

INTERIM FINANCIAL STATEMENTS

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

	Note	Group		Bank	
		30 June	31 December	30 June	31 December
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		1,091,261	2,727,104	1,091,180	2,727,053
Deposits and placements with banks and other financial institutions		2,177,397	1,267,909	2,177,397	1,267,909
Derivative financial assets		37,899	37,338	37,899	37,338
Debt instruments at fair value through other comprehensive income ("FVOCI")	10	1,848,964	1,799,508	1,848,964	1,799,508
Equity instruments at FVOCI	11	18,995	13,223	18,995	13,223
Debt instruments at amortised cost	12	319,963	-	319,963	-
Equity instrument at fair value through profit & loss ("FVTPL")	13	-	-	-	-
Loans and advances	14	9,517,429	8,847,862	9,526,512	8,858,143
Other assets	15	12,316	33,666	12,374	33,374
Right-of-use assets		29,669	33,704	23,615	27,027
Tax recoverable		22,507	26,034	20,548	23,935
Deferred tax assets		29,377	36,929	25,511	33,018
Statutory deposits with Bank Negara Malaysia		80,000	80,000	80,000	80,000
Investment in a subsidiary		-	-	1,000	1,000
Property and equipment		46,477	50,126	45,759	49,074
Intangible assets		2,229	2,904	2,229	2,904
TOTAL ASSETS		15,234,483	14,956,307	15,231,946	14,953,506
LIABILITIES AND EQUITY					
Deposits from customers	16	9,066,925	8,681,962	9,069,820	8,682,685
Deposits and placements of banks and other financial institutions	17	2,456,440	2,753,871	2,456,440	2,753,871
Derivative financial liabilities		37,225	36,239	37,225	36,239
Other liabilities	18	279,026	284,652	270,951	277,300
Subordinated loan	19	1,460,913	1,371,681	1,460,913	1,371,681
TOTAL LIABILITIES		13,300,529	13,128,405	13,295,349	13,121,776
Share capital		760,518	760,518	760,518	760,518
Reserves		1,173,436	1,067,384	1,176,079	1,071,212
TOTAL EQUITY		1,933,954	1,827,902	1,936,597	1,831,730
TOTAL LIABILITIES AND EQUITY		15,234,483	14,956,307	15,231,946	14,953,506
COMMITMENTS AND CONTINGENCIES	26	10,309,325	10,329,349	10,311,825	10,330,849

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 2022

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Note	2nd Quarter Ended		Six Months Ended	
		30 June	30 June	30 June	30 June
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	20	167,444	94,057	326,620	190,276
Interest expense	21	(92,014)	(36,469)	(176,033)	(76,782)
Net interest income		75,430	57,588	150,587	113,494
Other operating income	22	26,754	21,888	50,677	40,983
Other operating expenses	23	(41,878)	(38,482)	(82,321)	(75,654)
Operating profit before allowance for expected credit losses		60,306	40,994	118,943	78,823
Expected credit losses ("ECL") (made)/ written-back on loans and advances other financial assets	24	(4,753)	1,524	5,531	1,424
Profit before taxation		55,553	42,518	124,474	80,247
Taxation		(13,852)	(12,010)	(30,366)	(21,588)
Profit for the financial period		41,701	30,508	94,108	58,659
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		2,092	(16,123)	11,967	(18,921)
- Net changes in expected credit losses in debt instruments at FVOCI		(29)	2,107	(34)	2,070
- Net gain on foreign exchange translation		(1)	(5)	11	5
Other comprehensive income, net of tax		2,062	(14,021)	11,944	(16,846)
Total comprehensive income for the period, net of tax		43,763	16,487	106,052	41,813
Earnings per share					
- Basic/fully diluted (sen)				12.37	7.71

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 2022

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

	Note	2nd Quarter Ended		Six Months Ended	
		30 June <u>2023</u> RM'000	30 June <u>2022</u> RM'000	30 June <u>2023</u> RM'000	30 June <u>2022</u> RM'000
Bank					
Interest income	20	167,551	94,119	326,840	190,387
Interest expense	21	<u>(92,014)</u>	<u>(36,469)</u>	(176,033)	<u>(76,782)</u>
Net interest income		75,537	57,650	150,807	113,605
Other operating income	22	23,454	21,818	45,988	40,867
Other operating expenses	23	<u>(40,159)</u>	<u>(37,073)</u>	(79,123)	<u>(72,588)</u>
Operating profit before allowance for expected credit losses		58,832	42,395	117,672	81,884
Expected credit losses ("ECL") (made)/ written-back on loans and advances					
other financial assets	24	<u>(4,892)</u>	1,524	5,316	1,424
Profit before taxation		53,940	43,919	122,988	83,308
Taxation		<u>(13,288)</u>	<u>(11,789)</u>	(30,065)	<u>(21,374)</u>
Profit for the financial period		40,652	32,130	92,923	61,934
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		2,092	(16,123)	11,967	(18,921)
- Net changes in expected credit losses in debt instruments at FVOCI		(29)	2,107	(34)	2,070
- Net gain on foreign exchange translation		(1)	(5)	11	5
Other comprehensive income, net of tax		<u>2,062</u>	<u>(14,021)</u>	<u>11,944</u>	<u>(16,846)</u>
Total comprehensive income for the period, net of tax		<u>42,714</u>	<u>18,109</u>	<u>104,867</u>	<u>45,088</u>
Earnings per share					
- Basic/fully diluted (sen)				<u>12.22</u>	<u>8.14</u>

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 2022

INTERIM FINANCIAL STATEMENTS

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

	← Non-distributable			→ Distributable		Total RM'000
	Share capital RM'000	Foreign exchange reserve RM'000	Fair value through other comprehensive reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	
Group						
Balance as at 1 January 2023	760,518	(4)	(6,697)	38,000	1,036,085	1,827,902
Profit for the financial period	-	-	-	-	94,108	94,108
Other comprehensive income, net of tax	-	11	11,933	-	-	11,944
Total comprehensive income for the financial period, net of tax	-	11	11,933	-	94,108	106,052
Transfer from retained profits to regulatory reserve	-	-	-	17,000	(17,000)	-
At 30 June 2023	760,518	7	5,236	55,000	1,113,193	1,933,954
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

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 2022

INTERIM FINANCIAL STATEMENTS

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

	← Non-distributable			→ Distributable		Total RM'000
	Share capital RM'000	Foreign exchange reserve RM'000	Fair value through other comprehensive reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	
Bank						
Balance as at 1 January 2023	760,518	(4)	(6,697)	38,000	1,039,913	1,831,730
Profit for the financial period	-	-	-	-	92,923	92,923
Other comprehensive income, net of tax	-	11	11,933	-	-	11,944
Total comprehensive income for the financial period, net of tax	-	11	11,933	-	92,923	104,867
Transfer from retained profits to regulatory reserve	-	-	-	17,000	(17,000)	-
At 30 June 2023	760,518	7	5,236	55,000	1,115,836	1,936,597
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

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 2022

INTERIM FINANCIAL STATEMENTS

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

	Group		Bank	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Profit before taxation	124,474	80,247	122,988	83,308
Adjustments for non cash items	17,330	(14,489)	16,461	(15,543)
Operating profit before working capital changes	141,804	65,758	139,449	67,765
Changes in working capital:				
Net changes in operating assets	(1,556,005)	(779,617)	(1,555,361)	(782,266)
Net changes in operating liabilities	174,155	(20,098)	174,999	(20,181)
Income taxes paid	(23,066)	(13,377)	(22,951)	(13,175)
Net cash used in operating activities	(1,263,112)	(747,334)	(1,263,864)	(747,857)
Net cash (used in)/ generated from investing activities	(332,441)	668,226	(332,441)	668,244
Net cash used in financing activities	(40,290)	(7,639)	(39,568)	(6,957)
Net decrease in cash and cash equivalents during the financial period	(1,635,843)	(86,747)	(1,635,873)	(86,570)
Cash and cash equivalents at beginning of the financial period	2,727,104	2,535,201	2,727,053	2,535,019
Cash and cash equivalents at end of the financial period	1,091,261	2,448,454	1,091,180	2,448,449

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

1 Performance Review

For the first half-year of 2023, the Group registered an operating income of RM201.26 million, an increase of RM46.79 million or 30.29% from the corresponding period of 2022. This was mainly contributed by an increase in net interest income by RM37.09 million and other operating income by RM9.69 million. Profit after tax recorded was RM94.10 million, grew by RM35.45 million or an annual increase of 60.43%. This was mainly due to growth in income coupled with writeback of expected credit losses on loans and advances.

Total asset stood at RM15.2 billion in end June 2023, increased steadily by RM278.18 million or 1.86% from 31 December 2022. This was largely due to increase in loan growth by 7.2%. At the same times, deposit also increased by 4.42% and this has resulted in higher surplus fund in the bank and subsequently higher interbank placement recorded in June 2023. Total liabilities stood at RM13.30 billion, an increase of RM172.12 million or 1.31% from 31 December 2022. This was mainly due to increase in deposits from customers.

2 Economic Outlook

The global economy continues to grow amid being weighed down by elevated cost pressures, persistent core inflation and higher interest rates. Headline inflation continued to moderate, but core inflation has persisted above historical averages. Most central banks in the advanced economies continued to hike interest rates, albeit at smaller quantum. Market expectations are that global monetary tightening cycle is likely coming to an end in 2H 2023. Global trade is expected to remain under pressure due to the weakening demand, softening commodity prices as well as continued decline in sales of global semiconductor chips.

The U.S. economy continues to display resiliency notwithstanding the stress in some regional banks and tighter monetary policy. Strong labour market conditions and wage growth underpinned consumer spending. The Federal Reserve increased rate by 25 bps to 5.00%-5.25% in May 2023, and kept the rate unchanged after the Federal Open Market Committee (FOMC) June meeting. Looking ahead, the Fed's own board members expect two additional hikes by end-2023 in order to rein in stubbornly high core inflation.

China's economic recovery remains uneven. After registering 4.5% year-on-year growth in Q1 2023, the latest economic data suggested uneven state of recovery amid stress in the real estate sector. While economic growth in 2Q will be lifted by lower base effect a year ago, the underlying economic recovery strength remains weak, and hence, compelling the implementation of targeted fiscal and monetary supports to ensure stronger economic revival in 2H 2023. This is to achieve the official's GDP growth target of around 5% in 2023. Domestic consumption, investment in infrastructure and manufacturing will recover to grow steadily while exports growth will find its bottom with a slowing pace of decline. The improving China's economic fundamentals will support the RMB exchange rate.

The Malaysian economy has expanded at a more moderate pace in recent months weighed down by falling exports amid a normalization of consumer demand after expanding rapidly in 2022. With the support of stable labour market conditions, economic growth for 2H 2023 will continue to be driven by domestic demand. Headline inflation moderated to 2.8% in May 2023 from 3.3% in April 2023 while core inflation remains elevated.

Bank Negara Malaysia maintains the GDP growth estimate of between 4.0% and 5.0% in 2023, supported by resilient domestic demand, improvement in labour market conditions and higher tourism activity as well as the on-going implementation of public infrastructure projects and approved investment projects in the manufacturing sector. BNM has kept the OPR at 3.00% in July's Monetary Policy Committee (MPC) meeting after hiking it by 25 bps to 3.00% in May 2023. Market expectations are that the OPR will hold steady at 3.00% for the rest of the year given the anticipated slowing growth and easing inflation. The Malaysian Ringgit (MYR) will continue to depreciate against the USD due to external and domestic factors. The Fed's aggressive rate hikes and lingering concerns about the states' election in August 2023.

BOCM's financial outlook is expected to benefit from any OPR hike as the Bank is running on a positive gapping on MYR book. Despite the MYR's depreciation against USD recently, BOCM's liquidity position remain ample and adequate. With China's economy currently in recovery stage and continue to be Malaysia's largest trading partner, BOCM, the major CNY clearing bank in Malaysia is expected to benefit from increases in trade and investment activities between China and Malaysia.

3 Group Accounting Policies

The unaudited condensed consolidated interim financial statements for the financial period ended 30 June 2023 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 2022.

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 2022.

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

4 Audit Report

The audit report for the financial year ended 31 December 2022 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 2023.

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 2023.

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 2023.

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

	Group and Bank	
	30 June	31 December
	2023	<u>2022</u>
	RM'000	RM'000
Money market instrument:		
Malaysian Government Securities ("MGS")	645,988	584,619
Malaysian Government Investment Issue ("MGII")	1,091,278	1,100,406
Unquoted securities		
Corporate bond	45,152	49,833
Foreign bond	66,546	64,650
	111,698	114,483
	1,848,964	1,799,508

Movements in ECL on corporate bond

	Group and Bank	
	30 June	31 December
	2023	<u>2022</u>
	RM'000	RM'000
Stage 1 (12-month ECL):		
As at 1 January	191	92
ECL (written-back)/ made during the financial period/ year (Note 24)	(35)	99
As at 30 June 2023/31 December 2022	156	191

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

11 Equity Instruments at FVOCI

	Group and Bank	
	30 June	31 December
	2023	2022
	RM'000	RM'000
At fair value:		
Unquoted securities in Malaysia		
of which:		
- Cagamas Holdings Berhad	15,544	10,020
- Credit Guarantee Corporation ("CGC")	3,451	3,203
	18,995	13,223

12 Debt Instruments at Amortised Cost

	Group and Bank	
	30 June	31 December
	2023	2022
	RM'000	RM'000
At amortised cost:		
Money market instrument:		
Negotiable instruments of deposits	250,322	-
Unquoted securities		
Corporate bond	69,641	-
	319,963	-

Movements in ECL on corporate bond

	Group and Bank	
	30 June	31 December
	2023	2022
	RM'000	RM'000
Stage 1 (12-month ECL):		
As at 1 January	-	-
ECL made during the financial period/ year (Note 24)	536	-
As at 30 June 2023/31 December 2022	536	-

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

The quoted securities was measured at fair value.

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

14 Loans and Advances

At amortised cost

(i) By type

	Group		Bank	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Overdrafts	258,831	278,484	258,831	278,484
Terms loans				
- Housing loans	780,507	741,301	780,507	741,301
- Syndicated term loans	3,589,464	3,616,943	3,589,464	3,616,943
- Other term loans	1,364,001	1,538,812	1,364,001	1,538,812
Bills receivables	771,486	685,224	771,486	685,224
Trust receipts	523	1,514	523	1,514
Claims on customers under acceptance credits	635,021	668,056	635,021	668,056
Revolving credits	2,360,396	1,564,528	2,369,919	1,575,050
Staff loans	1,075	1,127	1,075	1,127
Gross loans and advances	9,761,304	9,095,989	9,770,827	9,106,511
Less: allowance for ECL	(243,875)	(248,127)	(244,315)	(248,368)
Total net loans and advances	<u>9,517,429</u>	<u>8,847,862</u>	<u>9,526,512</u>	<u>8,858,143</u>

(ii) By geographical distribution

	Group		Bank	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	6,563,661	5,821,029	6,573,184	5,831,551
Other countries	3,197,643	3,274,960	3,197,643	3,274,960
Gross loans and advances	<u>9,761,304</u>	<u>9,095,989</u>	<u>9,770,827</u>	<u>9,106,511</u>

(iii) By interest rate sensitivity

	Group		Bank	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Other fixed rate loans	2,115,478	1,672,438	2,115,478	1,672,438
Variable rate				
- Base lending rate/base rate plus	1,646,167	1,635,098	1,646,167	1,635,098
- Cost of funds plus	5,524,388	5,248,038	5,533,911	5,258,560
- Other variable rates	475,271	540,415	475,271	540,415
Gross loans and advances	<u>9,761,304</u>	<u>9,095,989</u>	<u>9,770,827</u>	<u>9,106,511</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

14 Loans and Advances (continued)

At amortised cost (continued)

(iv) By economic sector

	Group		Bank	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Agriculture, forestry and fishing	231,747	255,322	231,747	255,322
Mining and quarrying	149,473	166,092	149,473	166,092
Manufacturing	2,365,080	2,126,963	2,365,080	2,126,963
Electricity, gas, steam and air conditioning supply	822,466	878,269	822,466	878,269
Water supply; sewerage, waste management and remediation activities	3,754	3,932	3,754	3,932
Construction	917,954	585,442	917,954	585,442
Wholesale and retail trade; repair of motor vehicles and motorcycles	365,897	537,294	365,897	537,294
Transportation and storage	250,218	61,132	259,741	61,132
Accommodation and food service activities	39,126	48,290	39,126	48,290
Information and communication	58,604	46,489	58,604	46,489
Financial and insurance/takaful activities	1,020,953	779,345	1,020,953	779,345
Real estate activities	1,743,814	1,756,964	1,743,814	1,756,964
Professional, scientific and technical activities	110,520	176,911	110,520	176,911
Administrative and support service activities	291,446	306,592	291,446	317,114
Public administration and defence; compulsory social security	17,656	20,618	17,656	20,618
Education	212,449	212,445	212,449	212,445
Arts, entertainment and recreation	76,534	75,712	76,534	75,712
Household	1,083,613	1,058,177	1,083,613	1,058,177
	9,761,304	9,095,989	9,770,827	9,106,511

(v) By residual contractual maturity - remaining

	Group		Bank	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Up to one month	1,606,640	1,426,350	1,616,163	1,436,872
More than one month to three months	1,189,690	1,406,476	1,189,690	1,406,476
More than three months to six months	460,359	643,198	460,359	643,198
More than six months to twelve months	157,233	234,664	157,233	234,664
More than twelve months	6,347,382	5,385,301	6,347,382	5,385,301
Gross loans and advances	9,761,304	9,095,989	9,770,827	9,106,511

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 2023

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 2023	8,174,429	540,728	380,832	9,095,989
Transferred to 12-month ECL (stage 1)	190,088	(190,088)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(8,133)	13,176	(5,043)	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(1,378)	(9,250)	10,628	-
Changes due to change in credit risk	(447,402)	(75,508)	5,648	(517,262)
New loans and advances originated	1,182,577	-	-	1,182,577
Gross carrying amount as at 30 June 2023	<u>9,090,181</u>	<u>279,058</u>	<u>392,065</u>	<u>9,761,304</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 2022	7,954,572	970,911	197,991	9,123,474
Transferred to 12-month ECL (stage 1)	363,012	(362,724)	(288)	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(113,341)	123,097	(9,756)	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(27,548)	(180,468)	208,016	-
Changes due to change in credit risk	(866,357)	(10,088)	20,999	(855,446)
New loans and advances originated	864,091	-	-	864,091
Bad debts written off	-	-	(36,130)	(36,130)
Gross carrying amount as at 31 December 2022	<u>8,174,429</u>	<u>540,728</u>	<u>380,832</u>	<u>9,095,989</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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 2023	8,174,429	551,250	380,832	9,106,511
Transferred to 12-month ECL (stage 1)	190,088	(190,088)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(8,133)	13,176	(5,043)	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(1,378)	(9,250)	10,628	-
Changes due to change in credit risk	(447,402)	(76,507)	5,648	(518,261)
New loans and advances originated	1,182,577	-	-	1,182,577
Gross carrying amount as at 30 June 2023	<u>9,090,181</u>	<u>288,581</u>	<u>392,065</u>	<u>9,770,827</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 2022	7,960,080	970,911	197,991	9,128,982
Transferred to 12-month ECL (stage 1)	363,012	(362,724)	(288)	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(118,849)	128,605	(9,756)	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(27,548)	(180,468)	208,016	-
Changes due to change in credit risk	(866,357)	(5,074)	20,999	(850,432)
New loans and advances originated	864,091	-	-	864,091
Bad debts written off	-	-	(36,130)	(36,130)
Gross carrying amount as at 31 December 2022	<u>8,174,429</u>	<u>551,250</u>	<u>380,832</u>	<u>9,106,511</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

14 Loans and Advances (continued)

(vii) Movements in ECL on loans and advances measured at amortised cost

Group	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 2023	41,064	28,466	178,597	248,127
Transferred to 12-month ECL (stage 1)	4,412	(4,412)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(237)	237	-	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(19)	(1,598)	1,617	-
New loans and advances originated	2,537	-	-	2,537
ECL (written-back)/ made during the financial period	(3,837)	1,332	(2,054)	(4,559)
Full settlement	(1,548)	(2,872)	(129)	(4,549)
Other movement	-	-	2,319	2,319
Allowance for ECL as at 30 June 2023	42,372	21,153	180,350	243,875

	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)	4,828	(4,550)	(278)	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(1,693)	3,848	(2,155)	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(310)	(59,340)	59,650	-
New loans and advances originated	2,735	-	-	2,735
ECL (written-back)/ made during the financial year	(16,351)	(3,339)	44,898	25,208
Full settlement	(1,382)	(4,680)	(594)	(6,656)
Amount written-off	-	-	(36,130)	(36,130)
Other movement	-	-	16,505	16,505
Allowance for ECL as at 31 December 2022	41,064	28,466	178,597	248,127

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

14 Loans and Advances (continued)

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

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 2023	41,064	28,707	178,597	248,368
Transferred to 12-month ECL (stage 1)	4,412	(4,412)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(237)	237	-	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(19)	(1,598)	1,617	-
New loans and advances originated	2,537	-	-	2,537
ECL (written-back)/ made during the financial period	(3,836)	1,530	(2,054)	(4,360)
Full settlement	(1,548)	(2,872)	(129)	(4,549)
Other movement	-	-	2,319	2,319
Allowance for ECL as at 30 June 2023	42,373	21,592	180,350	244,315
	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)	4,828	(4,550)	(278)	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(1,693)	3,848	(2,155)	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(310)	(59,340)	59,650	-
New loans and advances originated	2,735	-	-	2,735
ECL (written-back)/ made during the financial year	(16,351)	(3,098)	44,898	25,449
Full settlement	(1,382)	(4,680)	(594)	(6,656)
Amount written-off	-	-	(36,130)	(36,130)
Other movement	-	-	16,505	16,505
Allowance for ECL as at 31 December 2022	41,064	28,707	178,597	248,368

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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
	2023	2022
	RM'000	RM'000
As at 1 January	380,832	197,991
Classified as credit impaired during the financial period/year	22,252	230,317
Reclassified as non-credit impaired during the financial period/year	(5,044)	(10,044)
Amount recovered	(5,975)	(1,302)
Amount written-off	-	(36,130)
As at 30 June 2023/31 December 2022	392,065	380,832
Less: Lifetime ECL (credit impaired) (Stage 3)	(180,350)	(178,597)
	211,715	202,235

(b) By geographical distribution

	Group and Bank	
	30 June	31 December
	2023	2022
	RM'000	RM'000
Malaysia	372,171	358,507
Other countries	19,894	22,325
	392,065	380,832

(c) By economic sector

	Group and Bank	
	30 June	31 December
	2023	2022
	RM'000	RM'000
Agriculture, forestry and fishing	38,939	37,330
Manufacturing	140,299	100,032
Electricity, gas, steam and air conditioning supply	19,894	22,325
Construction	719	765
Accommodation and food service activities	16,919	16,017
Financial and insurance/takaful activities	-	35,326
Real estate activities	3,230	3,213
Arts, entertainment and recreation	76,534	75,712
Household	95,531	90,112
	392,065	380,832

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

15 Other Assets

	Group		Bank	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Other receivables	5,322	29,307	5,794	29,421
Sundry deposits	2,830	2,824	2,403	2,405
Prepayment	4,863	2,133	4,863	2,133
Precious metal inventories	73	47	73	47
	13,088	34,311	13,133	34,006
Less: ECL	(772)	(645)	(759)	(632)
	12,316	33,666	12,374	33,374

Movements in ECL on other assets

	Group		Bank	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Stage 1 (12-month ECL):				
As at 1 January	645	554	632	536
ECL made during the financial period/ year (Note 24)	127	294	127	299
Amounts written-off	-	(203)	-	(203)
As at 30 June 2023/31 December 2022	772	645	759	632

16 Deposits From Customers

(i) By type of deposits

	Group		Bank	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Demand deposits	3,118,204	2,473,554	3,121,099	2,474,277
Savings deposits	501,927	490,932	501,927	490,932
Fixed deposits	5,444,244	5,712,476	5,444,244	5,712,476
Negotiable instruments of deposits	-	-	-	-
Other	2,550	5,000	2,550	5,000
	9,066,925	8,681,962	9,069,820	8,682,685

(ii) By type of customers

	Group		Bank	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	2,550	5,000	2,550	5,000
Business enterprises	3,946,396	3,389,182	3,949,291	3,389,905
Individuals	3,673,475	3,698,555	3,673,475	3,698,555
Others	1,444,504	1,589,225	1,444,504	1,589,225
	9,066,925	8,681,962	9,069,820	8,682,685

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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 2023	31 December 2022
	RM'000	RM'000
Due within six months	4,028,160	4,341,965
Six months to one year	1,374,177	1,320,320
One year to three years	41,907	50,191
	<u>5,444,244</u>	<u>5,712,476</u>

17 Deposits and Placements Of Banks and Other Financial Institutions

	Group and Bank	
	30 June 2023	31 December 2022
	RM'000	RM'000
Bank Negara Malaysia	16,160	15,870
Licensed banks	2,428,129	2,725,626
Licensed investment banks	5,768	5,560
Licensed Islamic banks	6,379	6,811
Other financial institutions	4	4
	<u>2,456,440</u>	<u>2,753,871</u>

18 Other Liabilities

	Group		Bank	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Accrued expenses	23,896	41,912	23,583	41,504
Margin deposits	73,045	75,530	73,045	75,530
Other liabilities	139,465	121,089	137,828	120,879
Lease liabilities	31,213	35,141	25,065	28,400
Allowance for ECL on commitments and contingencies (Note 18 (i))	11,407	10,980	11,430	10,987
	<u>279,026</u>	<u>284,652</u>	<u>270,951</u>	<u>277,300</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

18 Other Liabilities (continued)

(i) Movements in ECL on commitment and contingencies:

Group	30 June 2023			
	12 months	Lifetime ECL	Lifetime ECL	Total
	ECL	(non-credit	(credit	
	(Stage 1)	impaired)	impaired)	
RM'000	(Stage 2)	(Stage 3)	RM'000	
As at 1 January 2023	9,449	1,531	-	10,980
Transferred to 12 months ECL (stage 1)	72	(72)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(332)	332	-	-
Transferred to lifetime ECL (credit impaired) (stage 3)	-	-	-	-
New loans and advances originated	510	-	-	510
Allowance/(Reversal) during the financial period	255	(307)	-	(52)
Full settlement	(31)	-	-	(31)
As at 30 June 2023	<u>9,923</u>	<u>1,484</u>	<u>-</u>	<u>11,407</u>

Group	31 December 2022			
	12 months	Lifetime ECL	Lifetime ECL	Total
	ECL	(non-credit	(credit	
	(Stage 1)	impaired)	impaired)	
RM'000	(Stage 2)	(Stage 3)	RM'000	
As at 1 January 2022	8,789	77	-	8,866
Transferred to 12 months ECL (stage 1)	37	(37)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(237)	237	-	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(5)	-	5	-
New loans and advances originated	2,167	-	-	2,167
(Reversal)/Allowance during the financial year	(1,281)	1,264	(5)	(22)
Full settlement	(21)	(10)	-	(31)
As at 31 December 2022	<u>9,449</u>	<u>1,531</u>	<u>-</u>	<u>10,980</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

18 Other Liabilities (continued)

(i) Movements in ECL on commitment and contingencies (continued):

Bank	30 June 2023			
	12 months	Lifetime ECL	Lifetime ECL	Total
	ECL	(non-credit	(credit	
	(Stage 1)	impaired)	impaired)	
RM'000	(Stage 2)	(Stage 3)	RM'000	
As at 1 January 2023	9,449	1,538	-	10,987
Transferred to 12 months ECL (stage 1)	72	(72)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(332)	332	-	-
Transferred to lifetime ECL (credit impaired) (stage 3)	-	-	-	-
New loans and advances originated	510	-	-	510
Allowance/ (Reversal) during the financial period	255	(291)	-	(36)
Full settlement	(31)	-	-	(31)
As at 30 June 2023	9,923	1,507	-	11,430

Bank	31 December 2022			
	12 months	Lifetime ECL	Lifetime ECL	Total
	ECL	(non-credit	(credit	
	(Stage 1)	impaired)	impaired)	
RM'000	(Stage 2)	(Stage 3)	RM'000	
As at 1 January 2022	8,789	77	-	8,866
Transferred to 12 months ECL (stage 1)	37	(37)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(237)	237	-	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(5)	-	5	-
New loans and advances originated	2,167	-	-	2,167
(Reversal)/Allowance during the financial year	(1,281)	1,271	(5)	(15)
Full settlement	(21)	(10)	-	(31)
As at 31 December 2022	9,449	1,538	-	10,987

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

19 Subordinated Loan

	Group and Bank	
	30 June	31 December
	2023	2022
	RM'000	RM'000
At cost	1,254,725	1,254,725
Interest accrued	14,763	11,711
Foreign exchange difference	191,425	105,245
	<u>1,460,913</u>	<u>1,371,681</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 2023

20 Interest Income

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income on non-credit impaired loans and advances	122,917	66,795	242,224	128,576
- Interest income on credit impaired loans and advances	1,967	2,361	2,319	3,722
Money at call and deposit placement with financial institutions	27,472	15,677	53,416	29,748
Debt instruments at FVOCI	17,332	16,544	34,499	32,109
Debt instruments at amortised cost	499	617	499	3,126
Other interest income	1,275	(3,957)	1,736	684
	<u>171,462</u>	<u>98,037</u>	<u>334,693</u>	<u>197,965</u>
Amortisation of premium less accretion of discount	(4,018)	(3,980)	(8,073)	(7,689)
Total interest income	<u>167,444</u>	<u>94,057</u>	<u>326,620</u>	<u>190,276</u>

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income on non-credit impaired loans and advances	123,024	66,857	242,444	128,687
- Interest income on credit impaired loans and advances	1,967	2,361	2,319	3,722
Money at call and deposit placement with financial institutions	27,472	15,677	53,416	29,748
Debt instruments at FVOCI	17,332	16,544	34,499	32,109
Debt instruments at amortised cost	499	617	499	3,126
Other interest income	1,275	(3,957)	1,736	684
	<u>171,569</u>	<u>98,099</u>	<u>334,913</u>	<u>198,076</u>
Amortisation of premium less accretion of discount	(4,018)	(3,980)	(8,073)	(7,689)
Total interest income	<u>167,551</u>	<u>94,119</u>	<u>326,840</u>	<u>190,387</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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	24,127	7,755	49,239	11,253
Deposits from customers	48,382	28,346	89,851	58,756
Subordinated loan	19,304	4,292	36,249	6,005
Others	201	(3,924)	694	768
	<u>92,014</u>	<u>36,469</u>	<u>176,033</u>	<u>76,782</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

22 Other Operating Income

Group	2nd Quarter Ended		Six Months Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
Fee income:				
- Fee on loans and advances	2,178	3,883	4,694	6,742
- Service charges and fees	6,369	1,062	9,308	1,899
- Guarantee fees	4,690	3,915	9,291	7,646
	13,237	8,860	23,293	16,287
Fee expense:				
- Commission related expenses	(2,275)	(80)	(3,249)	(144)
Net fee income	10,962	8,780	20,044	16,143
Foreign exchange income/(loss):				
- Realised	15,473	12,856	33,871	24,191
- Unrealised	771	(563)	(3,254)	(557)
Net loss on revaluation of derivatives	(548)	370	(425)	368
Gain from derivative financial instrument	36	51	365	405
Revenue from sale of precious metal products	-	18	5	50
Dividend income:				
- Equity instruments at FVOCI	45	45	45	45
Other income	15	331	26	338
	26,754	21,888	50,677	40,983
Bank	2nd Quarter Ended		Six Months Ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
Fee income:				
- Fee on loans and advances	2,178	3,882	4,694	6,742
- Service charges and fees	741	861	1,264	1,534
- Guarantee fees	4,690	3,915	9,291	7,646
	7,609	8,658	15,249	15,922
Foreign exchange income/(loss):				
- Realised	15,473	12,856	33,871	24,191
- Unrealised	771	(563)	(3,254)	(557)
Net gain/(loss) on revaluation of derivatives	(548)	370	(425)	368
Gain from derivative financial instrument	36	51	365	405
Revenue from sale of precious metal products	-	18	5	50
Dividend income:				
- Equity instruments at FVOCI	45	45	45	45
Other income	68	383	132	443
	23,454	21,818	45,988	40,867

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

23 Other Operating Expenses

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
<u>Personnel expenses</u>				
Salaries & wages	17,003	15,509	33,898	32,103
Bonuses	7,419	6,687	14,837	12,632
Defined contribution plan ("EPF")	3,475	2,786	6,830	5,798
Staff welfare expenses	1,124	936	1,935	1,591
Other personnel costs	3,095	2,533	5,493	5,165
	<u>32,116</u>	<u>28,451</u>	<u>62,993</u>	<u>57,289</u>
<u>Marketing expenses</u>				
Entertainment	99	81	270	197
Other marketing	317	167	716	514
	<u>416</u>	<u>248</u>	<u>986</u>	<u>711</u>
<u>Establishment costs</u>				
Rental of premises	(4)	-	(16)	-
Depreciation of property and equipment	1,952	1,390	3,902	2,771
Depreciation of right-of-use assets	2,199	2,202	4,496	4,313
Finance cost on lease liabilities	320	273	597	552
Amortisation of intangible assets	457	331	908	685
Repairs and maintenance	423	196	794	370
Property and equipment written off	-	6	-	8
Information technology expenses	1,228	1,331	2,187	2,270
Other establishment costs	245	484	544	944
	<u>6,820</u>	<u>6,213</u>	<u>13,412</u>	<u>11,913</u>
<u>Administration and general expenses</u>				
Insurance premium	814	854	1,559	1,224
Auditors' remuneration				
- statutory audit fees	63	56	126	112
- regulatory related service	46	9	96	17
Travelling and accommodation	120	18	202	40
Telecommunication and utilities	288	336	468	604
Printing, stationery and postage	326	360	606	599
Legal and professional fees	119	356	239	477
Other administration and general expenses	750	1,570	1,631	2,629
	<u>2,526</u>	<u>3,559</u>	<u>4,927</u>	<u>5,702</u>
<u>Other expenses</u>				
Cost of sales of precious metal	-	11	3	39
	<u>-</u>	<u>11</u>	<u>3</u>	<u>39</u>
	<u>41,878</u>	<u>38,482</u>	<u>82,321</u>	<u>75,654</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

23 Other Operating Expenses (continued)

	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Bank	RM'000	RM'000	RM'000	RM'000
<u>Personnel expenses</u>				
Salaries & wages	16,284	14,832	32,548	30,639
Bonuses	7,343	6,792	14,686	12,662
Defined contribution plan ("EPF")	3,403	2,731	6,688	5,666
Staff welfare expenses	1,085	906	1,870	1,529
Other personnel costs	2,999	2,444	5,358	5,005
	31,114	27,705	61,150	55,501
<u>Marketing expenses</u>				
Entertainment	99	81	270	197
Other marketing	317	167	716	514
	416	248	986	711
<u>Establishment costs</u>				
Rental of premises	4	-	-	-
Depreciation of property and equipment	1,786	1,204	3,569	2,399
Depreciation of right-of-use assets	1,884	1,870	3,878	3,649
Finance cost on lease liabilities	252	268	464	538
Amortisation of intangible assets	457	331	908	685
Repairs and maintenance	419	192	790	366
Property and equipment written off	-	3	-	4
Information technology expenses	1,224	1,324	2,182	2,261
Other establishment costs	243	478	538	935
	6,269	5,670	12,329	10,837
<u>Administration and general expenses</u>				
Insurance premium	814	846	1,559	1,216
Auditors' remuneration				
- statutory audit fees	55	45	110	90
- regulatory related service	42	5	89	10
Travelling and accommodation	119	18	201	40
Telecommunication and utilities	254	315	403	564
Printing, stationery and postage	272	355	524	593
Legal and professional fees	119	348	238	468
Other administration and general expenses	685	1,507	1,531	2,519
	2,360	3,439	4,655	5,500
<u>Other expenses</u>				
Cost of sales of precious metal	-	11	3	39
	-	11	3	39
	40,159	37,073	79,123	72,588

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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

Group	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
Allowance/(written-back) for impairment on:				
Cash and short-term funds				
- Stage 1	6	1	-	(3)
Deposits and placements with banks and other financial institutions				
- Stage 1	(4)	48	(15)	29
Debt instruments at FVOCI				
- Stage 1	(30)	2,107	(35)	2,070
Debt instruments at amortised cost				
- Stage 1	536	-	536	-
Other assets				
- Stage 1	(59)	114	127	151
Loans and advances				
- Stage 1	(470)	(5,609)	(2,848)	(7,661)
- Stage 2	3,144	(5,947)	(1,540)	(3,600)
- Stage 3	793	5,910	(2,183)	6,049
Commitments and contingencies				
- Stage 1	908	1,705	734	1,307
- Stage 2	(71)	151	(307)	238
- Stage 3	-	(4)	-	(4)
	<u>4,753</u>	<u>(1,524)</u>	<u>(5,531)</u>	<u>(1,424)</u>

Bank	2nd Quarter Ended		Six Months Ended	
	30 June	30 June	30 June	30 June
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
Allowance/(written-back) for impairment on:				
Cash and short-term funds				
- Stage 1	6	1	-	(3)
Deposits and placements with banks and other financial institutions				
- Stage 1	(4)	48	(15)	29
Debt instruments at FVOCI				
- Stage 1	(30)	2,107	(35)	2,070
Debt instruments at amortised cost				
- Stage 1	536	-	536	-
Other assets				
- Stage 1	(59)	114	127	151
Loans and advances				
- Stage 1	(469)	(5,609)	(2,847)	(7,661)
- Stage 2	3,268	(5,947)	(1,342)	(3,600)
- Stage 3	793	5,910	(2,183)	6,049
Commitments and contingencies				
- Stage 1	908	1,705	734	1,307
- Stage 2	(57)	151	(291)	238
- Stage 3	-	(4)	-	(4)
	<u>4,892</u>	<u>(1,524)</u>	<u>(5,316)</u>	<u>(1,424)</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

25 Capital Adequacy

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

	Group		Bank	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	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	1,036,085	1,036,085	1,039,913	1,039,913
Regulatory reserve	55,000	38,000	55,000	38,000
Fair value through other comprehensive reserve	5,236	(6,697)	5,236	(6,697)
Foreign exchange reserve	7	(4)	7	(4)
	1,856,846	1,827,902	1,860,674	1,831,730
Regulatory adjustment applied in the calculation of CET 1 Capital				
- Deferred tax assets	(29,377)	(36,929)	(25,511)	(33,018)
- Intangible assets	(2,229)	(2,904)	(2,229)	(2,904)
- 55% of cumulative unrealised gains of FVOCI financial instruments	2,880	-	2,880	-
- Regulatory reserve attributable to financial assets	(55,000)	(38,000)	(55,000)	(38,000)
- Transitional arrangements	-	-	-	-
	(83,726)	(77,833)	(79,860)	(73,922)
Total CET1 capital / Total Tier 1 capital	1,773,120	1,750,069	1,780,814	1,757,808
<u>Tier-2 capital</u>				
General provision*	136,295	125,841	136,332	125,861
Subordinated loan	1,446,150	1,359,970	1,446,150	1,359,970
Less: Investment in a subsidiary company	-	-	(1,000)	(1,000)
Total Tier-2 capital	1,582,445	1,485,811	1,581,482	1,484,831
Total capital base	3,355,565	3,235,880	3,362,296	3,242,639
<u>With transitional arrangements</u>				
CET 1 capital ratio	15.390%	16.456%	15.458%	16.529%
Tier 1 capital ratio	15.390%	16.456%	15.458%	16.529%
Total capital ratio	29.126%	30.427%	29.186%	30.491%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	15.390%	16.456%	15.458%	16.529%
Tier 1 capital ratio	15.390%	16.456%	15.458%	16.529%
Total capital ratio	29.084%	30.367%	29.148%	30.433%

*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 2023

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
	2023	<u>2022</u>	2023	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
Credit risk	10,903,583	10,067,275	10,906,552	10,068,897
Market risk	8,388	1,730	8,388	1,730
Operational risk	608,716	565,906	605,200	564,227
Total risk-weighted assets	11,520,687	10,634,911	11,520,140	10,634,854

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 2023

26 Commitments and Contingencies

Group	30 June 2023			31 December 2022		
	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	3,389	3,389	3,389	2,687	2,687	2,687
Transaction-related contingent items	2,659,664	1,329,832	722,352	2,607,586	1,303,793	726,525
Short-term self-liquidation trade related contingencies	96,968	19,394	17,809	81,260	16,251	13,820
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	2,764,088	552,817	476,839	2,521,912	504,382	434,640
- Maturity exceeding one year	791,697	395,849	371,020	987,021	493,511	470,822
Foreign exchange related contracts:						
- Less than one year	3,597,984	70,183	26,629	3,544,028	57,856	26,077
Interest/Profit rate related contracts:						
- Less than one year	322,581	2,086	1,844	346,940	7,245	4,943
- More than one year to five year	72,954	6,534	3,997	237,915	12,761	7,948
Total	10,309,325	2,380,084	1,623,879	10,329,349	2,398,486	1,687,462

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

26 Commitments and Contingencies (continued)

	30 June 2023			31 December 2022		
	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	3,389	3,389	3,389	2,687	2,687	2,687
Transaction-related contingent items	2,659,664	1,329,832	722,352	2,607,586	1,303,793	726,525
Short-term self-liquidation trade related contingencies	96,968	19,394	17,809	81,260	16,251	13,820
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	2,766,588	553,317	477,339	2,523,412	504,682	434,940
- Maturity exceeding one year	791,697	395,849	371,020	987,021	493,511	470,822
Foreign exchange related contracts:						
- Less than one year	3,597,984	70,183	26,629	3,544,028	57,856	26,077
Interest/Profit rate related contracts:						
- Less than one year	322,581	2,086	1,844	346,940	7,245	4,943
- More than one year to five year	72,954	6,534	3,997	237,915	12,761	7,948
- More than five year	-	-	-	-	-	-
Unutilised credit card lines	-	-	-	-	-	-
Total	10,311,825	2,380,584	1,624,379	10,330,849	2,398,786	1,687,762

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

27 Credit Exposures Arising From Credit Transactions With Connected Parties

	<u>Group and Bank</u>	
	<u>30 June</u> <u>2023</u>	31 December <u>2022</u>
Outstanding credit exposures with connected parties (RM'000)	766,705	741,220
Percentage of outstanding credit exposures to connected parties as total credit exposures	6%	6%
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 2023.

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 2023.