)	43,350	-	(162)	(237,149)	237,311	-
New financial assets originated or purchased	48,015	41,486	-	89,501	108,033	140,041	-	248,074
Financial assets derecognised	(35,272)	(66,970)	(43,720)	(145,962)	(42,448)	(114,454)	(46,469)	(203,371)
Net remeasurement during the period/year	(81,798)	84,355	16,943	19,500	(366,796)	(126,479)	176,538	(316,737)
Written off	-	-	(42,652)	(42,652)	-	-	(107,324)	(107,324)
Reclassified to Other Liabilities	-	-	-	-	(38,150)	(176,117)	-	(214,267)
Other movements	711	898	(14,966)	(13,357)	1,113	1,305	(29,213)	(26,795)
At 30 June/31 December	91,834	229,817	413,996	735,647	91,539	238,012	499,066	828,617

During the financial year ended 31 December 2022, the Group and the Bank reclassified the ECL Stage 1 and Stage 2 allowances on loan commitments and financial guarantees from Note 15 : Loans, Advances and Financing to Note 21 : Other Liabilities.

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

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

16 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)

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

(a) By sector

ECL allowance on loans, advances and financing, including loan commitments and financial guarantees (Note 21)

	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 RM'000	Stage 3 RM'000	Made during the period RM'000	Written off RM'000	Stage 1 and 2 RM'000	Stage 3 RM'000	Made during the period RM'000	Written off RM'000
30 June 2023								
Agriculture, hunting, forestry and fishing	30,236	467	1	-	21,365	449	1	-
Mining and quarrying	1,076	-	-	-	650	-	-	-
Manufacturing	88,773	108,405	2,302	2,648	69,510	61,141	1,443	2,648
Electricity, gas and water	5,739	38,495	9,294	80	4,900	38,491	9,294	80
Construction	199,008	92,200	4,628	3,781	139,381	15,356	4,101	2,905
Real estate	44,317	17,675	13,621	13,210	37,503	17,491	13,605	13,210
Wholesale & retail trade and restaurants & hotels	71,920	99,482	11,830	9,355	62,472	49,591	9,691	4,034
Transport, storage and communication	14,220	22,412	693	977	10,409	1,852	559	732
Finance, insurance and business services	72,486	107,730	30,940	1,709	40,747	43,476	30,663	1,707
Community, social and personal services	7,273	2,709	204	-	6,834	2,300	204	-
Household								
- Purchase of residential properties	34,254	202,616	14,939	14,946	31,534	157,144	7,190	11,130
- Purchase of non-residential properties	1,230	4,769	1,512	1,091	994	4,296	1,501	1,091
- Others	84,502	32,882	13,040	7,985	81,134	22,409	10,604	5,115
	655,034	729,842	103,004	55,782	507,433	413,996	88,856	42,652

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

16 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)

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

(a) By sector (continued)

ECL allowance on loans, advances and financing, including loan commitments and financial guarantees (Note 21)

	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 RM'000	Stage 3 RM'000	Made during the year RM'000	Written off RM'000	Stage 1 and 2 RM'000	Stage 3 RM'000	Made during the year RM'000	Written off RM'000
31 December 2022								
Agriculture, hunting, forestry and fishing	21,799	688	550	-	11,327	670	549	-
Mining and quarrying	1,376	121	-	-	824	121	-	-
Manufacturing	81,847	146,579	139,201	12,123	64,090	99,132	95,414	9,861
Electricity, gas and water	4,511	41,635	12,972	-	3,267	41,554	12,972	-
Construction	152,846	95,746	43,942	22,505	109,938	16,263	24,253	19,290
Real estate	36,099	17,589	17,436	37	28,709	17,284	17,081	37
Wholesale & retail trade and restaurants & hotels	96,588	113,241	107,485	27,239	84,866	58,117	61,766	21,947
Transport, storage and communication	14,910	28,742	4,330	843	10,252	2,544	3,317	710
Finance, insurance and business services	98,963	100,938	50,215	7,601	46,711	34,941	14,181	2,452
Community, social and personal services	8,093	2,862	5,192	163	7,480	2,429	3,414	163
Household								
- Purchase of residential properties	54,129	227,418	233,000	38,554	49,929	175,027	207,696	38,536
- Purchase of non-residential properties	3,744	5,107	5,992	1,376	2,947	4,469	5,330	1,376
- Others	94,563	80,618	37,529	27,689	82,151	63,692	23,175	12,952
	669,468	861,284	657,844	138,130	502,491	516,243	469,148	107,324

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

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

16 IMPAIRED LOANS, ADVANCES AND FINANCING (continued)

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

(b) By geographical distribution

ECL allowance on loans, advances and financing, including loan commitments and financial guarantees (Note 21)

	Group			Bank		
	<i>Non credit- impaired</i>	<i>Credit- impaired</i>		<i>Non credit- impaired</i>	<i>Credit- impaired</i>	
	Stage 1	Stage 3	Total	Stage 1	Stage 3	Total
30 June 2023	and 2	RM'000	RM'000	and 2	RM'000	RM'000
Malaysia	634,466	703,453	1,337,919	491,970	390,457	882,427
Singapore	4,398	18,682	23,080	4,190	18,212	22,402
Other ASEAN countries	3,029	597	3,626	1,378	577	1,955
Rest of the world	19,961	7,110	27,071	9,895	4,750	14,645
	661,854	729,842	1,391,696	507,433	413,996	921,429
31 December 2022						
Malaysia	639,126	830,850	1,469,976	489,696	488,065	977,761
Singapore	6,132	22,629	28,761	5,944	22,146	28,090
Other ASEAN countries	1,054	675	1,729	838	653	1,491
Rest of the world	23,155	7,130	30,285	6,013	5,379	11,392
	669,467	861,284	1,530,751	502,491	516,243	1,018,734

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

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

17 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

Group	30 June 2023			31 December 2022		
	Contract or underlying principal amount RM'000	Fair value		Contract or underlying principal amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000		Assets RM'000	Liabilities RM'000
Trading						
Foreign exchange derivatives						
- Forwards	5,649,507	145,003	20,258	5,540,884	41,230	99,394
- Swaps	32,607,120	990,553	835,299	33,373,090	660,279	793,290
- Options	808,053	6,025	1,429	1,459,862	18,804	494
Interest rate derivatives						
- Swaps	47,199,376	403,809	400,532	39,674,806	450,672	441,809
- Futures	2,353,512	51	607	35,202	-	11
Equity and other derivatives						
- Swaps	996,264	44,306	44,306	400,574	17,387	17,387
- Exchange traded futures	-	-	-	4,444	38	-
- Options	1,119,856	18,479	18,479	1,062,796	87,532	87,532
- Commodity related contracts	-	-	-	9,008	1,090	1,090
- Credit linked notes	1,436,491	3,080	3,080	1,341,773	3,894	3,894
- Credit default swaps	406,165	1,599	1,599	387,224	883	883
	92,576,344	1,612,905	1,325,589	83,289,663	1,281,809	1,445,784
Hedging						
Interest rate derivatives						
- Swaps	800,000	14,342	2,098	1,085,000	25,843	1,480
	93,376,344	1,627,247	1,327,687	84,374,663	1,307,652	1,447,264
Bank						
Trading						
Foreign exchange derivatives						
- Forwards	5,643,685	145,018	19,710	5,541,525	41,009	99,392
- Swaps	33,312,231	996,749	835,268	33,438,290	660,510	793,695
- Options	808,053	6,025	1,429	1,459,862	18,804	494
Interest rate derivatives						
- Swaps	47,199,376	403,883	400,532	39,674,806	450,673	441,771
- Futures	2,353,512	51	607	35,202	-	11
Equity and other derivatives						
- Swaps	996,264	44,306	44,306	400,574	17,387	17,387
- Exchange traded futures	-	-	-	4,444	38	-
- Options	1,119,856	18,479	18,479	1,062,796	87,532	87,532
- Commodity related contracts	-	-	-	9,008	1,090	1,090
- Credit linked notes	1,436,491	3,080	3,080	1,341,773	3,894	3,894
- Credit default swaps	406,165	1,599	1,599	387,224	883	883
	93,275,633	1,619,190	1,325,010	83,355,504	1,281,820	1,446,149
Hedging						
Interest rate derivatives						
- Swaps	800,000	14,342	2,098	1,085,000	25,843	1,480
	94,075,633	1,633,532	1,327,108	84,440,504	1,307,663	1,447,629

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

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

18 OTHER ASSETS

	Note	Group		Bank	
		30 June 2023	31 December 2022	30 June 2023	31 December 2022
		RM'000	RM'000	RM'000	RM'000
Amount due from subsidiaries	(a)	-	-	40,239	76,201
Interest/Profit receivable		155,900	137,642	137,578	120,747
Other receivables, deposits and prepayments		241,585	225,773	231,722	222,565
Amount due from holding company		2,721	1,055	2,226	521
		400,206	364,470	411,765	420,034

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

19 DEPOSITS FROM CUSTOMERS

	Group		Bank	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
(a) By type of deposit				
Demand deposits	24,309,714	24,261,679	17,902,008	18,157,074
Saving deposits	12,160,082	13,438,063	11,366,371	12,573,718
Fixed/Term deposits	31,827,155	32,126,180	27,645,466	27,407,129
Negotiable instruments of deposit	-	4,444,278	-	4,444,278
Short-term money market deposits	2,494,240	3,447,063	2,171,606	3,165,472
	70,791,191	77,717,263	59,085,451	65,747,671
(b) By type of customer				
Government and statutory bodies	331,831	210,292	38,706	109,125
Non-bank financial institutions	2,444,848	3,047,330	1,329,777	1,845,413
Business enterprises	27,444,245	28,089,634	21,513,278	21,734,236
Individuals	35,042,757	36,368,556	31,593,988	32,408,180
Foreign entities	4,676,747	9,264,626	3,818,724	8,985,285
Others	850,763	736,825	790,978	665,432
	70,791,191	77,717,263	59,085,451	65,747,671
(c) By residual maturity for fixed/term/general investment deposits, negotiable instruments of deposit and short-term money market deposits				
Up to six months	25,488,962	32,193,659	22,189,540	28,238,961
Over six months to one year	8,566,823	7,495,515	7,403,778	6,479,186
Over one year to three years	263,442	325,644	222,586	297,179
Over three years to five years	2,168	2,703	1,168	1,553
	34,321,395	40,017,521	29,817,072	35,016,879

20 DEPOSITS AND PLACEMENTS OF BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group		Bank	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Licensed banks and other financial institutions	7,376,628	5,720,234	7,355,296	5,676,869

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

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

21 OTHER LIABILITIES

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Amount due to subsidiaries (a)	-	-	8,904	2,113
Equity compensation benefits	33,813	25,371	32,987	24,759
Interest/Profit payable	353,910	321,504	319,526	288,881
Structured investments	3,209,357	2,893,894	3,209,357	2,893,894
Lease liabilities	22,210	13,286	19,783	11,205
Other payables and accruals	516,382	583,827	472,948	535,938
ECL allowance for loan commitments and financial guarantees (b)	255,003	262,158	185,782	190,117
	4,390,675	4,100,040	4,249,287	3,946,907

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

(b) ECL allowance for loan commitments and financial guarantees

The movements in ECL allowance for loan commitments and financial guarantees are as follows:

Group	<i>Non credit-impaired</i>		<i>Credit-impaired</i>	Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
30 June 2023				
At 1 January	40,145	177,094	44,919	262,158
Transferred to Stage 1	35,769	(35,769)	-	-
Transferred to Stage 2	(3,004)	3,004	-	-
Transferred to Stage 3	(10)	(1,396)	1,406	-
New financial assets originated or purchased	8,113	9,852	-	17,965
Financial assets derecognised	(4,270)	(19,221)	-	(23,491)
Net remeasurement during the period	(35,980)	52,339	(18,583)	(2,224)
Other movements	355	240	-	595
At 30 June	41,118	186,143	27,742	255,003
31 December 2022				
At 1 January	-	-	31,990	31,990
Transferred to Stage 1	48,066	(48,066)	-	-
Transferred to Stage 2	(5,836)	5,836	-	-
Transferred to Stage 3	(28)	(5,056)	5,084	-
New financial assets originated or purchased	21,122	27,478	-	48,600
Financial assets derecognised	(7,995)	(40,406)	(2,034)	(50,435)
Net remeasurement during the year	(56,874)	29,758	9,879	(17,237)
Reclassified from ECL allowance on Loans, Advances and Financing*	41,323	207,290	-	248,613
Other movements	367	260	-	627
At 31 December	40,145	177,094	44,919	262,158

* During the financial year ended 31 December 2022, the Group and the Bank reclassified the ECL Stage 1 and 2 allowances on loan commitments and financial guarantees previously reported in Note 15: Loans, Advances and Financing and Note 16(ii) to Note 21: Other Liabilities.

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

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

21 OTHER LIABILITIES (continued)

	<i>Non credit-impaired</i>		<i>Credit-</i>	Total
	Stage 1	Stage 2	Stage 3	
	RM'000	RM'000	RM'000	RM'000
Bank				
30 June 2023				
At 1 January	36,888	136,052	17,177	190,117
Transferred to Stage 1	31,787	(31,787)	-	-
Transferred to Stage 2	(2,726)	2,726	-	-
Transferred to Stage 3	(10)	(1,396)	1,406	-
New financial assets originated or purchased	6,319	7,761	-	14,080
Financial assets derecognised	(3,461)	(12,251)	-	(15,712)
Net remeasurement during the period	(32,355)	47,878	(18,583)	(3,060)
Other movements	297	61	-	358
At 30 June	36,739	149,044	-	185,783
31 December 2022				
At 1 January	-	-	17,211	17,211
Transferred to Stage 1	43,272	(43,272)	-	-
Transferred to Stage 2	(4,793)	4,793	-	-
Transferred to Stage 3	(28)	(3,030)	3,058	-
New financial assets originated or purchased	18,457	19,654	-	38,111
Financial assets derecognised	(6,853)	(37,362)	-	(44,215)
Net remeasurement during the year	(51,664)	19,100	(3,092)	(35,656)
Reclassified from ECL allowance on Loans, Advances and Financing*	38,150	176,117	-	214,267
Other movements	347	52	-	399
At 31 December	36,888	136,052	17,177	190,117

* During the financial year ended 31 December 2022, the Group and the Bank reclassified the ECL Stage 1 and 2 allowances on loan commitments and financial guarantees previously reported in Note 15: Loans, Advances and Financing and Note 16(ii) to Note 21: Other Liabilities.

22 SUBORDINATED BONDS

	Group and Bank	
	30 June	31 December
	2023	2022
	RM'000	RM'000
RM550 million Redeemable Subordinated Bond 2020/2030	550,000	550,000
RM500 million Redeemable Subordinated Bond 2022/2032	500,000	500,000
	1,050,000	1,050,000

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

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

23 NET INTEREST/FINANCE INCOME

	Quarter ended		Year to date ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Group	RM'000	RM'000	RM'000	RM'000
Interest/Finance income				
Loans, advances and financing				
- Interest income other than recoveries	622,814	466,598	1,220,000	909,409
- Recoveries from impaired loans, advances and financing	40,378	26,684	67,545	52,231
- Discount unwind from impaired loans, advances and financing	6,799	7,521	14,966	14,475
Money at call and deposit placements with banks and other financial institutions	29,144	28,439	58,097	44,305
Financial investments at FVOCI	160,619	96,176	321,056	193,633
Others	1,167	4,169	10,731	7,840
	<u>860,921</u>	<u>629,587</u>	<u>1,692,395</u>	<u>1,221,893</u>
Financial assets at FVTPL	20,714	11,426	33,853	23,962
	<u>881,635</u>	<u>641,013</u>	<u>1,726,248</u>	<u>1,245,855</u>
Interest/Finance expense				
Deposits from customers	(309,852)	(205,466)	(624,498)	(399,200)
Deposits and placements of banks and other financial institutions	(98,656)	(9,222)	(152,903)	(10,149)
Subordinated bonds	(10,098)	(9,773)	(20,084)	(24,296)
Lease liabilities	(149)	(109)	(251)	(238)
Others	(11,496)	(8,243)	(28,410)	(12,829)
	<u>(430,251)</u>	<u>(232,813)</u>	<u>(826,146)</u>	<u>(446,712)</u>
Net interest/finance income	<u>451,384</u>	<u>408,200</u>	<u>900,102</u>	<u>799,143</u>
	Quarter ended		Year to date ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Bank	RM'000	RM'000	RM'000	RM'000
Interest/Finance income				
Loans, advances and financing				
- Interest income other than recoveries	622,814	466,598	1,220,000	909,409
- Recoveries from impaired loans, advances and financing	40,378	26,684	67,545	52,231
- Discount unwind from impaired loans, advances and financing	6,799	7,521	14,966	14,475
Money at call and deposit placements with banks and other financial institutions	62,215	42,499	121,124	71,645
Financial investments at FVOCI	160,619	96,176	321,056	193,633
Unquoted Islamic subordinated bond of subsidiary	-	1,394	-	3,761
Others	1,167	4,169	10,731	7,840
	<u>893,992</u>	<u>645,041</u>	<u>1,755,422</u>	<u>1,252,994</u>
Financial assets at FVTPL	20,714	11,426	33,853	23,962
	<u>914,706</u>	<u>656,467</u>	<u>1,789,275</u>	<u>1,276,956</u>
Interest/Finance expense				
Deposits from customers	(309,795)	(205,437)	(624,389)	(399,146)
Deposits and placements of banks and other financial institutions	(108,628)	(13,755)	(172,039)	(18,798)
Subordinated bonds	(10,098)	(9,773)	(20,084)	(24,296)
Lease liabilities	(150)	(111)	(252)	(238)
Others	(30,016)	(16,661)	(63,948)	(28,892)
	<u>(458,687)</u>	<u>(245,737)</u>	<u>(880,712)</u>	<u>(471,370)</u>
Net interest/finance income	<u>456,019</u>	<u>410,730</u>	<u>908,563</u>	<u>805,586</u>

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

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

24 INCOME FROM ISLAMIC BANKING OPERATIONS

<u>Group</u>	Quarter ended		Year to date ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Income derived from investment of depositors' funds and others	136,327	119,314	269,027	234,340
Income derived from investment of specific investment account funds	40,705	18,061	78,107	34,384
Income derived from investment of shareholder's funds	42,381	34,250	80,946	66,632
Income attributable to depositors	(55,730)	(41,566)	(106,303)	(82,810)
Income attributable to investment account holder	(28,492)	(12,954)	(54,674)	(24,712)
	135,191	117,105	267,103	227,834

25 NET FEE AND COMMISSION INCOME

<u>Group</u>	Quarter ended		Year to date ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Commission	47,150	55,412	94,243	106,620
Service charges and fees	36,963	45,067	69,421	87,703
Guarantee fees	-	127	6	170
Other fee income	1,997	1,122	3,703	2,443
	86,110	101,728	167,373	196,936

Bank

Commission	44,976	54,869	91,531	104,627
Service charges and fees	36,963	45,067	69,421	87,703
Guarantee fees	-	127	6	170
Other fee income	1,997	1,122	3,703	2,443
	83,936	101,185	164,661	194,943

26 NET TRADING INCOME

<u>Group and Bank</u>	Quarter ended		Year to date ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Foreign exchange loss	(419,629)	(207,169)	(470,642)	(237,590)
Realised gain/(loss) on financial assets at FVTPL	15,946	(23,619)	24,590	(32,296)
Realised gain on trading derivatives	388,153	154,468	166,985	200,256
Unrealised (loss)/gain on financial assets at FVTPL	(9,049)	(637)	(5,429)	629
Unrealised gain on trading derivatives	136,811	147,084	512,543	205,133
	112,232	70,127	228,047	136,132

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

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

27 OTHER OPERATING INCOME/(EXPENSE)

<u>Group</u>	Quarter ended		Year to date ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Gain/(Loss) on disposal from:				
- Financial investments at FVOCI	14,616	(33,899)	22,616	(47,851)
- Property and equipment	-	-	(3)	-
Gross dividends from financial investments at FVOCI in Malaysia	450	450	450	450
Rental of premises	978	1,028	1,963	2,067
Rental of safe deposit boxes	1,536	1,559	3,230	3,272
Shared services income received from related company	6,633	4,699	11,782	8,606
Unrealised loss on hedging derivatives	(4,910)	(205)	(5,808)	(161)
Others	(5,835)	211	(5,603)	635
	<u>13,468</u>	<u>(26,157)</u>	<u>28,627</u>	<u>(32,982)</u>

Bank

Gain/(Loss) on disposal from:				
- Financial investments at FVOCI	14,616	(33,899)	22,616	(47,851)
- Property and equipment	-	-	(3)	-
Gross dividends from financial investments at FVOCI in Malaysia	450	450	450	450
Rental of premises	992	1,042	1,990	2,094
Rental of safe deposit boxes	1,536	1,559	3,230	3,272
Shared services income received from subsidiary	33,178	27,892	63,300	53,877
Shared services income received from related company	6,633	4,699	11,782	8,606
Unrealised loss on hedging derivatives	(4,910)	(205)	(5,808)	(161)
Others	(5,947)	151	(5,821)	520
	<u>46,548</u>	<u>1,689</u>	<u>91,736</u>	<u>20,807</u>

28 OPERATING EXPENSES

<u>Group</u>	Quarter ended		Year to date ended	
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Personnel expenses				
Wages, salaries and bonus	147,493	129,131	289,697	235,776
Employees Provident Fund contributions	21,900	20,619	43,753	37,093
Share-based expenses	3,105	3,982	6,869	7,236
Others	17,851	12,444	34,389	26,645
	<u>190,349</u>	<u>166,176</u>	<u>374,708</u>	<u>306,750</u>

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

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

28 OPERATING EXPENSES (continued)

	Quarter ended		Year to date ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
<u>Group (continued)</u>	RM'000	RM'000	RM'000	RM'000
Establishment expenses				
Depreciation of property and equipment	4,917	5,707	9,975	11,323
Depreciation of ROU assets	3,187	3,190	6,124	6,548
Rental of premises	30	-	31	13
Repair and maintenance	2,772	3,200	5,472	6,569
Information technology costs	11,256	9,907	19,513	18,722
Hire of equipment	(9)	223	440	456
Others	4,402	4,404	8,776	8,909
	<u>26,555</u>	<u>26,631</u>	<u>50,331</u>	<u>52,540</u>
Marketing expenses				
Advertisement and business promotion	4,361	4,539	7,112	6,768
Transport and travelling	1,443	555	2,427	896
Others	383	292	1,343	689
	<u>6,187</u>	<u>5,386</u>	<u>10,882</u>	<u>8,353</u>
General administrative expenses				
Transaction processing fees	108,548	87,470	210,531	173,927
Others	31,422	33,233	71,075	69,132
	<u>139,970</u>	<u>120,703</u>	<u>281,606</u>	<u>243,059</u>
Total operating expenses	<u>363,061</u>	<u>318,896</u>	<u>717,527</u>	<u>610,702</u>
Bank				
Personnel expenses				
Wages, salaries and bonus	142,187	123,974	279,682	226,823
Employees Provident Fund contributions	21,127	19,805	42,213	35,601
Equity settled share-based payment transactions	3,011	3,893	6,686	7,058
Others	16,852	11,820	32,642	25,253
	<u>183,177</u>	<u>159,492</u>	<u>361,223</u>	<u>294,735</u>
Establishment expenses				
Depreciation of property and equipment	4,680	5,338	9,399	10,593
Depreciation of ROU assets	2,812	2,826	5,376	5,811
Rental of premises	29	-	29	12
Repair and maintenance	2,656	3,012	5,221	6,213
Information technology costs	11,130	9,760	19,263	18,440
Hire of equipment	(30)	204	408	414
Others	3,878	3,946	7,786	7,883
	<u>25,155</u>	<u>25,086</u>	<u>47,482</u>	<u>49,366</u>
Marketing expenses				
Advertisement and business promotion	4,310	4,480	6,968	6,609
Transport and travelling	1,405	535	2,375	862
Others	339	288	1,277	683
	<u>6,054</u>	<u>5,303</u>	<u>10,620</u>	<u>8,154</u>

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

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

28 OPERATING EXPENSES (continued)

	Quarter ended		Year to date ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Bank (continued)	RM'000	RM'000	RM'000	RM'000
General administrative expenses				
Transaction processing fees	102,890	82,321	199,434	163,678
Others	29,204	31,064	67,044	65,624
	<u>132,094</u>	<u>113,385</u>	<u>266,478</u>	<u>229,302</u>
Total operating expenses	346,480	303,266	685,803	581,557

29 IMPAIRMENT ALLOWANCES AND PROVISIONS WRITEBACK

	Quarter ended		Year to date ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Group	RM'000	RM'000	RM'000	RM'000
Loans, advances, financing and commitments				
Stage 1 and 2 ECL net (charge)/writeback during the period	(67,201)	169,206	(8,144)	307,818
Stage 3 ECL				
- Net writeback/(charge) during the period	80,168	(120,399)	58,419	(203,290)
- Recovered during the period	17,008	20,855	35,371	40,355
Financial investments at FVOCI				
Stage 1 and 2 ECL net charge during the period	(261)	(127)	(388)	(38)
Other financial assets				
Stage 1 and 2 ECL net writeback/(charge) during the period	31	(12)	23	(5)
Stage 3 ECL net (charge)/writeback during the period	(25)	(11)	(32)	43
	<u>29,720</u>	<u>69,512</u>	<u>85,249</u>	<u>144,883</u>

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

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

29 IMPAIRMENT ALLOWANCES AND PROVISIONS WRITEBACK (continued)

	Quarter ended		Year to date ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
<u>Bank</u>	RM'000	RM'000	RM'000	RM'000
Loans, advances, financing and commitments				
Stage 1 and 2 ECL net (charge)/ writeback during the period	(59,351)	153,554	(4,943)	261,115
Stage 3 ECL				
- Net writeback/(charge) during the period	70,304	(82,171)	44,631	(137,147)
- Recovered during the period	12,439	14,028	26,766	27,395
Investment account placements				
Stage 1 and 2 ECL net charge during the period	(5,701)	(3,867)	(6,874)	(3,150)
Stage 3 ECL net writeback during the period	1,921	2,128	5,070	2,128
Financial investments at FVOCI				
Stage 1 and 2 ECL net charge during the period	(173)	(110)	(326)	(37)
Other financial assets				
Stage 1 and 2 ECL net writeback/ (charge) during the period	33	(10)	19	(3)
Stage 3 ECL net (charge)/ writeback during the period	(25)	(11)	(32)	43
	<u>19,447</u>	<u>83,541</u>	<u>64,311</u>	<u>150,344</u>

30 INCOME TAX EXPENSE

	Quarter ended		Year to date ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
<u>Group</u>	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current period	128,718	145,497	225,839	260,631
- Prior years over provision	-	(1)	-	(5,168)
Deferred Tax				
- Origination and reversal of temporary differences	(16,110)	(10,897)	6,460	15,466
- Prior years under provision	18,799	-	18,799	-
	<u>131,407</u>	<u>134,599</u>	<u>251,098</u>	<u>270,929</u>
<u>Bank</u>				
Malaysian income tax				
- Current period	105,500	127,439	181,238	223,293
- Prior years under provision	-	-	-	1,878
Deferred Tax				
- Origination and reversal of temporary differences	(15,292)	(9,673)	6,060	13,487
- Prior years under provision	18,799	-	18,799	-
	<u>109,007</u>	<u>117,766</u>	<u>206,097</u>	<u>238,658</u>

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

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

31 COMMITMENTS AND CONTINGENCIES

(a) 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 2023			
Direct credit substitutes	62,457	62,457	40,688
Transaction-related contingent items	3,600,042	1,841,184	1,026,041
Short-term self-liquidating trade-related contingencies	359,028	76,750	37,509
Forward asset purchases, forward deposits, partly paid shares and securities	20,000	20,000	9,592
Foreign exchange related contracts			
- One year or less	33,783,470	497,192	318,089
- Over one year to five years	5,259,986	1,151,371	318,995
- Over five years	21,224	3,240	4,137
Interest rate contracts			
- One year or less	16,962,468	571	358
- Over one year to five years	30,416,234	328,779	52,500
- Over five years	2,974,186	69,736	44,146
Equity and commodity related contracts	2,116,120	31,113	15,270
Credit derivative contracts	1,842,656	14	1
Formal standby facilities and credit lines			
- Maturity not exceeding one year	533,050	399,788	373,465
- Original maturity exceeding one year	4,266,285	3,616,343	2,451,902
Other unconditionally cancellable commitments	25,277,984	2,174,984	258,537
Total	127,495,190	10,273,522	4,951,230
31 December 2022			
Direct credit substitutes	109,820	109,820	134,220
Transaction-related contingent items	3,631,151	1,856,232	1,007,593
Short-term self-liquidating trade-related contingencies	351,092	78,308	44,161
Foreign exchange related contracts			
- One year or less	35,921,175	221,776	103,450
- Over one year to five years	4,430,978	834,168	391,185
- Over five years	21,683	3,693	3,750
Interest rate contracts			
- One year or less	9,247,422	366	179
- Over one year to five years	28,333,779	452,047	65,132
- Over five years	3,213,807	71,704	42,768
Equity and commodity related contracts	1,476,822	126,759	31,031
Credit derivative contracts	1,728,997	70	5
Formal standby facilities and credit lines			
- Maturity not exceeding one year	762,522	571,892	522,078
- Original maturity exceeding one year	4,226,697	3,578,914	2,121,821
Other unconditionally cancellable commitments	24,010,820	2,208,317	375,084
Total	117,466,765	10,114,066	4,842,457

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

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

31 COMMITMENTS AND CONTINGENCIES (continued)

<u>Bank</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 2023			
Direct credit substitutes	17,192	17,192	4,404
Transaction-related contingent items	3,154,656	1,614,481	877,816
Short-term self-liquidating trade-related contingencies	311,138	66,448	32,081
Forward asset purchases, forward deposits, partly paid shares and securities	20,000	20,000	9,592
Foreign exchange related contracts			
- One year or less	34,499,419	503,070	318,070
- Over one year to five years	5,243,326	1,151,372	275,009
- Over five years	21,224	3,240	4,137
Interest rate contracts			
- One year or less	16,962,468	571	358
- Over one year to five years	30,416,234	328,779	52,499
- Over five years	2,974,186	69,736	45,000
Equity and commodity related contracts	2,116,120	31,113	15,270
Credit derivative contracts	1,842,656	14	1
Formal standby facilities and credit lines			
- Maturity not exceeding one year	510,050	382,538	361,578
- Original maturity over one year	3,675,704	3,153,458	2,011,708
Other unconditionally cancellable commitments	22,233,082	2,018,698	241,195
Total	<u>123,997,455</u>	<u>9,360,710</u>	<u>4,248,718</u>
31 December 2022			
Direct credit substitutes	63,776	63,776	62,804
Transaction-related contingent items	3,127,846	1,601,421	849,283
Short-term self-liquidating trade-related contingencies	281,148	63,504	33,704
Foreign exchange related contracts			
- One year or less	35,986,195	221,148	102,828
- Over one year to five years	4,431,799	834,168	363,147
- Over five years	21,683	3,693	3,750
Interest rate contracts			
- One year or less	9,247,422	366	179
- Over one year to five years	28,333,779	452,047	65,132
- Over five years	3,213,807	71,704	43,673
Equity and commodity related contracts	1,476,822	126,759	31,031
Credit derivative contracts	1,728,997	70	5
Formal standby facilities and credit lines			
- Maturity not exceeding one year	752,522	564,392	521,368
- Original maturity exceeding one year	3,687,080	3,154,870	1,779,245
Other unconditionally cancellable commitments	21,372,650	2,040,962	346,943
Total	<u>113,725,526</u>	<u>9,198,880</u>	<u>4,203,092</u>

(b) Litigation

On 25 January 2019, a Borrower of the Bank, with outstanding credit facilities comprising loans of RM6.7 million and banker's acceptances of RM11.6 million including accrued interest at the time, filed a suit against the Bank alleging, inter alia, that the Bank had breached its contract and duty of care towards the Borrower. On 22 January 2021, the High Court awarded the Borrower with RM289 million as damages together with statutory interest as well as aggravated and exemplary damages which amounts were to be assessed, which decision was upheld by the Court of Appeal on 30 January 2023 and the Borrower's suit dismissed with a cost of RM80,000 in favour of the Bank. On 3 July 2023, the Federal Court dismissed Prolink's application to appeal against the Court of Appeal decision and awarded cost of RM30,000 (subject to allocator) to the Bank.

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

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

32 CAPITAL COMMITMENTS

	Group		Bank	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Capital expenditure commitments in respect of property and equipment contracted but not provided for	6,336	3,873	6,296	3,835

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
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Aggregate value of outstanding credit exposure to connected parties[^]:				
Credit facility and leasing (except guarantee)	936,686	907,815	738,851	715,390
Commitments and contingencies*	811,569	461,428	638,526	296,318
	<u>1,748,255</u>	<u>1,369,243</u>	<u>1,377,377</u>	<u>1,011,708</u>
Credit-impaired or in default	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Outstanding credit exposures to connected parties:				
As a proportion of total credit exposures	2.23%	1.76%	2.17%	1.59%

[^] 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
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents*	10	2,760,294	6,791,404	2,295,346	5,454,421
Deposits and placements with banks and other financial institutions	11	831,997	1,863,600	1,081,997	2,107,603
Investment account placements	12	-	-	3,550,335	3,093,946
Financial assets at FVTPL		2,447,202	566,098	2,442,164	561,059
Financial investments at FVOCI**		21,349,193	22,791,806	16,742,205	19,592,588
Loans, advances and financing	15	63,795,656	64,298,998	51,296,880	51,563,714
Derivative financial assets		1,627,247	1,307,652	1,633,532	1,307,663
Other assets***		374,810	351,109	389,453	407,374
Contingent liabilities and commitments		34,118,846	33,092,102	29,921,822	29,285,022
		<u>127,305,245</u>	<u>131,062,769</u>	<u>109,353,734</u>	<u>113,373,390</u>

* Excluding cash in hand

** Excluding unquoted shares

*** Excluding prepayments

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

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

34 CREDIT RISK (continued)

(a) Credit quality analysis

Group	30 June 2023					31 December 2022				
	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 loan 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 loan commitments RM'000
(i) By issuer/counterparty										
Government and Central Bank	2,151,984	13,992,752	-	-	-	545,956	13,491,984	-	-	-
Foreign government	-	199,295	-	-	-	-	-	-	-	-
Public sector	6	1,571,962	-	-	-	15,060	1,383,575	-	-	-
Banks	12,409	3,687,550	-	1,144,174	501,887	9	6,695,832	-	982,114	174,302
Non-bank financial institutions	274,176	1,368,609	-	201,852	722,984	-	1,088,087	-	70,289	503,241
Business enterprise	8,627	529,025	9,817	151,260	21,994,726	5,073	132,328	6,467	131,237	21,637,016
Small and medium enterprises	-	-	38,751	-	6,104,192	-	-	28,911	-	5,928,584
Individuals	-	-	173,204	129,961	4,795,057	-	-	147,431	124,012	4,848,959
	2,447,202	21,349,193	221,772	1,627,247	34,118,846	566,098	22,791,806	182,809	1,307,652	33,092,102
(ii) By geographical distribution										
Malaysia	2,431,165	20,723,604	209,570	1,359,500	32,980,471	566,055	22,747,766	165,279	985,275	31,997,818
Singapore	-	-	10,810	144,510	206,614	-	-	6,737	151,065	196,533
Other ASEAN countries	-	226,213	-	-	475,295	-	-	-	-	481,190
Rest of the world	16,037	399,376	1,392	123,237	456,466	43	44,040	10,793	171,312	416,561
	2,447,202	21,349,193	221,772	1,627,247	34,118,846	566,098	22,791,806	182,809	1,307,652	33,092,102

* 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.

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

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

34 CREDIT RISK (continued)

(a) Credit quality analysis (continued)

Group (continued)	30 June 2023					31 December 2022				
	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 loan 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 loan commitments RM'000
(iii) By sector										
Agriculture, hunting, forestry and fishing	-	-	2,592	55	848,637	-	-	329	59	847,217
Mining and quarrying	-	20,117	-	107,605	346,629	-	-	-	79,648	329,325
Manufacturing	-	30,179	6,605	21,882	8,732,328	-	-	5,622	13,446	8,235,463
Electricity, gas and water	3,594	396,641	156	2	210,935	5,103	117,126	159	3	312,260
Construction	-	822,862	5,770	611	5,457,630	-	-	1,904	1,775	5,504,904
Real estate	-	-	457	25	2,705,504	-	-	224	89	2,719,663
Wholesale & retail trade and restaurants & hotels	-	70,583	18,159	9,415	4,403,149	-	-	13,619	19,142	4,352,624
Transport, storage and communication	-	151,305	1,876	83	796,568	9,985	159,931	1,932	38	806,613
Finance, insurance and business services	291,624	5,147,682	12,150	1,357,606	5,138,734	5,054	8,466,363	10,019	1,067,409	4,484,621
Community, social and personal services	-	516,038	803	1	404,243	-	556,403	1,570	2,030	419,042
Household										
- Purchase of residential properties	-	-	158,995	-	1,663,392	-	-	134,993	-	1,790,260
- Purchase of non-residential properties	-	-	3,727	-	2,007	-	-	3,935	-	2,764
- Others	-	-	10,482	129,962	3,409,090	-	-	8,503	124,013	3,287,344
Others	2,151,984	14,193,786	-	-	-	545,956	13,491,983	-	-	2
	2,447,202	21,349,193	221,772	1,627,247	34,118,846	566,098	22,791,806	182,809	1,307,652	33,092,102

* 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.

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

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

34 CREDIT RISK (continued)

(a) Credit quality analysis (continued)

Group (continued)	30 June 2023					31 December 2022				
	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
(iv) By residual maturity										
Within one year	1,956,285	8,762,910	6,724	777,771	24,363,240	-	11,185,623	6,501	438,020	23,079,376
One to five years	98,628	10,289,779	18,011	750,387	2,627,146	350,654	10,450,912	13,798	699,140	3,147,050
Over five years	392,289	2,296,504	197,037	99,089	7,128,460	215,444	1,155,271	162,510	170,492	6,865,676
	<u>2,447,202</u>	<u>21,349,193</u>	<u>221,772</u>	<u>1,627,247</u>	<u>34,118,846</u>	<u>566,098</u>	<u>22,791,806</u>	<u>182,809</u>	<u>1,307,652</u>	<u>33,092,102</u>
Bank										
(i) By issuer/counterparty										
Government and central bank	2,151,984	11,400,696	-	-	-	545,956	11,143,653	-	-	-
Foreign government	-	199,295	-	-	-	-	-	-	-	-
Public sector	6	464,390	-	-	-	15,060	1,065,454	-	-	-
Banks	12,409	3,588,061	-	1,154,821	201,887	9	6,596,563	-	987,397	174,302
Non-bank financial institutions	274,176	620,072	-	201,851	722,972	-	703,599	-	70,286	503,000
Business enterprises	3,589	469,691	-	146,899	18,188,633	34	83,319	-	125,968	17,928,569
Small and medium enterprises	-	-	38,751	-	6,104,192	-	-	28,911	-	5,928,584
Individuals	-	-	151,540	129,961	4,704,138	-	-	132,931	124,012	4,750,567
	<u>2,442,164</u>	<u>16,742,205</u>	<u>190,291</u>	<u>1,633,532</u>	<u>29,921,822</u>	<u>561,059</u>	<u>19,592,588</u>	<u>161,842</u>	<u>1,307,663</u>	<u>29,285,022</u>
(ii) By geographical distribution										
Malaysia	2,426,127	16,116,616	178,620	1,365,786	28,793,582	561,016	19,548,548	144,312	985,286	28,202,942
Singapore	-	-	10,279	144,509	206,247	-	-	6,737	151,065	196,533
Other ASEAN countries	-	226,213	-	-	466,763	-	-	-	-	470,911
Rest of the world	16,037	399,376	1,392	123,237	455,230	43	44,040	10,793	171,312	414,636
	<u>2,442,164</u>	<u>16,742,205</u>	<u>190,291</u>	<u>1,633,532</u>	<u>29,921,822</u>	<u>561,059</u>	<u>19,592,588</u>	<u>161,842</u>	<u>1,307,663</u>	<u>29,285,022</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.

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

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

34 CREDIT RISK (continued)

(a) Credit quality analysis (continued)

	30 June 2023					31 December 2022				
	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	-	-	2,592	55	803,131	-	-	329	59	829,319
Mining and quarrying	-	10,059	-	107,605	309,347	-	-	-	79,648	292,660
Manufacturing	-	30,179	4,665	21,876	7,691,118	-	-	2,033	13,369	7,410,747
Electricity, gas and water	3,594	337,149	156	2	134,770	5,103	58,260	159	3	159,727
Construction	-	26,061	2,985	609	4,253,939	-	-	1,904	1,773	4,306,307
Real estate	-	-	457	25	2,529,605	-	-	224	89	2,429,453
Wholesale & retail trade and restaurants & hotels	-	70,583	15,535	9,385	4,003,637	-	-	12,739	18,824	3,932,266
Transport, storage and communication	-	116,287	1,876	75	457,765	9,985	115,139	1,932	31	460,489
Finance, insurance and business services	286,586	4,265,546	9,682	1,363,937	4,362,610	15	7,948,817	8,021	1,067,827	4,075,883
Community, social and personal services	-	284,611	803	1	392,330	-	326,720	1,570	2,028	406,193
Household										
- Purchase of residential properties	-	-	141,887	-	1,574,480	-	-	122,319	-	1,694,634
- Purchase of non-residential properties	-	-	1,862	-	-	-	-	2,799	-	-
- Others	-	-	7,791	129,962	3,409,090	-	-	7,813	124,012	3,287,344
Others	2,151,984	11,601,730	-	-	-	545,956	11,143,652	-	-	-
	2,442,164	16,742,205	190,291	1,633,532	29,921,822	561,059	19,592,588	161,842	1,307,663	29,285,022

* 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.

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

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

34 CREDIT RISK (continued)

(a) Credit quality analysis (continued)

	30 June 2023					31 December 2022				
	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)										
(iv) By residual maturity										
Within one year	1,956,285	6,436,466	5,659	783,812	21,138,765	-	9,896,742	6,142	437,803	20,314,078
One to five years	93,590	8,343,951	15,399	750,556	2,194,742	345,615	8,740,794	10,451	699,368	2,670,781
Over five years	392,289	1,961,788	169,233	99,164	6,588,315	215,444	955,052	145,249	170,492	6,300,163
	<u>2,442,164</u>	<u>16,742,205</u>	<u>190,291</u>	<u>1,633,532</u>	<u>29,921,822</u>	<u>561,059</u>	<u>19,592,588</u>	<u>161,842</u>	<u>1,307,663</u>	<u>29,285,022</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 2023				31 December 2022				
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	
Group									
Cash and cash equivalents		2,760,294	-	-	2,760,294	6,791,404	-	-	6,791,404
Deposits and placements with banks and other financial institutions	831,997	-	-	831,997	1,863,600	-	-	1,863,600	

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

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

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 2023				31 December 2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Financial assets at FVTPL*								
Government and central bank (unrated)				2,005,177				139,362
Government (AAA to BBB)				146,807				406,595
Investment grade (AAA to BBB)				156,081				20,141
Unrated				139,137				-
				<u>2,447,202</u>				<u>566,098</u>
Financial investments at FVOCI								
Government (AAA to BBB)	5,404,889	-	-	5,404,889	5,910,297	-	-	5,910,297
Government and central bank (unrated)	8,587,863	-	-	8,587,863	7,581,687	-	-	7,581,687
Foreign government (AAA to BBB)	199,295	-	-	199,295	-	-	-	-
Investment grade (AAA to BBB)	1,489,562	302,789	-	1,792,351	1,190,580	148,026	-	1,338,606
Unrated	5,364,795	-	-	5,364,795	7,961,216	-	-	7,961,216
	<u>21,046,404</u>	<u>302,789</u>	<u>-</u>	<u>21,349,193</u>	<u>22,643,780</u>	<u>148,026</u>	<u>-</u>	<u>22,791,806</u>
Contingent liabilities and commitments (excluding derivative assets)								
Pass	30,863,970	2,886,087	-	33,750,057	29,915,891	2,724,888	-	32,640,779
Special Mention	-	238,596	-	238,596	-	295,517	-	295,517
Credit-impaired	-	-	130,193	130,193	-	-	155,806	155,806
	<u>30,863,970</u>	<u>3,124,683</u>	<u>130,193</u>	<u>34,118,846</u>	<u>29,915,891</u>	<u>3,020,405</u>	<u>155,806</u>	<u>33,092,102</u>

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

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

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

34 CREDIT RISK (continued)

(a) Credit quality analysis (continued)

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

	30 June 2023				31 December 2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Bank								
Cash and cash equivalents	2,295,346	-	-	2,295,346	5,454,421	-	-	5,454,421
Deposits and placements with banks and other financial institutions	1,081,997	-	-	1,081,997	2,107,603	-	-	2,107,603
Investment account placements	3,462,894	87,441	-	3,550,335	2,988,622	105,324	-	3,093,946
Financial assets at FVTPL*								
Government and central bank (unrated)				2,005,177				139,362
Government (AAA to BBB)				146,807				406,595
Investment grade (AAA to BBB)				151,043				15,102
Unrated				139,137				-
				2,442,164				561,059
Financial investments at FVOCI								
Government (AAA to BBB)	5,244,866	-	-	5,244,866	5,749,369	-	-	5,749,369
Government and central bank (unrated)	6,155,830	-	-	6,155,830	5,394,284	-	-	5,394,284
Foreign government (AAA to BBB)	199,295	-	-	199,295	-	-	-	-
Investment grade (AAA to BBB)	1,086,396	302,789	-	1,389,185	913,920	148,026	-	1,061,946
Unrated	3,753,029	-	-	3,753,029	7,386,989	-	-	7,386,989
	16,439,416	302,789	-	16,742,205	19,444,562	148,026	-	19,592,588

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS - 30 JUNE 2023 (continued)**34 CREDIT RISK (continued)****(a) Credit quality analysis (continued)**

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

	30 June 2023				31 December 2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
<u>Bank</u> (continued)								
Contingent liabilities and commitments (excluding derivative assets)								
Pass	28,095,923	1,629,198	-	29,725,121	27,506,550	1,539,961	-	29,046,511
Special Mention	-	126,947	-	126,947	-	141,137	-	141,137
Credit-impaired	-	-	69,754	69,754	-	-	97,374	97,374
	<u>28,095,923</u>	<u>1,756,145</u>	<u>69,754</u>	<u>29,921,822</u>	<u>27,506,550</u>	<u>1,681,098</u>	<u>97,374</u>	<u>29,285,022</u>

(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.

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

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

34 CREDIT RISK (continued)

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

Credit quality and ECL stage

<u>Group</u>	30 June 2023				31 December 2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Neither past due nor credit-impaired								
(i) By internal grading								
Pass	51,721,245	9,123,417	-	60,844,662	51,770,779	9,270,310	-	61,041,089
Special Mention	-	1,291,091	-	1,291,091	-	1,358,983	-	1,358,983
	<u>51,721,245</u>	<u>10,414,508</u>	<u>-</u>	<u>62,135,753</u>	<u>51,770,779</u>	<u>10,629,293</u>	<u>-</u>	<u>62,400,072</u>
Past due but not credit-impaired								
(i) By period overdue								
Less than 2 months	-	200,088	-	200,088	-	158,429	-	158,429
2 months to less than 3 months	-	39,697	-	39,697	-	48,729	-	48,729
	<u>-</u>	<u>239,785</u>	<u>-</u>	<u>239,785</u>	<u>-</u>	<u>207,158</u>	<u>-</u>	<u>207,158</u>
Credit-impaired								
Past due	-	-	1,677,722	1,677,722	-	-	1,801,340	1,801,340
Not past due	-	-	894,848	894,848	-	-	1,159,021	1,159,021
	<u>-</u>	<u>-</u>	<u>2,572,570</u>	<u>2,572,570</u>	<u>-</u>	<u>-</u>	<u>2,960,361</u>	<u>2,960,361</u>
Gross Loans, Advances and Financing	51,721,245	10,654,293	2,572,570	64,948,108	51,770,779	10,836,451	2,960,361	65,567,591
ECL Allowance	(117,065)	(333,287)	(702,100)	(1,152,452)	(112,411)	(339,817)	(816,365)	(1,268,593)
Net Loans, Advances and Financing	<u>51,604,180</u>	<u>10,321,006</u>	<u>1,870,470</u>	<u>63,795,656</u>	<u>51,658,368</u>	<u>10,496,634</u>	<u>2,143,996</u>	<u>64,298,998</u>

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

34 CREDIT RISK (continued)

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

Credit quality and ECL stage (continued)

<u>Bank</u>	30 June 2023				31 December 2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Neither past due nor credit-impaired								
(i) By internal grading								
Pass	42,346,369	6,498,536	-	48,844,905	41,970,476	6,774,267	-	48,744,743
Special Mention	-	1,083,263	-	1,083,263	-	1,236,816	-	1,236,816
	<u>42,346,369</u>	<u>7,581,799</u>	<u>-</u>	<u>49,928,168</u>	<u>41,970,476</u>	<u>8,011,083</u>	<u>-</u>	<u>49,981,559</u>
Past due but not credit-impaired								
(i) By period overdue								
Less than 2 months	-	168,798	-	168,798	-	137,660	-	137,660
2 months to less than 3 months	-	35,903	-	35,903	-	45,179	-	45,179
	<u>-</u>	<u>204,701</u>	<u>-</u>	<u>204,701</u>	<u>-</u>	<u>182,839</u>	<u>-</u>	<u>182,839</u>
Credit-impaired								
Past due	-	-	1,218,268	1,218,268	-	-	1,381,781	1,381,781
Not past due	-	-	681,390	681,390	-	-	846,152	846,152
	<u>-</u>	<u>-</u>	<u>1,899,658</u>	<u>1,899,658</u>	<u>-</u>	<u>-</u>	<u>2,227,933</u>	<u>2,227,933</u>
Gross Loans, Advances and Financing	42,346,369	7,786,500	1,899,658	52,032,527	41,970,476	8,193,922	2,227,933	52,392,331
ECL Allowance	(91,834)	(229,817)	(413,996)	(735,647)	(91,539)	(238,012)	(499,066)	(828,617)
Net Loans, Advances and Financing	<u>42,254,535</u>	<u>7,556,683</u>	<u>1,485,662</u>	<u>51,296,880</u>	<u>41,878,937</u>	<u>7,955,910</u>	<u>1,728,867</u>	<u>51,563,714</u>

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.

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

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.

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

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Fair value of collateral held against the covered portion of credit-impaired loans, advances and financing	2,262,671	2,927,876	2,178,471	2,404,879
Covered portion of credit-impaired loans, advances and financing	1,888,403	2,165,142	1,502,311	1,747,226
Uncovered portion of credit-impaired loans, advances and financing	684,167	795,219	397,347	480,707
	<u>2,572,570</u>	<u>2,960,361</u>	<u>1,899,658</u>	<u>2,227,933</u>

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

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

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

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

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

35 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy of financial instruments carried at fair value

<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 2023				
Financial assets at fair value				
Financial assets at FVTPL	2,447,202	-	-	2,447,202
Financial investments at FVOCI	17,112,842	4,236,351	112,617	21,461,810
Derivative financial assets	1,157	1,561,194	64,896	1,627,247
	<u>19,561,201</u>	<u>5,797,545</u>	<u>177,513</u>	<u>25,536,259</u>
Financial liabilities at fair value				
Derivative financial liabilities	1,733	1,266,819	59,135	1,327,687
31 December 2022				
Financial assets at fair value				
Financial assets at FVTPL	566,098	-	-	566,098
Financial investments at FVOCI	15,796,470	6,995,336	109,540	22,901,346
Derivative financial assets	1,201	1,272,986	33,465	1,307,652
	<u>16,363,769</u>	<u>8,268,322</u>	<u>143,005</u>	<u>24,775,096</u>
Financial liabilities at fair value				
Derivative financial liabilities	968	1,416,216	30,080	1,447,264
Bank				
30 June 2023				
Financial assets at fair value				
Financial assets at FVTPL	2,442,164	-	-	2,442,164
Financial investments at FVOCI	13,154,143	3,588,062	112,617	16,854,822
Derivative financial assets	1,173	1,567,463	64,896	1,633,532
	<u>15,597,480</u>	<u>5,155,525</u>	<u>177,513</u>	<u>20,930,518</u>
Financial liabilities at fair value				
Derivative financial liabilities	1,732	1,266,241	59,135	1,327,108
31 December 2022				
Financial assets at fair value				
Financial assets at FVTPL	561,059	-	-	561,059
Financial investments at FVOCI	12,996,025	6,596,563	109,540	19,702,128
Derivative financial assets	1,352	1,272,893	33,418	1,307,663
	<u>13,558,436</u>	<u>7,869,456</u>	<u>142,958</u>	<u>21,570,850</u>
Financial liabilities at fair value				
Derivative financial liabilities	968	1,416,581	30,080	1,447,629

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

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

35 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy of financial instruments carried at fair value (continued)

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

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Financial assets at fair value				
At 1 January	143,005	119,726	142,958	119,690
Purchased	-	43	-	43
Settled/Disposed	-	(350)	-	(350)
Transferred to Level 3	-	120,796	-	120,796
Realised loss				
- Recognised in net trading income	(25,047)	(115,297)	(25,047)	(115,297)
Unrealised gain				
- Recognised in net trading income	56,478	24,233	56,525	24,233
- Recognised in other comprehensive income	3,077	(6,146)	3,077	(6,157)
At 30 June/31 December	<u>177,513</u>	<u>143,005</u>	<u>177,513</u>	<u>142,958</u>
Financial liabilities at fair value				
At 1 January	30,080	6,124	30,080	6,123
Issued	-	43	-	43
Transferred to Level 3	-	120,796	-	120,796
Realised gain				
- Recognised in net trading income	(22,708)	(117,634)	(22,708)	(117,634)
Unrealised loss				
- Recognised in net trading income	51,763	20,751	51,763	20,752
At 30 June/31 December	<u>59,135</u>	<u>30,080</u>	<u>59,135</u>	<u>30,080</u>

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

Group	30 June 2023 Fair value RM'000	31 December 2022 Fair value RM'000	Classification	Valuation technique	Unobservable input
Assets					
Financial investments at FVOCI	112,617	109,540	FVOCI	Net asset value approach	Net asset value
Derivative financial assets	<u>64,896</u>	<u>33,465</u>	Hedge for trading	Option pricing model	Standard deviation
	<u>177,513</u>	<u>143,005</u>			
Liabilities					
Derivative financial liabilities	<u>59,135</u>	<u>30,080</u>	Hedge for trading	Option pricing model	Standard deviation

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

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

35 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy of financial instruments carried at fair value (continued)

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

Bank	30 June 2023 Fair value RM'000	31 December 2022 Fair value RM'000	Classification	Valuation technique	Unobservable input
Assets					
Financial investments at FVOCI	112,617	109,540	FVOCI	Net asset value approach	Net asset value
Derivative financial assets	64,896	33,418	Hedge for trading	Option pricing model	Standard deviation
	<u>177,513</u>	<u>142,958</u>			
Liabilities					
Derivative financial liabilities	59,135	30,080	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 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
CET 1 capital				
Paid-up ordinary share capital	754,000	754,000	754,000	754,000
Retained earnings	8,248,632	7,974,906	6,759,091	6,627,799
Other reserves	620,319	547,402	541,621	483,559
Regulatory adjustment for CET 1 capital	(809,655)	(836,683)	(1,255,665)	(1,290,368)
Tier 1 capital	<u>8,813,296</u>	<u>8,439,625</u>	<u>6,799,047</u>	<u>6,574,990</u>
Stage 1 and Stage 2 ECL and qualifying regulatory reserves under the Standardised Approach				
	19,467	13,676	17,156	11,419
Surplus eligible provisions over expected losses	262,859	268,246	215,199	218,557
Subordinated bonds	1,050,000	1,050,000	1,050,000	1,050,000
Tier 2 capital	<u>1,332,326</u>	<u>1,331,922</u>	<u>1,282,355</u>	<u>1,279,976</u>
Capital base	<u>10,145,622</u>	<u>9,771,547</u>	<u>8,081,402</u>	<u>7,854,966</u>

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

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

36 CAPITAL ADEQUACY (continued)

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Before deducting proposed dividend				
CET 1 capital ratio	16.853%	16.146%	15.726%	15.313%
Tier 1 capital ratio	16.853%	16.146%	15.726%	15.313%
Total capital ratio	19.401%	18.694%	18.692%	18.294%
After deducting proposed dividend				
CET 1 capital ratio	15.957%	15.315%	14.642%	14.302%
Tier 1 capital ratio	15.957%	15.315%	14.642%	14.302%
Total capital ratio	18.505%	17.863%	17.608%	17.283%

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

After deducting proposed dividend				
CET 1 capital ratio	15.876%	15.206%	14.584%	14.235%
Tier 1 capital ratio	15.876%	15.206%	14.584%	14.235%
Total capital ratio	18.424%	17.754%	17.550%	17.217%

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

	Group		Bank	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Total RWA for credit risk	45,367,202	45,801,679	37,238,937	37,339,687
Total RWA for market risk	1,238,392	1,015,989	1,222,683	1,019,125
Total RWA for operational risk	5,688,086	5,454,005	4,773,872	4,578,109
	52,293,680	52,271,673	43,235,492	42,936,921

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), applying the transitional arrangements. OCBC Al-Amin 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 2023	31 December 2022
CET 1/Tier 1 capital ratio	21.862%	19.667%
Total capital ratio	22.418%	20.226%

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	21.673%	19.364%
Total capital ratio	22.229%	19.923%