

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	Group		Bank	
		31 March	31 December	31 March	31 December
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds	9	1,837,767	2,965,675	1,837,728	2,965,223
Deposits and placements with banks and other financial institutions	10	303,971	100,145	303,971	100,145
Derivative financial assets	11	9,172	18,219	9,172	18,219
Debt instruments at fair value through other comprehensive income ("FVOCI")	12	1,348,056	1,435,343	1,348,056	1,435,343
Equity instruments at FVOCI	13	18,719	18,719	18,719	18,719
Debt instruments at amortised cost	14	902,530	500,233	902,530	500,233
Equity instrument at fair value through profit & loss ("FVTPL")	15	-	-	-	-
Loans and advances	16	9,167,592	8,403,416	9,168,292	8,403,416
Other assets	17	24,249	14,920	23,331	13,918
Right-of-use assets		31,594	33,794	29,759	31,627
Tax recoverable		10,563	15,457	8,926	14,106
Deferred tax assets		18,603	15,588	18,504	15,467
Statutory deposits with Bank Negara Malaysia		7,586	5,580	7,586	5,580
Investment in a subsidiary		-	-	1,000	1,000
Property and equipment		50,802	52,510	48,531	50,457
Intangible assets		2,368	2,040	2,368	2,040
TOTAL ASSETS		13,733,572	13,581,639	13,728,473	13,575,493
LIABILITIES AND EQUITY					
Deposits from customers	18	7,597,047	7,376,169	7,597,579	7,377,491
Deposits and placements of banks and other financial institutions	19	2,945,314	3,089,532	2,945,314	3,089,532
Derivative financial liabilities	11	9,438	18,337	9,438	18,337
Other liabilities	20	186,479	168,480	183,543	165,390
Subordinated loan	21	1,286,145	1,246,153	1,286,145	1,246,153
TOTAL LIABILITIES		12,024,423	11,898,671	12,022,019	11,896,903
Share capital		760,518	760,518	760,518	760,518
Reserves		948,631	922,450	945,936	918,072
TOTAL EQUITY		1,709,149	1,682,968	1,706,454	1,678,590
TOTAL LIABILITIES AND EQUITY		13,733,572	13,581,639	13,728,473	13,575,493
COMMITMENTS AND CONTINGENCIES	28	5,993,885	5,941,725	5,993,885	5,941,725

The Unaudited Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2021

	Note	Three Months Ended		Three Months Ended	
		Group		Bank	
		31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Interest income	22	87,490	114,839	87,490	114,839
Interest expense	23	(33,789)	(62,747)	(33,789)	(62,747)
Net interest income		53,701	52,092	53,701	52,092
Other operating income	24	16,770	14,910	16,786	13,416
Other operating expenses	25	(34,453)	(32,234)	(32,808)	(30,515)
Operating profit before allowance for expected credit losses		36,018	34,768	37,679	34,993
Allowance for impairment on loans and advances and other financial assets	26	11,409	18,003	11,409	18,003
Profit before taxation		47,427	52,771	49,088	52,996
Taxation		(12,076)	(12,799)	(12,054)	(12,799)
Profit for the financial period		35,351	39,972	37,034	40,197
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss when specific conditions are met:					
- Net fair value changes in debt instrument at FVOCI, net of tax		(9,177)	2,931	(9,177)	2,931
Items that will be reclassified subsequently to profit or loss when specific conditions are met:					
- Net gain on foreign exchange translation		7	14	7	14
Other comprehensive income, net of tax		(9,170)	2,945	(9,170)	2,945
Total comprehensive income for the period, net of tax		26,181	42,917	27,864	43,142
Earnings per share					
- Basic/fully diluted (sen)		4.65	5.26	4.87	5.29

The Unaudited Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2021

	←	Non-distributable		→	Distributable	
	Share capital	Foreign exchange reserve	Fair value through other comprehensive reserve	Regulatory reserve	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Balance as at 1 January 2021	760,518	-	35,391	14,800	872,259	1,682,968
Profit for the financial period	-	-	-	-	35,351	35,351
Other comprehensive income, net of tax	-	7	(9,177)	-	-	(9,170)
Total comprehensive income for the financial period, net of tax	-	7	(9,177)	-	35,351	26,181
Transfer from retained profits to regulatory reserve	-	-	-	-	-	-
At 31 March 2021	760,518	7	26,214	14,800	907,610	1,709,149
Balance as at 1 January 2020	760,518	-	12,539	33,607	773,105	1,579,769
Profit for the financial period	-	-	-	-	39,972	39,972
Other comprehensive income, net of tax	-	14	2,931	-	-	2,945
Total comprehensive income for the financial period, net of tax	-	14	2,931	-	39,972	42,917
Transfer regulatory reserve to retained profits	-	-	-	-	-	-
At 31 March 2020	760,518	14	15,470	33,607	813,077	1,622,686

The Unaudited Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 31 MARCH 2021

	← Non-distributable Fair value →			Distributable		Total RM'000
	Share capital RM'000	Foreign exchange reserve RM'000	through other comprehensive reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	
Bank						
Balance as at 1 January 2021	760,518	-	35,391	14,800	867,881	1,678,590
Profit for the financial period	-	-	-	-	37,034	37,034
Other comprehensive income, net of tax	-	7	(9,177)	-	-	(9,170)
Total comprehensive income for the financial period, net of tax	-	7	(9,177)	-	37,034	27,864
Transfer from retained profits to regulatory reserve	-	-	-	-	-	-
At 31 March 2021	760,518	7	26,214	14,800	904,915	1,706,454
Balance as at 1 January 2020	760,518	-	12,539	33,607	755,391	1,562,055
Profit for the financial period	-	-	-	-	40,197	40,197
Other comprehensive income, net of tax	-	14	2,931	-	-	2,945
Total comprehensive income for the financial period, net of tax	-	14	2,931	-	40,197	43,142
Transfer regulatory reserve to retained profits	-	-	-	-	-	-
At 31 March 2020	760,518	14	15,470	33,607	795,588	1,605,197

The Unaudited Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2021

	Note	Group		Bank	
		31 March <u>2021</u> RM'000	31 March <u>2020</u> RM'000	31 March <u>2021</u> RM'000	31 March <u>2020</u> RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		47,427	52,771	49,088	52,996
<i>Adjustment for:</i>					
Depreciation of property and equipment	25	1,540	1,650	1,432	1,606
Depreciation of right-of-use assets	25	2,056	2,240	1,725	1,903
Amortisation of intangible assets	25	316	206	316	206
Amortisation of premium less accretion of discount	22	2,417	1,078	2,417	1,078
Allowance for impairment on loans and advances and other financial assets	26	(11,354)	(17,977)	(11,354)	(17,977)
Interest income from debt instruments at FVOCI	22	(12,906)	(9,119)	(12,906)	(9,119)
Interest income from debt instruments at amortised cost	22	(2,825)	(4,157)	(2,825)	(4,157)
Interest expense on subordinated loan	23	1,623	6,983	1,623	6,983
Finance cost on lease liabilities	25	329	384	306	348
Unrealised foreign exchange loss	24	71	9,796	71	9,796
Net loss/(gain) on revaluation of derivatives	24	148	(8,632)	148	(8,632)
Unrealised loss/(gain) on equity instrument at FVTPL	24	-	553	-	553
Property and equipment written off	25	11	-	11	-
Operating profit before changes in operating activities		28,853	35,776	30,052	35,584
(INCREASE)/ DECREASE IN OPERATING ASSETS					
Deposits and placements with banks and other financial institutions		(203,830)	(45,477)	(203,830)	(45,477)
Loans and advances		(753,439)	(1,000,820)	(754,139)	(1,000,820)
Right-of-use assets		144	(6,346)	143	(6,296)
Other assets		(10,941)	(17,620)	(11,025)	(17,758)
Statutory deposits with Bank Negara Malaysia		(2,006)	34,100	(2,006)	34,100
INCREASE/(DECREASE) IN OPERATING LIABILITIES					
Deposits from customers		220,878	(102,185)	220,088	(106,629)
Deposits and placements of banks and other financial institutions		(144,218)	173,073	(144,218)	173,073
Other liabilities		20,628	8,360	20,454	13,254
Subordinated loan		36,718	68,601	36,718	68,601
Cash used in operating activities		(807,213)	(852,538)	(807,763)	(852,368)
Taxes paid		(7,299)	(8,550)	(7,013)	(7,200)
Net cash used in operating activities		(814,512)	(861,088)	(814,776)	(859,568)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2021

	Group		Bank	
	31 March	31 March	31 March	31 March
	2021	2020	2021	2020
Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(461)	(392)	(135)	(392)
Purchase of intangible assets	(26)	-	(26)	-
Purchases of debt instruments at FVOCI	-	(258,082)	-	(258,082)
Proceeds from maturity of debt instruments at FVOCI	75,000	155,000	75,000	155,000
Purchases of debt instruments at amortised cost	(800,000)	(800,000)	(800,000)	(800,000)
Proceeds from debt instruments at amortised cost	400,000	1,290,000	400,000	1,290,000
Interest received on debt instruments at FVOCI	12,207	10,816	12,207	10,816
Interest received on debts instruments at amortised cost	528	6,287	528	6,287
Net cash (used in)/ generated from investing activities	(312,752)	403,629	(312,426)	403,629
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of lease liabilities	(2,295)	(1,638)	(1,944)	(2,001)
Interest paid on subordinated loan	1,651	(7,140)	1,651	(7,140)
Net cash used in financing activity	(644)	(8,778)	(293)	(9,141)
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD				
	(1,127,908)	(466,237)	(1,127,495)	(465,080)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD				
	2,965,675	2,381,507	2,965,223	2,370,515
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD				
9	1,837,767	1,915,270	1,837,728	1,905,435

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

1 Review of Group Performance and Commentary of Prospects

The Group registered profit before taxation (“PBT”) of RM47.43 million, a decrease from RM52.77 million as compared to the previous corresponding period. The decrease in PBT was attributed mainly to a higher operating expenses of RM2.22million, and a lower write back of allowance for impairment on loans and advances by RM6.59 million. However this was mitigated by an increase in net interest income of RM1.61 million and other operating income of RM1.86 million.

Total assets stood at RM13.73 billion as at 31 March 2021, an increase of RM 0.15 billion or 1.1% as compared to 31 December 2020. This was mainly attributable to the loan growth of RM0.76 billion or 9.1% and increase of debt instruments at amortised cost by RM0.40 billion or 80.4%. Gross impaired loan ratio recorded a reduction of 0.21% to 2.11%.

Total liabilities stood at RM12.02 billion as at 31 March 2021, an increase of RM0.13 billion or 1.1% as compared to 31 December 2020. This was mainly attributable to the growth in customer deposits by RM0.2 billion.

The uncertainty in effectiveness of Covid-19 pandemic containment measure and the continuous tension in the international trade lead to a cautious business outlook in year 2021. This is especially so where vaccination program, which is instrumental to the recovery of economic activities, faces various challenges in its implementation.

For the banking industry, the challenge where banks have to operate at an unprecedented low Overnight Policy Rate (“OPR”) environment negatively impacts the interest margin. In addition, the limited economic activities also increase the pressure on the asset quality and operating revenue.

Amid the challenges and uncertainties laying ahead, the strength of the Bank’s strong capital position and ample liquidity buffer enable the Bank to provide necessary funding assistance to those targeted group of clients. The Bank will remain vigilant in its strategy and operation to safeguard the interest of its stakeholders.

2 Group Accounting Policies

The unaudited condensed consolidated interim financial statements for the three months ended 31 March 2021 have been prepared in accordance with MFRS134 Interim Financial Reporting issued by the Malaysian Accounting Standard Board (“MASB”). The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

The accounting policies adopted by the Bank for the interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2020.

The Group and the Bank will apply the following standards from financial years beginning on or after 1 January 2021:

- Amendments to MFRS 16 *Covid-19 Related Rent Concession*
- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform Phase 2*
- Amendments to MFRS 3 *Business Combination (“MFRS 3”) - Reference to the Conceptual Framework*
- Amendments to MFRS 116 *Property, Plant and Equipment (“MFRS 116”) - Proceeds before Intended Use*
- Annual Improvement to MFRS Standards 2018-2020 Cycle

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

2 Group Accounting Policies (Continued)

The Group and the Bank will apply the following standards from financial years beginning on or after 1 January 2021 :

- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*
- Amendments to MFRS 101 - *Presentation of Financial Statements ("MFRS 101") - Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 10 and MFRS 128 - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

3 Audit Report

The audit report for the financial year ended 31 December 2020 was not subject to any qualification.

4 Seasonal or Cyclical Factors

The business operations of the Bank have not been affected by any material seasonal cyclical factors.

5 Exceptional or Extraordinary Items

There were no exceptional or extraordinary items in the three months ended 31 March 2021.

6 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the three months ended 31 March 2021.

7 Changes in Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the period under review.

8 Dividend Paid

No dividend was paid during the three months ended 31 March 2021.

9 Cash and Short-term Funds

	Group		Bank	
	31 March	31 December	31 March	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Cash and balances with banks and other financial institutions	130,119	258,399	130,080	257,947
Money at call and deposit placements maturing within one month	1,707,678	2,707,361	1,707,678	2,707,361
	1,837,797	2,965,760	1,837,758	2,965,308
Less: allowance for ECL	(30)	(85)	(30)	(85)
	1,837,767	2,965,675	1,837,728	2,965,223

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

9 Cash and Short-term Funds (Continued)

Movements in allowance for impairment on cash and short-term funds

	Group and Bank	
	31 March	31 December
	2021	2020
	RM'000	RM'000
As at 1 January	85	49
ECL allowance (written-back)/charge during the financial period/year (Note 26)	(55)	36
As at 31 March 2021/31 December 2020	30	85

10 Deposits and Placements with Banks and Other Financial Institutions

	Group and Bank	
	31 March	31 December
	2021	2020
	RM'000	RM'000
Bank Negara Malaysia	40,014	100,145
Licensed banks	263,961	-
	303,975	100,145
Less: allowance for ECL	(4)	-
	303,971	100,145

Movements in allowance for impairment on deposits and placements with banks and other financial institutions

	Group and Bank	
	31 March	31 December
	2021	2020
	RM'000	RM'000
As at 1 January	-	62
ECL allowance charge/ (written-back) during the financial period/year (Note 26)	4	(62)
As at 31 March 2021/31 December 2020	4	-

11 Derivative Financial Assets/(Liabilities)

	Group and Bank	
	31 March	31 December
	2021	2020
	RM'000	RM'000
Derivative financial assets	9,172	18,219
Derivative financial liabilities	(9,438)	(18,337)
	(266)	(118)

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

12 Debt instruments at Fair Value Through Other Comprehensive Income ("FVOCI")

	Group and Bank	
	31 March 2021 RM'000	31 December 2020 RM'000
Money market instrument:		
Malaysian Government Securities	516,493	524,335
Malaysian Government Investment Issue	720,958	726,117
Unquoted securities		
Corporate bond	45,995	122,024
Foreign bond	64,804	63,064
Less: allowance for ECL	(194)	(197)
	110,605	184,891
	1,348,056	1,435,343

Included in debt instruments at FVOCI of the Group and the Bank are MGS of RM80 million as part of the Bank Statutory Reserve Requirement ("SRR") compliance effective 16 May 2020.

Movements in allowance for impairment on corporate bond

	Group and Bank	
	31 March 2021 RM'000	31 December 2020 RM'000
As at 1 January	197	89
ECL allowance (written-back)/charge during the financial period/year (Note 26)	(3)	108
As at 31 March 2021/31 December 2020	194	197

13 Equity Instruments at FVOCI

	Group and Bank	
	31 March 2021 RM'000	31 December 2020 RM'000
At fair value:		
Unquoted securities		
Shares of corporations in Malaysia	18,719	18,719
	18,719	18,719

14 Debt Instruments at Amortised Cost

	Group and Bank	
	31 March 2021 RM'000	31 December 2020 RM'000
At amortised cost:		
Money market instrument:		
Negotiable instruments of deposits	902,530	500,233
	902,530	500,233

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

15 Equity Instrument at Fair Value Through Profit & Loss ("FVTPL")

	Group and Bank	
	31 March	31 December
	2021	2020
	RM'000	RM'000
At fair value:		
Quoted securities		
Shares of corporations outside Malaysia	-	-
	<u>-</u>	<u>-</u>

16 Loans and Advances

At amortised cost

(i) By type

	Group		Bank	
	31 March	31 December	31 March	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Overdrafts	342,847	336,496	342,847	336,496
Terms loans				
- Housing loans	486,563	445,808	486,563	445,808
- Syndicated term loans	3,593,010	3,671,806	3,593,010	3,671,806
- Other term loans	1,759,928	1,732,750	1,759,928	1,732,750
Bills receivables	636,363	314,185	636,363	314,185
Trust receipts	-	131	-	131
Claims on customers under acceptance credits	747,974	548,325	747,974	548,325
Revolving credits	1,798,282	1,561,928	1,798,982	1,561,928
Staff loans	1,730	1,829	1,730	1,829
Gross loans and advances	9,366,697	8,613,258	9,367,397	8,613,258
Less: Allowance for ECL	(199,105)	(209,842)	(199,105)	(209,842)
Total net loans and advances	9,167,592	8,403,416	9,168,292	8,403,416

(ii) By geographical distribution

	Group		Bank	
	31 March	31 December	31 March	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Malaysia	5,648,870	4,970,051	5,649,570	4,970,051
Other countries	3,717,827	3,643,207	3,717,827	3,643,207
Gross loans and advances	9,366,697	8,613,258	9,367,397	8,613,258

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

16 Loans and Advances (Continued)

At amortised cost (continued)

(iii) By interest rate sensitivity

	Group		Bank	
	31 March	31 December	31 March	31 December
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Other fixed rate loans	1,833,654	1,358,283	1,833,654	1,358,283
Variable rate				
- Base lending rate/base rate plus	1,587,479	1,519,266	1,587,479	1,519,266
- Cost of funds plus	5,464,983	5,192,412	5,465,683	5,192,412
- Other variable rates	480,581	543,297	480,581	543,297
Gross loans and advances	9,366,697	8,613,258	9,367,397	8,613,258

(iv) By economic sector

	Group		Bank	
	31 March	31 December	31 March	31 December
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	384,537	327,757	384,537	327,757
Mining and quarrying	699,797	731,064	699,797	731,064
Manufacturing	1,915,645	1,544,849	1,915,645	1,544,849
Electricity, gas and water supply	774,656	645,348	774,656	645,348
Construction	515,044	464,616	515,044	464,616
Real estate	2,302,103	2,279,239	2,302,103	2,279,239
Wholesale and retail trade and restaurants and hotels	173,854	154,040	173,854	154,040
Transport, storage and communication	68,035	70,563	68,035	70,563
Finance, insurance and business services	1,394,009	1,291,909	1,394,009	1,291,909
Education, health and others	310,514	306,731	311,214	306,731
Household	828,503	797,142	828,503	797,142
Others	-	-	-	-
	9,366,697	8,613,258	9,367,397	8,613,258

(v) By residual contractual maturity - remaining

	Group		Bank	
	31 March	31 December	31 March	31 December
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	RM'000	RM'000	RM'000	RM'000
Up to one month	1,491,795	1,335,969	1,492,495	1,335,969
More than one month to three months	896,422	993,821	896,422	993,821
More than three months to six months	803,657	163,980	803,657	163,980
More than six months to twelve months	145,274	355,146	145,274	355,146
More than twelve months	6,029,549	5,764,342	6,029,549	5,764,342
Gross loans and advances	9,366,697	8,613,258	9,367,397	8,613,258

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

16 Loans and Advances (Continued)

(vi) Changes in gross loans and advances carrying amount

Group

	12 months ECL (Stage 1) RM'000	Lifetime ECL (non- credit impaired) (Stage 2) RM'000	Lifetime ECL (credit impaired) (Stage 3) RM'000	Total RM'000
As at 1 January 2021	7,863,757	549,553	199,948	8,613,258
Transferred to 12-month ECL (stage 1)	8,149	(8,149)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(21,913)	21,913	-	-
Transferred to lifetime ECL (credit impaired) (stage 3)	-	(188)	188	-
Changes due to change in credit risk	(1,187,152)	(55,865)	(2,339)	(1,245,356)
New loans and advances originated	1,944,961	53,834	-	1,998,795
Gross carrying amount as at 31 March 2021	8,607,802	561,098	197,797	9,366,697

	12 months ECL (Stage 1) RM'000	Lifetime ECL (non- credit impaired) (Stage 2) RM'000	Lifetime ECL (credit impaired) (Stage 3) RM'000	Total RM'000
As at 1 January 2020	6,155,452	1,299,280	241,978	7,696,710
Transferred to 12-month ECL (stage 1)	601,965	(600,827)	(1,138)	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(93,490)	94,279	(789)	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(426)	(12,848)	13,274	-
Changes due to change in credit risk	(1,734,759)	(325,404)	(44,781)	(2,104,944)
New loans and advances originated	2,935,015	95,073	-	3,030,088
Bad debts written off	-	-	(8,596)	(8,596)
Gross carrying amount as at 31 December 2020	7,863,757	549,553	199,948	8,613,258

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

16 Loans and Advances (Continued)

(vi) Changes in gross loans and advances carrying amount

Bank

	12 months ECL (Stage 1) RM'000	Lifetime ECL (non- credit impaired) (Stage 2) RM'000	Lifetime ECL (credit impaired) (Stage 3) RM'000	Total RM'000
As at 1 January 2021	7,863,757	549,553	199,948	8,613,258
Transferred to 12-month ECL (stage 1)	8,149	(8,149)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(21,913)	21,913	-	-
Transferred to lifetime ECL (credit impaired) (stage 3)	-	(188)	188	-
Changes due to change in credit risk	(1,187,152)	(55,865)	(2,339)	(1,245,356)
New loans and advances originated	1,945,661	53,834	-	1,999,495
Gross carrying amount as at 31 March 2021	8,608,502	561,098	197,797	9,367,397
	12 months ECL (Stage 1) RM'000	Lifetime ECL (non- credit impaired) (Stage 2) RM'000	Lifetime ECL (credit impaired) (Stage 3) RM'000	Total RM'000
As at 1 January 2020	6,155,452	1,299,280	241,978	7,696,710
Transferred to 12-month ECL (stage 1)	601,965	(600,827)	(1,138)	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(93,490)	94,279	(789)	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(426)	(12,848)	13,274	-
Changes due to change in credit risk	(1,734,759)	(325,404)	(44,781)	(2,104,944)
New loans and advances originated	2,935,015	95,073	-	3,030,088
Bad debts written off	-	-	(8,596)	(8,596)
Gross carrying amount as at 31 December 2020	7,863,757	549,553	199,948	8,613,258

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

16 Loans and Advances (Continued)

(vii) Movements in allowance for impairment on Loans and advances measured at amortised cost

Group and Bank

	12-month ECL (Stage 1) RM'000	Lifetime ECL (non- credit impaired) (Stage 2) RM'000	Lifetime ECL (credit impaired) (Stage 3) RM'000	Total RM'000
As at 1 January 2021	62,750	49,117	97,975	209,842
Transferred to 12-month ECL (stage 1)	281	(281)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(1,390)	1,390	-	-
Transferred to lifetime ECL (credit impaired) (stage 3)	-	(12)	12	-
New loans and advances originated	3,791	5,671	-	9,462
(Reversal)/allowance during the financial period/year	(11,152)	(8,655)	(234)	(20,041)
Full settlement	(158)	-	-	(158)
Allowance for ECL as at 31 March 2021	54,122	47,230	97,753	199,105

	12-month ECL (Stage 1) RM'000	Lifetime ECL (non- credit impaired) (Stage 2) RM'000	Lifetime ECL (credit impaired) (Stage 3) RM'000	Total RM'000
As at 1 January 2020	20,427	67,052	121,823	209,302
Transferred to 12-month ECL (stage 1)	31,153	(31,105)	(48)	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(591)	767	(176)	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(3)	(762)	765	-
New loans and advances originated	14,260	4,849	-	19,109
(Reversal)/allowance during the financial period/year	(1,433)	15,098	(4,064)	9,601
Full settlement	(1,063)	(6,782)	(11,729)	(19,574)
Amount written-off	-	-	(8,596)	(8,596)
Allowance for ECL as at 31 December 2020	62,750	49,117	97,975	209,842

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

16 Loans and Advances (Continued)

(viii) Gross credit impaired loans and advances

(a) Movements in credit impaired loans and advances

	Group and Bank	
	31 March	31 December
	2021	2020
As at 1 January	199,948	241,978
Classified as credit impaired during the financial period/year	1,402	7,154
Reclassified as non-credit impaired during the financial period/year		(1,927)
Amount recovered	(3,553)	(38,661)
Amount written-off	-	(8,596)
As at 31 March 2021/31 December 2020	197,797	199,948
Less: Lifetime ECL (credit impaired) (Stage 3)	(97,753)	(97,975)
	100,044	101,973
Ratio of net impaired loans and advances to gross loans and advances less Lifetime ECL (credit impaired) (Stage 3)	1.079%	1.198%

(b) By geographical distribution

	Group and Bank	
	31 March	31 December
	2021	2020
	RM'000	RM'000
Malaysia	173,947	176,899
Other countries	23,850	23,049
	197,797	199,948

(c) By economic sector

	Group and Bank	
	31 March	31 December
	2021	2020
	RM'000	RM'000
Primary agriculture	9,709	9,809
Manufacturing	58,198	57,969
Electricity, gas and water supply	23,850	23,049
Construction	2,780	2,871
Wholesale and retail trade and restaurants and hotels	-	-
Education, health and others	74,998	75,522
Household	18,086	20,193
Real estate	10,176	10,535
	197,797	199,948

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

17 Other Assets

	Group		Bank	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Other receivables	21,934	11,145	21,000	10,620
Sundry deposits	2,421	2,845	2,421	2,436
Prepayment	132	1,072	132	988
Precious metal inventories	199	250	199	250
	24,686	15,312	23,752	14,294
Less: allowance for ECL	(437)	(392)	(421)	(376)
	24,249	14,920	23,331	13,918

Movements in allowance for impairment on other assets

	Group		Bank	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
As at 1 January	392	523	376	517
ECL allowance made during the financial period/year (Note 26)	45	(60)	45	(70)
Amounts written-off		(71)	-	(71)
As at 31 March 2021/31 December 2020	437	392	421	376

18 Deposits From Customers

(i) By type of deposits

	Group		Bank	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Demand deposits	1,818,893	1,865,648	1,819,425	1,866,970
Savings deposits	418,880	392,585	418,880	392,585
Fixed deposits	5,109,127	4,617,423	5,109,127	4,617,423
Negotiable instruments of deposits	250,147	500,513	250,147	500,513
	7,597,047	7,376,169	7,597,579	7,377,491

(ii) By type of customers

	Group		Bank	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Business enterprises	2,599,124	2,312,617	2,599,656	2,313,939
Individuals	3,376,037	3,288,062	3,376,037	3,288,062
Others	1,621,886	1,775,490	1,621,886	1,775,490
	7,597,047	7,376,169	7,597,579	7,377,491

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

18 Deposits From Customers (Continued)

(iii) The maturity structure of fixed deposits and negotiable instruments of deposits are as follows:

	Group and Bank	
	31 March	31 December
	2021	2020
	RM'000	RM'000
Due within six months	4,027,648	3,795,179
Six months to one year	1,331,626	1,322,757
One year to three years	-	-
	5,359,274	5,117,936

19 Deposits and Placements Of Banks and Other Financial Institutions

	Group and Bank	
	31 March	31 December
	2021	2020
	RM'000	RM'000
Bank Negara Malaysia	15,796	15,415
Licensed banks	2,927,028	3,069,775
Licensed investment banks	379	3,261
Licensed Islamic banks	2,108	1,077
Other financial institutions	3	4
	2,945,314	3,089,532

20 Other Liabilities

	Group		Bank	
	31 March	31 December	31 March	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Accrued expenses	32,072	29,484	31,575	28,999
Margin deposits	43,748	46,386	43,748	46,386
Other liabilities	70,018	49,179	69,499	48,828
Lease liabilities	32,650	34,777	30,730	32,523
Allowance for ECL on commitments and contingencies (Note 20 (i))	7,991	8,654	7,991	8,654
	186,479	168,480	183,543	165,390

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

20 Other Liabilities (Continued)

(i) **Movements in allowance for impairment on commitment and contingencies:**

	Group and Bank			Total
	31 March 2021			
	12 months	Lifetime ECL	Lifetime ECL	
	ECL	(non-credit	(credit	
(Stage 1)	impaired)	impaired)	RM'000	
RM'000	(Stage 2)	(Stage 3)		
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2021	8,424	230	-	8,654
Transferred to 12 months ECL (stage 1)	-	-	-	-
Transfer to lifetime ECL (non-credit impaired) (stage 2)	(3)	3	-	-
Transferred to lifetime ECL (credit impaired) (stage 3)	-	-	-	-
New loans and advances originated	2,022	5	-	2,027
Reversal during the financial period/year	(2,659)	(25)	-	(2,684)
Full settlement	(6)	-	-	(6)
Amount written-off	-	-	-	-
As at 31 March 2021	7,778	213	-	7,991

	Group and Bank			Total
	31 December 2020			
	12 months	Lifetime ECL	Lifetime ECL	
	ECL	(non-credit	(credit	
(Stage 1)	impaired)	impaired)	RM'000	
RM'000	(Stage 2)	(Stage 3)		
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2020	2,831	2,695	-	5,526
Transferred to 12 months ECL (stage 1)	2,169	(2,169)	-	-
Transfer to lifetime ECL (non-credit impaired) (stage 2)	(4)	4	-	-
Transfer to lifetime ECL (credit impaired) (stage 3)	-	(20)	20	-
New loans and advances originated	3,691	25	-	3,716
(Reversal)/allowance during the financial period/year	(215)	(288)	(20)	(523)
Full settlement	(48)	(17)	-	(65)
As at 31 December 2020	8,424	230	-	8,654

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

21 Subordinated Loan

	GROUP AND BANK	
	31 March	31 December
	2021	2020
	RM'000	RM'000
At cost	1,254,725	1,254,725
Interest accrued	1,195	1,193
Foreign exchange difference	30,225	(9,765)
	<u>1,286,145</u>	<u>1,246,153</u>

On 26 July 2017, the Bank has issued an USD310 million subordinated loan (ten (10) years maturity, non-callable five (5) years) which bears interest rate equal to 0.30% plus 3-month USD LIBOR, payable 3 months in arrears.

The subordinated loan was approved by BNM for inclusion as Tier-2 capital of the Bank under BNM's capital adequacy regulations.

The tenor of the Subordinated Loan facility is the 10 years (non-callable five (5) years) from the drawdown date with interest payable in arrears, and is prepayable after 5 years subject to BNM's approval and other conditions.

The subordinated loan constitutes a direct, unsecured and subordinated obligation of the Bank.

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

22 Interest Income

	Three Months Ended	
	Group and Bank	
	31 March	31 March
	<u>2021</u>	<u>2020</u>
	RM'000	RM'000
Loans and advances		
- Interest income on non-credit impaired loans and advances	59,828	77,250
- Interest income on credit impaired loans and advances	1,195	1,689
Money at call and deposit placement with financial institutions	12,634	23,612
Debt instruments at FVOCI	12,906	9,119
Debt instruments at amortised cost	2,825	4,157
Other interest income	519	90
	89,907	115,917
Amortisation of premium less accretion of discount	(2,417)	(1,078)
Total interest income	87,490	114,839

23 Interest Expense

	Three Months Ended	
	Group and Bank	
	31 March	31 March
	<u>2021</u>	<u>2020</u>
	RM'000	RM'000
Deposits and placements of banks and other financial institutions	2,095	10,111
Deposits from customers	29,484	45,478
Subordinated loan	1,623	6,983
Others	587	175
	33,789	62,747

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

24 Other Operating Income

	Three Months Ended Group		Three Months Ended Bank	
	31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Fees income:				
- Fee on loans and advances	2,801	2,798	2,801	2,798
- Service charges and fees	1,510	3,317	1,460	763
- Guarantee fees	3,294	3,281	3,294	3,281
	7,605	9,396	7,555	6,842
Fees expense:				
- Commission related expenses	(20)	(1,012)	-	-
Net fee income	7,585	8,384	7,555	6,842
Foreign exchange income/(loss):				
- Realised	9,002	7,750	9,002	7,750
- Unrealised	(71)	(9,796)	(71)	(9,796)
Net gain/(loss) on revaluation of derivatives	(148)	8,632	(148)	8,632
Unrealised (loss)/gain on equity instrument at FVTPL	-	(553)	-	(553)
Gain from derivative financial instrument	302	460	302	460
Revenue from sale of precious metal products	81	23	81	23
Other income	19	10	65	58
	16,770	14,910	16,786	13,416

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

25 Other Operating Expenses

	Three Months Ended Group		Three Months Ended Bank	
	31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
<u>Personnel expenses</u>				
Salaries & wages	17,355	15,326	16,571	14,562
Bonuses	4,062	2,832	4,062	2,719
Defined contribution plan ("EPF")	2,767	2,376	2,690	2,290
Staff welfare expenses	645	530	618	472
Other personnel costs	1,503	1,672	1,464	1,611
	26,332	22,736	25,405	21,654
<u>Marketing expenses</u>				
Entertainment	85	809	85	807
Other marketing	289	346	289	346
	374	1,155	374	1,153
<u>Establishment costs</u>				
Rental of premises	-	12	-	4
Depreciation of property and equipment	1,540	1,650	1,432	1,606
Depreciation of right-of-use assets	2,056	2,240	1,725	1,903
Finance cost on lease liabilities	329	384	306	348
Amortisation of intangible assets	316	206	316	206
Repairs and maintenance	99	175	92	173
Property and equipment written off	11	-	11	-
Information technology expenses	918	750	918	748
Other establishment costs	631	732	486	726
	5,900	6,149	5,286	5,714
<u>Administration and general expenses</u>				
Insurance premium	3	128	3	120
Auditors' remuneration				
- statutory audit fees	55	56	47	45
- regulatory related service	53	31	50	28
Travelling and accommodation	9	294	9	275
Telecommunication and utilities	312	312	295	280
Printing, stationery and postage	182	590	182	521
Legal and professional fees	106	67	51	67
Other administration and general expenses	1,078	698	1,057	640
	1,798	2,176	1,694	1,976
<u>Other expenses</u>				
Cost of sales of precious metal	49	18	49	18
	49	18	49	18
	34,453	32,234	32,808	30,515

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

26 Allowance For Impairment On Loans and Advances and Other Financial Assets

	Three Months Ended Group		Three Months Ended Bank	
	31 March 2021 RM'000	31 March 2020 RM'000	31 March 2021 RM'000	31 March 2020 RM'000
Group				
Allowance/(write-back) for impairment on:				
Cash and short-term funds				
- Stage 1	(55)	(26)	(55)	(26)
Deposits and placements with banks and other financial institutions				
- Stage 1	4	(47)	4	(47)
Debt instruments at FVOCI				
- Stage 1	(3)	(10)	(3)	(10)
Other assets				
- Stage 1	45	68	45	68
Loans and advances				
- Stage 1	(7,519)	(22,891)	(7,519)	(22,891)
- Stage 2	(2,984)	13,248	(2,984)	13,248
- Stage 3	(234)	(8,429)	(234)	(8,429)
Commitments and contingencies				
- Stage 1	(643)	131	(643)	131
- Stage 2	(20)	(27)	(20)	(27)
- Stage 3	-	(20)	-	(20)
	(11,409)	(18,003)	(11,409)	(18,003)

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

27 Capital Adequacy

(a) The capital adequacy ratios of the Group and Bank are as follows:

	Group		Bank	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
<u>Common Equity Tier 1 ("CET1") Capital</u>				
Paid-up ordinary share capital	760,518	760,518	760,518	760,518
Retained profits	872,259	872,259	867,881	867,881
Regulatory reserve	14,800	14,800	14,800	14,800
Fair value through other comprehensive reserve	26,214	35,391	26,214	35,391
Foreign exchange reserve	7	-	7	-
	1,673,798	1,682,968	1,669,420	1,678,590
Regulatory adjustment applied in the calculation of CET 1 Capital				
- Deferred tax assets	(18,603)	(15,588)	(18,504)	(15,467)
- 55% of cumulative unrealised gains of FVOCI financial instruments	(14,418)	(19,465)	(14,418)	(19,465)
- Regulatory reserve attributable to financial assets	(14,800)	(14,800)	(14,800)	(14,800)
- Transitional arrangements	16,279	27,466	16,269	27,456
	(31,542)	(22,387)	(31,453)	(22,276)
Total CET1 capital / Total Tier 1 capital	1,642,256	1,660,581	1,637,967	1,656,314
<u>Tier-2 capital</u>				
General provision*	108,529	108,529	108,523	108,523
Subordinated loan	1,284,950	1,244,960	1,284,950	1,244,960
Less: Investment in a subsidiary company	-	-	(1,000)	(1,000)
Total Tier-2 capital	1,393,479	1,353,489	1,392,473	1,352,483
Total capital base	3,035,735	3,014,070	3,030,440	3,008,797
<u>With transitional arrangements</u>				
CET 1 capital ratio	16.343%	17.413%	16.364%	17.448%
Tier 1 capital ratio	16.343%	17.413%	16.364%	17.448%
Total capital ratio	30.211%	31.606%	30.276%	31.695%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	16.181%	17.125%	16.202%	17.158%
Tier 1 capital ratio	16.181%	17.125%	16.202%	17.158%
Total capital ratio	30.148%	31.353%	30.213%	31.441%

*General provision is subject to a maximum of 1.25% of total credit risk-weighted assets determined under the Standardised Approach for credit risk.

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

27 Capital Adequacy (Continued)

(b) Breakdown of risk-weighted assets in the various categories of risk-weights are as follows :

	Group		Bank	
	31 March	31 December	31 March	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Credit risk	9,480,653	8,956,638	9,475,993	8,951,938
Market risk	5,527	6,021	5,527	6,021
Operational risk	562,097	573,786	527,687	535,135
Total risk-weighted assets	10,048,277	9,536,445	10,009,207	9,493,094

The total capital and capital adequacy ratios of the Bank is computed in accordance with Bank Negara Malaysia's Capital Adequacy Framework (Capital Components) dated 2 February 2018. The Bank has adopted the Standardised Approach for Credit Risk and Market Risk, and Basic Indicator Approach for Operational Risk.

On 2 February 2018, Bank Negara Malaysia issued Policy Document on Financial Reporting. Pursuant to paragraph 10.5 of the Policy Document, effective 1 January 2018 banking institution must maintain, in aggregate, loss allowances for non-credit-impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of loss allowance for credit-impaired exposures.

The regulatory reserve is maintained in addition to the credit impairment losses that have been assessed in accordance with MFRS 9. It will be transferred from the retained profits to a separate reserve namely regulatory reserve within the equity.

General provision is qualified Tier 2 Capital, subject to maximum of 1.25% of total credit RWA determined under the Standardised Approach for credit risk.

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2021

28 Commitments and Contingencies

	Group and Bank					
	31 March 2021			31 December 2020		
	Principal	Credit	Risk	Principal	Credit	Risk
	RM'000	equivalent	weighted	RM'000	equivalent	weighted
		RM'000	RM'000	RM'000	RM'000	RM'000
Direct credit substitutes	19,170	19,170	6,429	6,285	6,285	2,842
Transaction-related contingent items	2,297,797	1,148,898	610,290	2,154,624	1,077,312	558,390
Short-term self-liquidation trade related contingencies	79,344	15,869	13,836	272,719	54,544	52,728
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	2,242,878	448,576	351,537	2,517,649	503,530	377,460
- Maturity exceeding one year	459,402	229,701	211,666	318,650	159,325	140,747
Foreign exchange related contracts:						
- Less than one year	438,483	7,093	2,389	231,536	1,929	1,045
Interest/Profit rate related contracts:						
- Less than one year	137,734	1,354	1,217	122,889	11,565	2,358
- More than five year	319,077	22,401	17,803	317,373	22,984	18,784
Unutilised credit card lines				-	-	-
Total	5,993,885	1,893,062	1,215,167	5,941,725	1,837,474	1,154,354

Registration No.: 200001008645 (511251-V)
BANK OF CHINA (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED 31 MARCH 2020

29 Operations of Islamic Banking

No Islamic banking activities was involved for the first quarter ended 31 March 2021.

30 Valuation of Property, Plant and Equipment

The Bank's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. There was no change in the valuation of property and equipment that were brought forward from the previous audited annual financial statements.

31 Events Subsequent to Reporting Date

There were no material events subsequent to the reporting date that require disclosure or adjustments to the interim statements.

32 Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the first quarter ended 31 March 2021.