

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	Group		Bank	
		30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
ASSETS					
Cash and short-term funds		2,448,454	2,535,201	2,448,449	2,535,019
Deposits and placements with banks and other financial institutions		1,128,709	495,772	1,128,709	495,772
Derivative financial assets		17,241	15,917	17,241	15,917
Debt instruments at fair value through other comprehensive income ("FVOCI")	10	1,861,301	1,672,558	1,861,301	1,672,558
Equity instruments at FVOCI	11	13,471	17,347	13,471	17,347
Debt instruments at amortised cost	12	-	852,061	-	852,061
Equity instrument at fair value through profit & loss ("FVTPL")	13	-	-	-	-
Loans and advances	14	9,032,198	8,877,009	9,040,210	8,882,517
Other assets	15	25,017	30,551	24,486	29,874
Right-of-use assets		25,788	28,624	25,559	27,732
Tax recoverable		8,602	14,777	6,571	12,949
Deferred tax assets		33,192	29,252	33,176	29,021
Statutory deposits with Bank Negara Malaysia		8,055	7,475	8,055	7,475
Investment in a subsidiary		-	-	1,000	1,000
Property and equipment		43,793	46,015	42,381	44,245
Intangible assets		2,150	2,281	2,150	2,281
TOTAL ASSETS		14,647,971	14,624,840	14,652,759	14,625,768
LIABILITIES AND EQUITY					
Deposits from customers	16	8,047,715	8,250,053	8,047,947	8,250,642
Deposits and placements of banks and other financial institutions	17	3,275,749	3,177,714	3,275,749	3,177,714
Derivative financial liabilities		16,485	15,529	16,485	15,529
Other liabilities	18	165,931	159,676	165,169	157,972
Subordinated loan	19	1,369,650	1,291,240	1,369,650	1,291,240
TOTAL LIABILITIES		12,875,530	12,894,212	12,875,000	12,893,097
Share capital		760,518	760,518	760,518	760,518
Reserves		1,011,923	970,110	1,017,241	972,153
TOTAL EQUITY		1,772,441	1,730,628	1,777,759	1,732,671
TOTAL LIABILITIES AND EQUITY		14,647,971	14,624,840	14,652,759	14,625,768
COMMITMENTS AND CONTINGENCIES	26	7,529,821	6,264,284	7,533,821	6,265,784

The Unaudited Condensed 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 2021

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	Note	2nd Quarter Ended		Six Months Ended	
		30 June	30 June	30 June	30 June
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	20	94,057	87,827	190,276	175,317
Interest expense	21	(36,469)	(33,038)	(76,782)	(66,827)
Net interest income		57,588	54,789	113,494	108,490
Other operating income	22	21,888	16,757	40,983	33,527
Other operating expenses	23	(38,482)	(38,273)	(75,654)	(72,726)
Operating profit before allowance for expected credit losses		40,994	33,273	78,823	69,291
Expected credit losses ("ECL") written back/ (made) on loans and advances other financial assets	24	1,524	(5,695)	1,424	5,714
Profit before taxation		42,518	27,578	80,247	75,005
Taxation		(12,010)	(7,262)	(21,588)	(19,338)
Profit for the financial period		30,508	20,316	58,659	55,667
Other comprehensive income:					
<i>Items that will be reclassified subsequently to profit or loss when specific conditions are met:</i>					
- Net fair value changes in debt instrument at FVOCI, net of tax		(16,123)	(445)	(18,921)	(9,622)
- Net changes in expected credit losses in debt instruments at FVOCI		2,107	-	2,070	-
- Net gain on foreign exchange translation		(5)	7	5	14
Other comprehensive income, net of tax		(14,021)	(438)	(16,846)	(9,608)
Total comprehensive income for the period, net of tax		16,487	19,878	41,813	46,059
Earnings per share					
- Basic/fully diluted (sen)				7.71	7.32

The Unaudited Condensed 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 2021

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	Note	2nd Quarter Ended		Six Months Ended	
		30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Bank					
Interest income	20	94,119	87,841	190,387	175,331
Interest expense	21	(36,469)	(33,038)	(76,782)	(66,827)
Net interest income		57,650	54,803	113,605	108,504
Other operating income	22	21,818	16,727	40,867	33,513
Other operating expenses	23	(37,073)	(36,599)	(72,588)	(69,407)
Operating profit before allowance for expected credit losses		42,395	34,931	81,884	72,610
Expected credit losses ("ECL") written-back/ (made) on loans and advances other financial assets	24	1,524	(5,695)	1,424	5,714
Profit before taxation		43,919	29,236	83,308	78,324
Taxation		(11,789)	(7,178)	(21,374)	(19,232)
Profit for the financial period		32,130	22,058	61,934	59,092
Other comprehensive income:					
<i>Items that will be reclassified subsequently to profit or loss when specific conditions are met:</i>					
- Net fair value changes in debt instrument at FVOCI, net of tax		(16,123)	(445)	(18,921)	(9,622)
- Net changes in expected credit losses in debt instruments at FVOCI		2,107	-	2,070	-
- Net gain on foreign exchange translation		(5)	7	5	14
Other comprehensive income, net of tax		(14,021)	(438)	(16,846)	(9,608)
Total comprehensive income for the period, net of tax		18,109	21,620	45,088	49,484
Earnings per share					
- Basic/fully diluted (sen)				8.14	7.77

The Unaudited Condensed 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 2021

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	← 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	
Group						
Balance as at 1 January 2022	760,518	27	11,925	14,800	943,358	1,730,628
Profit for the financial period	-	-	-	-	58,659	58,659
Other comprehensive income, net of tax	-	5	(16,851)	-	-	(16,846)
Total comprehensive income for the financial period, net of tax	-	5	(16,851)	-	58,659	41,813
At 30 June 2022	760,518	32	(4,926)	14,800	1,002,017	1,772,441
Balance as at 1 January 2021	760,518	-	35,391	14,800	872,259	1,682,968
Profit for the financial period	-	-	-	-	55,667	55,667
Other comprehensive income, net of tax	-	14	(9,622)	-	-	(9,608)
Total comprehensive income for the financial period, net of tax	-	14	(9,622)	-	55,667	46,059
At 30 June 2021	760,518	14	25,769	14,800	927,926	1,729,027

The Unaudited Condensed 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 2021

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	← 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 2022	760,518	27	11,925	14,800	945,401	1,732,671
Profit for the financial period	-	-	-	-	61,934	61,934
Other comprehensive income, net of tax	-	5	(16,851)	-	-	(16,846)
Total comprehensive income for the financial period, net of tax	-	5	(16,851)	-	61,934	45,088
At 30 June 2022	760,518	32	(4,926)	14,800	1,007,335	1,777,759
Balance as at 1 January 2021	760,518	-	35,391	14,800	867,881	1,678,590
Profit for the financial period	-	-	-	-	59,092	59,092
Other comprehensive income, net of tax	-	14	(9,622)	-	-	(9,608)
Total comprehensive income for the financial period, net of tax	-	14	(9,622)	-	59,092	49,484
At 30 June 2021	760,518	14	25,769	14,800	926,973	1,728,074

The Unaudited Condensed 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 2021

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	Group		Bank	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Profit before taxation	80,247	75,005	83,308	78,324
Adjustments for non cash items	(14,489)	(20,555)	(15,543)	(21,553)
Operating profit before working capital changes	65,758	54,450	67,765	56,771
Changes in working capital:				
Net changes in operating assets	(779,617)	(783,339)	(782,266)	(786,280)
Net changes in operating liabilities	(20,098)	213,411	(20,181)	212,843
Income taxes paid	(13,377)	(11,350)	(13,175)	(10,873)
Net cash used in operating activities	(747,334)	(526,828)	(747,857)	(527,539)
Net cash generated from/ (used in) investing activities	668,226	(274,285)	668,244	(273,960)
Net cash used in financing activities	(7,639)	(7,902)	(6,957)	(7,187)
Net decrease in cash and cash equivalents during the financial period	(86,747)	(809,015)	(86,570)	(808,686)
Cash and cash equivalents at beginning of the financial period	2,535,201	2,965,675	2,535,019	2,965,223
Cash and cash equivalents at end of the financial period	2,448,454	2,156,660	2,448,449	2,156,537

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

1 Performance Review

For the first half of 2022 as compared to the corresponding period, the Group operating income registered at RM154.48 million, grew by RM 12.46 million or 8.77%. This was mainly contributed by an increased in net interest income by RM5.00 million and other operating income by RM7.46 million. Profit after tax recorded at RM58.66 million, grew by RM2.99 million or 5.37%, due to the stable growth in income and effective control of expenses, coupled with reduction in ECL writeback.

Total assets stood at RM14.65 billion as at 30 June 2022, an increased of RM23.13 million or 0.16% compared to 31 December 2021, mainly due to increased loans and advances. Total liabilities stood at RM12.88 billion, a decreased of RM18.68 million or 0.14% compared to 31 December 2021, mainly due to reduction in costly deposits from customers.

2 Economic Outlook

Global economic and financial conditions are expected to remain challenging in 2H 2022. The global economy continues to face strong inflationary pressures due to the prolonged war in Ukraine, continued supply and production constraints, as well as high energy and commodity prices. All these factors have upset the delicate balance between supply and demand and driving consumer prices and business costs higher. In an almost synchronised move, most central banks in the world have raised their interest rate to manage soaring inflation, especially in advanced economies.

The risk of stagflation is hammering global growth prospects, with increasing weaker global growth in 2H 2022. The World Bank has lowered this year's global growth estimate to 2.9% from 4.1% forecasted previously. The risk of recession in the US economy is rising. The Federal Reserve Board (Fed) faces steep challenges and will struggle to achieve a soft landing for the United States (US) economy as it hiked interest rate aggressively to contain inflation.

In June 2022, the Fed hiked the Fed Fund Rates (FFR) by a substantial 75 bps to 1.5% - 1.75% to tame the demand-pull inflation. The Fed's dot plot now suggests the Fed expects FFR to near 3.5% by December FY22—implying several large rate hikes are still in store this year. It is expected to hit almost 4% in FY 2023 before falling again in FY 2024.

China's reduction of quarantine days for all inbound travellers is seen as a positive sign, and together with the rolled out of economic support packages (2% of GDP), easing of liquidity and credit measures would help to cushion the magnitude of economic slowdown.

On the domestic front, Malaysia's Gross Domestic Product (GDP) registered 5% YoY growth in 1Q 2022, mainly driven by strengthening domestic demand and sustained export growth. External headwinds and domestic challenges, especially rising inflation and costs pressures are expected to weigh on Malaysia's economic growth in 2H 2022. Bank Negara Malaysia has maintained FY2022 GDP growth estimate between 5.3% and 6.3%. Headline inflation has been increasing steadily to 2.8% in May, in line with the improvement in economic activity amid lingering cost pressures. The Government's hefty subsidies and administrative measures on fuel, cooking oil, food and electricity tariff have helped to relief inflation pressures. Nevertheless, the Government may be compelled to review the price subsidies and controls in due course.

However, downside risks to the Malaysian economy remain, which include the anticipated weakening global economy, global stagflation risk, the US recession risk, unsettled geopolitical conflicts, persistent supply chain disruptions, further global monetary tightening, local political instability and the potential gradual subsidy rationalisation and removal of domestically administered prices.

Bank Negara Malaysia (BNM) has raised the Overnight Policy Rate (OPR) by 25bps to 2.00% in May 2022 as it removed the high degree of monetary accommodation given during the pandemic crisis. The policy rate adjustment will be gradual and measured as BNM supports continued economic recovery and safeguards against inflation. Markets are expecting a few more hikes in 2H 2022 and in 2023 on the expectation of higher inflation risk and also the need for BNM to rebuild monetary policy buffer against future shocks.

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

2 Economic Outlook (continued)

The potential interest rate hike cycle is expected to improve BOCM's financial outlook. Bank of International Settlement's (BIS) implementation of Renminbi liquidity arrangement (RMBLA) is expected to further stimulate trade activities between China and Malaysia as the cost of transaction is expected to reduce further. BOCM as the major CNY clearing bank in Malaysia is expected to benefit from the increase in trade volume between China and Malaysia.

However, weakening economic growth, rising inflation, tightening of monetary policy and potential gradual subsidy rationalisation by the Malaysian government are expected to weaken consumers' spending power and slow down the business expansion, which may dampen the demand for bank loans.

3 Group Accounting Policies

The unaudited condensed consolidated interim financial statements for the financial period ended 30 June 2022 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 2021.

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 2021.

4 Audit Report

The audit report for the financial year ended 31 December 2021 was not qualified.

5 Seasonal or Cyclical Factors

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

6 Exceptional or Extraordinary Items

There were no exceptional or extraordinary items in the financial period ended 30 June 2022.

7 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the financial period ended 30 June 2022.

8 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.

9 Dividend Paid

No dividend was paid during the financial period ended 30 June 2022.

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

10 Debt Instruments at Fair Value Through Other Comprehensive Income ("FVOCI")

	Group and Bank	
	30 June 2022 RM'000	31 December 2021 RM'000
Money market instrument:		
Malaysian Government Securities ("MGS")	638,344	494,965
Malaysian Government Investment Issue ("MGII")	1,104,021	1,059,312
Unquoted securities		
Corporate bond	50,080	50,736
Foreign bond	68,856	67,545
	118,936	118,281
	1,861,301	1,672,558

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 ECL on corporate bond

	Group and Bank	
	30 June 2022 RM'000	31 December 2021 RM'000
Stage 1 (12-month ECL):		
As at 1 January	92	197
ECL allowance/ (written-back) during the financial period/ year (Note 24)	2,070	(105)
As at 30 June 2022/31 December 2021	2,162	92

11 Equity Instruments at FVOCI

	Group and Bank	
	30 June 2022 RM'000	31 December 2021 RM'000
At fair value:		
Unquoted securities in Malaysia		
of which:		
- Cagamas Holdings Berhad	10,020	13,896
- Credit Guarantee Corporation ("CGC")	3,451	3,451
	13,471	17,347

12 Debt Instruments at Amortised Cost

	Group and Bank	
	30 June 2022 RM'000	31 December 2021 RM'000
At amortised cost:		
Money market instrument:		
Negotiable instruments of deposits	-	852,061
	-	852,061

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

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

The quoted securities was measured at fair value.

14 Loans and Advances

At amortised cost

(i) By type

	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Overdrafts	296,609	301,611	296,609	301,611
Terms loans				
- Housing loans	679,840	589,255	679,840	589,255
- Syndicated term loans	3,693,014	3,598,233	3,693,014	3,598,233
- Other term loans	1,678,116	1,868,587	1,678,116	1,868,587
Bills receivables	414,812	466,483	414,812	466,483
Claims on customers under acceptance credits	847,245	585,075	847,245	585,075
Revolving credits	1,680,897	1,712,995	1,688,909	1,718,503
Staff loans	1,179	1,235	1,179	1,235
Gross loans and advances	9,291,712	9,123,474	9,299,724	9,128,982
Less: allowance for ECL	(259,514)	(246,465)	(259,514)	(246,465)
Total net loans and advances	9,032,198	8,877,009	9,040,210	8,882,517

(ii) By geographical distribution

	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Malaysia	5,830,032	5,527,556	5,838,044	5,533,064
Other countries	3,461,680	3,595,918	3,461,680	3,595,918
Gross loans and advances	9,291,712	9,123,474	9,299,724	9,128,982

(iii) By interest rate sensitivity

	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Other fixed rate loans	1,398,339	1,423,348	1,398,339	1,423,348
Variable rate				
- Base lending rate/base rate plus	1,641,226	1,610,085	1,641,226	1,610,085
- Cost of funds plus	5,702,663	5,545,284	5,710,675	5,550,792
- Other variable rates	549,484	544,757	549,484	544,757
Gross loans and advances	9,291,712	9,123,474	9,299,724	9,128,982

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

14 Loans and Advances (continued)

At amortised cost (continued)

(iv) By economic sector

	Group		Bank	
	30 June	31 December	30 June	31 December
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	309,962	314,135	309,962	314,135
Mining and quarrying	591,659	601,082	591,659	601,082
Manufacturing	2,005,538	1,715,825	2,005,538	1,715,825
Electricity, gas and water supply	886,223	865,939	886,223	865,939
Construction	299,036	338,824	299,036	338,824
Real estate	1,762,907	2,002,415	1,762,907	2,002,415
Wholesale and retail trade and restaurants and hotels	610,496	550,375	610,496	550,375
Transport, storage and communication	61,774	82,268	61,774	82,268
Finance, insurance and business services	1,416,149	1,407,342	1,416,149	1,407,342
Education, health and others	333,840	318,344	341,852	323,852
Household	1,014,128	926,925	1,014,128	926,925
	9,291,712	9,123,474	9,299,724	9,128,982

(v) By residual contractual maturity - remaining

	Group		Bank	
	30 June	31 December	30 June	31 December
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Up to one month	1,523,975	1,119,692	1,531,987	1,125,200
More than one month to three months	1,424,785	1,001,798	1,424,785	1,001,798
More than three months to six months	620,482	497,468	620,482	497,468
More than six months to twelve months	985,057	1,004,590	985,057	1,004,590
More than twelve months	4,737,413	5,499,926	4,737,413	5,499,926
Gross loans and advances	9,291,712	9,123,474	9,299,724	9,128,982

The loans and advances were based on the remaining length of time that will be carried and from the report date to the expiry date of the contract created.

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

14 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 2022	7,954,572	970,911	197,991	9,123,474
Transferred to 12-month ECL (stage 1)	346,373	(346,373)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(100,983)	110,776	(9,793)	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(24,679)	(44,477)	69,156	-
Changes due to change in credit risk	(526,907)	(79,277)	17,436	(588,748)
New loans and advances originated	760,113	-	-	760,113
Bad debts written-off	-	-	(3,127)	(3,127)
Gross carrying amount as at 30 June 2022	<u>8,408,489</u>	<u>611,560</u>	<u>271,663</u>	<u>9,291,712</u>
	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)	13,822	(13,822)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(481,328)	481,328	-	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(258)	(7,232)	7,490	-
Changes due to change in credit risk	(830,951)	(41,722)	(8,713)	(881,386)
New loans and advances originated	1,389,530	2,806	-	1,392,336
Bad debts written off	-	-	(734)	(734)
Gross carrying amount as at 31 December 2021	<u>7,954,572</u>	<u>970,911</u>	<u>197,991</u>	<u>9,123,474</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

14 Loans and Advances (continued)

(vi) Changes in gross loans and advances carrying amount (continued)

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 2022	7,960,080	970,911	197,991	9,128,982
Transferred to 12-month ECL (stage 1)	346,373	(346,373)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(106,491)	116,284	(9,793)	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(24,679)	(44,477)	69,156	-
Changes due to change in credit risk	(526,907)	(76,773)	17,436	(586,244)
New loans and advances originated	760,113	-	-	760,113
Bad debts written-off	-	-	(3,127)	(3,127)
Gross carrying amount as at 30 June 2022	<u>8,408,489</u>	<u>619,572</u>	<u>271,663</u>	<u>9,299,724</u>
	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)	13,822	(13,822)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(481,328)	481,328	-	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(258)	(7,232)	7,490	-
Changes due to change in credit risk	(830,951)	(41,722)	(8,713)	(881,386)
New loans and advances originated	1,395,038	2,806	-	1,397,844
Bad debts written off	-	-	(734)	(734)
Gross carrying amount as at 31 December 2021	<u>7,960,080</u>	<u>970,911</u>	<u>197,991</u>	<u>9,128,982</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

14 Loans and Advances (continued)

(vii) Movements in ECL 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 2022	53,237	96,527	96,701	246,465
Transferred to 12-month ECL (stage 1)	3,415	(3,415)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(1,785)	3,968	(2,183)	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(245)	(33,608)	33,853	-
New loans and advances originated	1,346	-	-	1,346
Allowance during the financial period	(8,254)	(3,064)	6,300	(5,018)
Full settlement	(753)	(536)	(251)	(1,540)
Amount written-off	-	-	(3,127)	(3,127)
Other movement	-	-	21,388	21,388
Allowance for ECL as at 30 June 2022	46,961	59,872	152,681	259,514
	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)	958	(958)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(4,397)	4,397	-	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(4)	(737)	741	-
New loans and advances originated	12,722	35,813	-	48,535
(Reversal)/allowance during the financial year	(17,286)	9,333	(273)	(8,226)
Full settlement	(1,506)	(438)	(1,008)	(2,952)
Amount written-off	-	-	(734)	(734)
Allowance for ECL as at 31 December 2021	53,237	96,527	96,701	246,465

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

14 Loans and Advances (continued)

(viii) Gross credit impaired loans and advances

(a) Movements in credit impaired loans and advances

	Group and Bank	
	30 June	31 December
	2022	2021
	RM'000	RM'000
As at 1 January	197,991	199,948
Classified as credit impaired during the financial period/year	90,541	9,389
Reclassified as non-credit impaired during the financial period/year	(9,793)	-
Amount recovered	(3,949)	(10,612)
Amount written-off	(3,127)	(734)
As at 30 June 2022/31 December 2021	<u>271,663</u>	<u>197,991</u>
Less: Lifetime ECL (credit impaired) (Stage 3)	<u>(152,681)</u>	<u>(96,701)</u>
	<u><u>118,982</u></u>	<u><u>101,290</u></u>
Ratio of net impaired loans and advances to gross loans and advances less Lifetime ECL (credit impaired) (Stage 3)	<u><u>1.301%</u></u>	<u><u>1.121%</u></u>

(b) By geographical distribution

	Group and Bank	
	30 June	31 December
	2022	2021
	RM'000	RM'000
Malaysia	243,660	174,122
Other countries	28,003	23,869
	<u>271,663</u>	<u>197,991</u>

(c) By economic sector

	Group and Bank	
	30 June	31 December
	2022	2021
	RM'000	RM'000
Primary agriculture	4,213	5,081
Manufacturing	128,045	58,575
Electricity, gas and water supply	26,769	23,869
Construction	810	2,719
Real estate	3,251	11,422
Education, health and others	75,606	75,307
Household	32,969	21,018
	<u>271,663</u>	<u>197,991</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

15 Other Assets

	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Other receivables	19,707	27,103	19,649	26,828
Sundry deposits	2,852	2,860	2,435	2,441
Prepayment	2,916	1,033	2,842	1,032
Precious metal inventories	98	109	98	109
	25,573	31,105	25,024	30,410
Less: ECL	(556)	(554)	(538)	(536)
	25,017	30,551	24,486	29,874

Movements in ECL on other assets

	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Stage 1 (12-month ECL):				
As at 1 January	554	392	536	376
ECL made during the financial period/ year (Note 24)	2	162	2	160
As at 30 June 2022/31 December 2021	556	554	538	536

16 Deposits From Customers

(i) By type of deposits

	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Demand deposits	2,031,069	1,842,729	2,031,301	1,843,318
Savings deposits	484,656	459,237	484,656	459,237
Fixed deposits	5,526,990	5,647,419	5,526,990	5,647,419
Negotiable instruments of deposits	-	300,668	-	300,668
Other	5,000	-	5,000	-
	8,047,715	8,250,053	8,047,947	8,250,642

(ii) By type of customers

	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	5,000	-	5,000	-
Business enterprises	2,907,535	2,789,092	2,907,767	2,789,681
Individuals	3,634,442	3,491,708	3,634,442	3,491,708
Others	1,500,738	1,969,253	1,500,738	1,969,253
	8,047,715	8,250,053	8,047,947	8,250,642

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

16 Deposits From Customers (continued)

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

	Group and Bank	
	30 June 2022	31 December 2021
	RM'000	RM'000
Due within six months	3,525,992	4,617,444
Six months to one year	1,934,288	1,318,940
One year to three years	66,710	11,703
	<u>5,526,990</u>	<u>5,948,087</u>

17 Deposits and Placements Of Banks and Other Financial Institutions

	Group and Bank	
	30 June 2022	31 December 2021
	RM'000	RM'000
Bank Negara Malaysia	16,517	16,430
Licensed banks	3,246,549	3,152,882
Licensed investment banks	5,993	5,792
Licensed Islamic banks	6,689	2,607
Other financial institutions	1	3
	<u>3,275,749</u>	<u>3,177,714</u>

18 Other Liabilities

	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
Accrued expenses	18,375	33,558	18,147	33,077
Margin deposits	61,401	30,702	61,401	30,702
Other liabilities	48,674	56,731	48,379	56,451
Lease liabilities	27,074	29,819	26,835	28,876
Allowance for ECL on commitments and contingencies (Note 18 (i))	10,407	8,866	10,407	8,866
	<u>165,931</u>	<u>159,676</u>	<u>165,169</u>	<u>157,972</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

18 Other Liabilities (continued)

(i) Movements in ECL on commitment and contingencies:

	Group and Bank			
	30 June 2022			
	12 months	Lifetime ECL	Lifetime ECL	Total
	ECL	(non-credit	(credit	
(Stage 1)	impaired)	impaired)		
RM'000	(Stage 2)	(Stage 3)	RM'000	
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	8,789	77	-	8,866
Transferred to 12 months ECL (stage 1)	4	(4)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(10)	10	-	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(4)	-	4	-
New loans and advances originated	351	-	-	351
Reversal during the financial period	966	238	(4)	1,200
Full settlement	(10)	-	-	(10)
As at 30 June 2022	10,086	321	-	10,407

	Group and Bank			
	31 December 2021			
	12 months	Lifetime ECL	Lifetime ECL	Total
	ECL	(non-credit	(credit	
(Stage 1)	impaired)	impaired)		
RM'000	(Stage 2)	(Stage 3)	RM'000	
	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)	23	(23)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(92)	92	-	-
Transferred to lifetime ECL (credit impaired) (stage 3)	-	(41)	41	-
New loans and advances originated	3,730	9	-	3,739
Reversal during the financial year	(3,022)	(122)	(41)	(3,185)
Full settlement	(274)	(68)	-	(342)
As at 31 December 2021	8,789	77	-	8,866

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

19 Subordinated Loan

	Group and Bank	
	30 June	31 December
	2022	2021
	RM'000	RM'000
At cost	1,254,725	1,254,725
Interest accrued	3,790	1,020
Foreign exchange difference	111,135	35,495
	<u>1,369,650</u>	<u>1,291,240</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 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 FINANCIAL PERIOD ENDED 30 JUNE 2022

20 Interest Income

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income on non-credit impaired loans and advances	66,795	60,514	128,576	120,342
- Interest income on credit impaired loans and advances	2,361	1,554	3,722	2,749
Money at call and deposit placement with financial institutions	15,677	11,144	29,748	23,778
Debt instruments at FVOCI	16,544	13,118	32,109	26,024
Debt instruments at amortised cost	617	3,606	3,126	6,431
Other interest income	(3,957)	538	684	1,057
	<u>98,037</u>	<u>90,474</u>	<u>197,965</u>	<u>180,381</u>
Amortisation of premium less accretion of discount	(3,980)	(2,647)	(7,689)	(5,064)
Total interest income	<u>94,057</u>	<u>87,827</u>	<u>190,276</u>	<u>175,317</u>

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income on non-credit impaired loans and advances	66,857	60,528	128,687	120,356
- Interest income on credit impaired loans and advances	2,361	1,554	3,722	2,749
Money at call and deposit placement with financial institutions	15,677	11,144	29,748	23,778
Debt instruments at FVOCI	16,544	13,118	32,109	26,024
Debt instruments at amortised cost	617	3,606	3,126	6,431
Other interest income	(3,957)	538	684	1,057
	<u>98,099</u>	<u>90,488</u>	<u>198,076</u>	<u>180,395</u>
Amortisation of premium less accretion of discount	(3,980)	(2,647)	(7,689)	(5,064)
Total interest income	<u>94,119</u>	<u>87,841</u>	<u>190,387</u>	<u>175,331</u>

21 Interest Expense

	2nd Quarter Ended		Six Months Ended	
	Group and Bank		Group and Bank	
	30 June	30 June	30 June	30 June
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	7,755	2,140	11,253	4,235
Deposits from customers	28,346	28,720	58,756	58,204
Subordinated loan	4,292	1,574	6,005	3,197
Others	(3,924)	604	768	1,191
	<u>36,469</u>	<u>33,038</u>	<u>76,782</u>	<u>66,827</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

22 Other Operating Income

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Fee income:				
- Fee on loans and advances	3,883	2,325	6,742	5,126
- Service charges and fees	1,062	1,704	1,899	3,214
- Guarantee fees	3,915	3,845	7,646	7,139
	8,860	7,874	16,287	15,479
Fee expense:				
- Commission related expenses	(80)	(48)	(144)	(68)
Net fee income	8,780	7,826	16,143	15,411
Foreign exchange income/(loss):				
- Realised	12,856	7,625	24,191	16,627
- Unrealised	(563)	(1,160)	(557)	(1,231)
Net loss on revaluation of derivatives	370	539	368	391
Gain from derivative financial instrument	51	7	405	309
Revenue from sale of precious metal products	18	48	50	129
Dividend income:				
- Equity instruments at FVOCI	45	45	45	45
Other income	331	1,827	338	1,846
	21,888	16,757	40,983	33,527
Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Fee income:				
- Fee on loans and advances	3,882	2,325	6,742	5,126
- Service charges and fees	861	1,583	1,534	3,043
- Guarantee fees	3,915	3,845	7,646	7,139
	8,658	7,753	15,922	15,308
Foreign exchange income/(loss):				
- Realised	12,856	7,625	24,191	16,627
- Unrealised	(563)	(1,160)	(557)	(1,231)
Net gain/(loss) on revaluation of derivatives	370	539	368	391
Gain from derivative financial instrument	51	7	405	309
Revenue from sale of precious metal products	18	48	50	129
Dividend income:				
- Equity instruments at FVOCI	45	45	45	45
Other income	383	1,870	443	1,935
	21,818	16,727	40,867	33,513

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

23 Other Operating Expenses

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
<u>Personnel expenses</u>				
Salaries & wages	15,509	17,863	32,103	35,218
Bonuses	6,687	6,161	12,632	10,223
Defined contribution plan ("EPF")	2,786	2,730	5,798	5,497
Staff welfare expenses	936	1,334	1,591	1,979
Other personnel costs	2,533	2,355	5,165	3,858
	<u>28,451</u>	<u>30,443</u>	<u>57,289</u>	<u>56,775</u>
<u>Marketing expenses</u>				
Entertainment	81	75	197	160
Other marketing	167	91	514	380
	<u>248</u>	<u>166</u>	<u>711</u>	<u>540</u>
<u>Establishment costs</u>				
Rental of premises	-	1	-	1
Depreciation of property and equipment	1,390	1,568	2,771	3,108
Depreciation of right-of-use assets	2,202	2,068	4,313	4,124
Finance cost on lease liabilities	273	309	552	638
Amortisation of intangible assets	331	323	685	639
Repairs and maintenance	196	196	370	295
Property and equipment written off	6	2	8	13
Information technology expenses	1,331	836	2,270	1,754
Other establishment costs	484	410	944	1,041
	<u>6,213</u>	<u>5,713</u>	<u>11,913</u>	<u>11,613</u>
<u>Administration and general expenses</u>				
Insurance premium	854	129	1,224	132
Auditors' remuneration				
- statutory audit fees	56	56	112	111
- regulatory related service	9	76	17	129
Travelling and accommodation	18	10	40	19
Telecommunication and utilities	336	314	604	626
Printing, stationery and postage	360	217	599	399
Legal and professional fees	356	124	477	230
Other administration and general expenses	1,570	989	2,629	2,067
	<u>3,559</u>	<u>1,915</u>	<u>5,702</u>	<u>3,713</u>
<u>Other expenses</u>				
Cost of sales of precious metal	11	36	39	85
	<u>11</u>	<u>36</u>	<u>39</u>	<u>85</u>
	<u>38,482</u>	<u>38,273</u>	<u>75,654</u>	<u>72,726</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

23 Other Operating Expenses (continued)

	2nd Quarter Ended		Six Months Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Bank				
<u>Personnel expenses</u>				
Salaries & wages	14,832	16,992	30,639	33,563
Bonuses	6,792	6,163	12,662	10,225
Defined contribution plan ("EPF")	2,731	2,684	5,666	5,374
Staff welfare expenses	906	1,265	1,529	1,883
Other personnel costs	2,444	2,310	5,005	3,774
	27,705	29,414	55,501	54,819
<u>Marketing expenses</u>				
Entertainment	81	75	197	160
Other marketing	167	91	514	380
	248	166	711	540
<u>Establishment costs</u>				
Rental of premises	-	1	-	1
Depreciation of property and equipment	1,204	1,383	2,399	2,815
Depreciation of right-of-use assets	1,870	1,737	3,649	3,462
Finance cost on lease liabilities	268	290	538	596
Amortisation of intangible assets	331	323	685	639
Repairs and maintenance	192	191	366	283
Property and equipment written off	3	1	4	12
Information technology expenses	1,324	833	2,261	1,751
Other establishment costs	478	406	935	892
	5,670	5,165	10,837	10,451
<u>Administration and general expenses</u>				
Insurance premium	846	119	1,216	122
Auditors' remuneration				
- statutory audit fees	45	46	90	93
- regulatory related service	5	73	10	123
Travelling and accommodation	18	10	40	19
Telecommunication and utilities	315	293	564	588
Printing, stationery and postage	355	215	593	397
Legal and professional fees	348	125	468	176
Other administration and general expenses	1,507	937	2,519	1,994
	3,439	1,818	5,500	3,512
<u>Other expenses</u>				
Cost of sales of precious metal	11	36	39	85
	11	36	39	85
	37,073	36,599	72,588	69,407

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

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

	2nd Quarter Ended		Six Months Ended	
	30 June 2022 RM'000	30 June 2021 RM'000	30 June 2022 RM'000	30 June 2021 RM'000
Allowance/(written-back) for impairment on:				
Cash and short-term funds				
- Stage 1	1	19	(3)	(36)
Deposits and placements with banks and other financial institutions				
- Stage 1	48	(2)	29	2
Debt instruments at FVOCI				
- Stage 1	2,107	(39)	2,070	(42)
Other assets				
- Stage 1	114	-	151	45
Loans and advances				
- Stage 1	(5,609)	2,524	(7,661)	(4,995)
- Stage 2	(5,947)	3,949	(3,600)	965
- Stage 3	5,910	(723)	6,049	(957)
Commitments and contingencies				
- Stage 1	1,705	81	1,307	(562)
- Stage 2	151	(114)	238	(134)
- Stage 3	(4)	-	(4)	-
	(1,524)	5,695	(1,424)	(5,714)

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

25 Capital Adequacy

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

	Group		Bank	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	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	943,358	943,358	945,401	945,401
Regulatory reserve	14,800	14,800	14,800	14,800
Fair value through other comprehensive reserve	(4,926)	11,925	(4,926)	11,925
Foreign exchange reserve	32	27	32	27
	<u>1,713,782</u>	<u>1,730,628</u>	<u>1,715,825</u>	<u>1,732,671</u>
Regulatory adjustment applied in the calculation of CET 1 Capital				
- Deferred tax assets	(33,192)	(29,252)	(33,176)	(29,021)
- 55% of cumulative unrealised gains of FVOCI financial instruments	2,709	(6,559)	2,709	(6,559)
- Regulatory reserve attributable to financial assets	(14,800)	(14,800)	(14,800)	(14,800)
- Transitional arrangements	19,795	65,684	19,787	65,672
	<u>(25,488)</u>	<u>15,073</u>	<u>(25,480)</u>	<u>15,292</u>
Total CET1 capital / Total Tier 1 capital	<u>1,688,294</u>	<u>1,745,701</u>	<u>1,690,345</u>	<u>1,747,963</u>
<u>Tier-2 capital</u>				
General provision*	115,127	108,529	115,118	108,523
Subordinated loan	1,365,860	1,290,220	1,365,860	1,290,220
Less: Investment in a subsidiary company	-	-	(1,000)	(1,000)
Total Tier-2 capital	<u>1,480,987</u>	<u>1,398,749</u>	<u>1,479,978</u>	<u>1,397,743</u>
Total capital base	<u><u>3,169,281</u></u>	<u><u>3,144,450</u></u>	<u><u>3,170,323</u></u>	<u><u>3,145,706</u></u>
<u>With transitional arrangements</u>				
CET 1 capital ratio	16.550%	17.601%	16.580%	17.658%
Tier 1 capital ratio	16.550%	17.601%	16.580%	17.658%
Total capital ratio	31.069%	31.705%	31.097%	31.778%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	16.356%	16.939%	16.386%	16.994%
Tier 1 capital ratio	16.356%	16.939%	16.386%	16.994%
Total capital ratio	30.929%	31.128%	30.958%	31.201%

*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 FINANCIAL PERIOD ENDED 30 JUNE 2022

25 Capital Adequacy (continued)

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

	Group		Bank	
	30 June	31 December	30 June	31 December
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Credit risk	9,651,394	9,361,976	9,657,904	9,364,377
Market risk	3,200	5,385	3,200	5,385
Operational risk	546,104	550,336	533,572	529,162
Total risk-weighted assets	10,200,698	9,917,697	10,194,676	9,898,924

The total capital and capital adequacy ratio of the Group and of the Bank are computed in accordance with Bank Negara Malaysia's revised Capital Adequacy Framework (Capital Components) Policy. The Framework sets the approach for computing regulatory capital adequacy ratios, as well as the levels of those ratios at which a financial institution is required to operate. The framework has been developed based on internationally-agreed standards on capital adequacy promulgated by the Basel Committee on Banking Supervision ("BCBS").

The Group and the Bank have adopted the Standardised Approach for credit risk and market risk, and the Basic Indicator Approach for operational risk.

The Bank maintains, in aggregate, loss allowance 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 in accordance with BNM's revised Financial Reporting Policy.

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

26 Commitments and Contingencies

Group	30 June 2022			31 December 2021		
	Principal RM'000	Credit equivalent RM'000	Risk weighted RM'000	Principal RM'000	Credit equivalent RM'000	Risk weighted RM'000
Direct credit substitutes	2,755	2,755	2,755	16,519	16,519	6,519
Transaction-related contingent items	2,225,051	1,112,525	578,573	2,154,394	1,077,197	546,561
Short-term self-liquidation trade related contingencies	69,724	13,945	12,855	53,228	10,646	10,022
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	2,371,950	474,390	404,051	2,238,384	447,677	373,797
- Maturity exceeding one year	534,969	267,485	247,626	508,505	254,253	230,863
Foreign exchange related contracts:						
- Less than one year	1,682,933	36,777	16,542	702,774	17,655	8,936
Interest/Profit rate related contracts:						
- Less than one year	367,499	5,380	2,670	299,858	4,858	4,552
- More than one year to five year	192,156	7,280	5,081	206,199	10,876	8,815
- More than five year	82,784	7,219	4,644	84,423	5,211	3,661
Total	7,529,821	1,927,756	1,274,797	6,264,284	1,844,892	1,193,726

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

26 Commitments and Contingencies (continued)

	30 June 2022			31 December 2021		
	Principal RM'000	Credit equivalent RM'000	Risk weighted RM'000	Principal RM'000	Credit equivalent RM'000	Risk weighted RM'000
Bank						
Direct credit substitutes	2,755	2,755	2,755	16,519	16,519	6,519
Transaction-related contingent items	2,225,051	1,112,525	578,573	2,154,394	1,077,197	546,561
Short-term self-liquidation trade related contingencies	69,724	13,945	12,855	53,228	10,646	10,022
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	2,375,950	475,190	404,851	2,239,884	447,977	374,097
- Maturity exceeding one year	534,969	267,485	247,626	508,505	254,253	230,863
Foreign exchange related contracts:						
- Less than one year	1,682,933	36,777	16,542	702,774	17,655	8,936
Interest/Profit rate related contracts:						
- Less than one year	367,499	5,380	2,670	299,858	4,858	4,552
- More than one year to five year	192,156	7,280	5,081	206,199	10,876	8,815
- More than five year	82,784	7,219	4,644	84,423	5,211	3,661
Total	7,533,821	1,928,556	1,275,597	6,265,784	1,845,192	1,194,026

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

27 Credit Exposures Arising From Credit Transactions With Connected Parties

	<u>Group and Bank</u>	
	<u>30 June</u> <u>2022</u>	31 December <u>2021</u>
Outstanding credit exposures with connected parties (RM'000)	1,074,303	1,359,309
Percentage of outstanding credit exposures to connected parties as total credit exposures	10%	12%
Percentage of outstanding credit exposures with connected parties non-performing or in default	Nil	Nil

The credit exposures above are derived based on Bank Negara Malaysia's revised Guidelines on Credit Transactions and Exposures with Connected Parties, which are effective on 1 January 2008. However, the Bank has obtained exemption from Bank Negara Malaysia's for the above credit transaction exposures with connected parties.

28 Operations of Islamic Banking

There were no Islamic banking operations for the financial period ended 30 June 2022.

29 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.

30 Events Subsequent to Reporting Date

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

31 Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the financial period ended 30 June 2022.