

INTERIM FINANCIAL STATEMENTS

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

	Note	Group		Bank	
		30 September	31 December	30 September	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		2,295,912	2,727,104	2,295,854	2,727,053
Deposits and placements with banks and other financial institutions		1,250,429	1,267,909	1,250,429	1,267,909
Derivative financial assets		22,143	37,338	22,143	37,338
Debt instruments at fair value through other comprehensive income ("FVOCI")	10	1,866,407	1,799,508	1,866,407	1,799,508
Equity instruments at FVOCI	11	18,995	13,223	18,995	13,223
Debt instruments at amortised cost	12	350,501	-	350,501	-
Equity instrument at fair value through profit & loss ("FVTPL")	13	-	-	-	-
Loans and advances	14	9,428,160	8,847,862	9,431,981	8,858,143
Other assets	15	32,448	33,666	31,642	33,374
Right-of-use assets		29,075	33,704	23,113	27,027
Tax recoverable		10,961	26,034	11,538	23,935
Deferred tax assets		32,384	36,929	29,101	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		45,851	50,126	45,298	49,074
Intangible assets		2,010	2,904	2,010	2,904
TOTAL ASSETS		15,465,276	14,956,307	15,460,012	14,953,506
LIABILITIES AND EQUITY					
Deposits from customers	16	8,569,141	8,681,962	8,571,299	8,682,685
Deposits and placements of banks and other financial institutions	17	3,087,399	2,753,871	3,087,399	2,753,871
Derivative financial liabilities		21,751	36,239	21,751	36,239
Other liabilities	18	345,786	284,652	337,576	277,300
Subordinated loan	19	1,477,614	1,371,681	1,477,614	1,371,681
TOTAL LIABILITIES		13,501,691	13,128,405	13,495,639	13,121,776
Share capital		760,518	760,518	760,518	760,518
Reserves		1,203,067	1,067,384	1,203,855	1,071,212
TOTAL EQUITY		1,963,585	1,827,902	1,964,373	1,831,730
TOTAL LIABILITIES AND EQUITY		15,465,276	14,956,307	15,460,012	14,953,506
COMMITMENTS AND CONTINGENCIES	26	9,685,713	10,329,349	9,693,713	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 SEPTEMBER 2023

	Note	3rd Quarter Ended		Nine Months Ended	
		30 September	30 September	30 September	30 September
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	20	181,302	126,408	507,922	316,684
Interest expense	21	(104,339)	(56,834)	(280,372)	(133,616)
Net interest income		76,963	69,574	227,550	183,068
Other operating income	22	29,404	21,769	80,081	62,752
Other operating expenses	23	(47,741)	(43,029)	(130,062)	(118,683)
Operating profit before allowance for expected credit losses		58,626	48,314	177,569	127,137
Expected credit losses ("ECL") (made)/ written-back on loans and advances other financial assets	24	(18,751)	13,585	(13,220)	15,009
Profit before taxation		39,875	61,899	164,349	142,146
Taxation		(9,779)	(19,451)	(40,145)	(41,039)
Profit for the financial period		30,096	42,448	124,204	101,107
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		(455)	(3,245)	11,512	(22,166)
- Net changes in expected credit losses in debt instruments at FVOCI		(10)	(1,944)	(44)	126
- Net gain on foreign exchange translation		-	(12)	11	(7)
Other comprehensive income, net of tax		(465)	(5,201)	11,479	(22,047)
Total comprehensive income for the period, net of tax		<u>29,631</u>	<u>37,247</u>	<u>135,683</u>	<u>79,060</u>
Earnings per share					
- Basic/fully diluted (sen)				<u>16.33</u>	<u>13.29</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 COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

	Note	3rd Quarter Ended		Nine Months Ended	
		30 September	30 September	30 September	30 September
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
		RM'000	RM'000	RM'000	RM'000
Bank					
Interest income	20	181,386	126,492	508,226	316,879
Interest expense	21	(104,339)	(56,834)	(280,372)	(133,616)
Net interest income		77,047	69,658	227,854	183,263
Other operating income	22	24,498	21,482	70,486	62,349
Other operating expenses	23	(46,307)	(41,442)	(125,430)	(114,030)
Operating profit before allowance for expected credit losses		55,238	49,698	172,910	131,582
Expected credit losses ("ECL") (made)/ written-back on loans and advances					
other financial assets	24	(18,548)	13,370	(13,232)	14,794
Profit before taxation		36,690	63,068	159,678	146,376
Taxation		(8,449)	(19,365)	(38,514)	(40,739)
Profit for the financial period		28,241	43,703	121,164	105,637
Other comprehensive income:					
Items that will be reclassified subsequently to profit or loss when specific conditions are met:					
- Net fair value changes in debt instrument at FVOCI, net of tax		(455)	(3,245)	11,512	(22,166)
- Net changes in expected credit losses in debt instruments at FVOCI		(10)	(1,944)	(44)	126
- Net gain on foreign exchange translation		-	(12)	11	(7)
Other comprehensive income, net of tax		(465)	(5,201)	11,479	(22,047)
Total comprehensive income for the period, net of tax		27,776	38,502	132,643	83,590
Earnings per share					
- Basic/fully diluted (sen)				15.93	13.89

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 SEPTEMBER 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	-	-	-	-	124,204	124,204
Other comprehensive income, net of tax	-	11	11,468	-	-	11,479
Total comprehensive income for the financial period, net of tax	-	11	11,468	-	124,204	135,683
Transfer from retained profits to regulatory reserve	-	-	-	17,000	(17,000)	-
At 30 September 2023	760,518	7	4,771	55,000	1,143,289	1,963,585
Balance as at 1 January 2022	760,518	27	11,925	14,800	943,358	1,730,628
Profit for the financial period	-	-	-	-	101,107	101,107
Other comprehensive income, net of tax	-	(7)	(22,040)	-	-	(22,047)
Total comprehensive income for the financial period, net of tax	-	(7)	(22,040)	-	101,107	79,060
Transfer from regulatory reserve to retained profits	-	-	-	2,200	(2,200)	-
At 30 September 2022	760,518	20	(10,115)	17,000	1,042,265	1,809,688

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 SEPTEMBER 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	-	-	-	-	121,164	121,164
Other comprehensive income, net of tax	-	11	11,468	-	-	11,479
Total comprehensive income for the financial period, net of tax	-	11	11,468	-	121,164	132,643
Transfer from retained profits to regulatory reserve	-	-	-	17,000	(17,000)	-
At 30 September 2023	760,518	7	4,771	55,000	1,144,077	1,964,373
Balance as at 1 January 2022	760,518	27	11,925	14,800	945,401	1,732,671
Profit for the financial period	-	-	-	-	105,637	105,637
Other comprehensive income, net of tax	-	(7)	(22,040)	-	-	(22,047)
Total comprehensive income for the financial period, net of tax	-	(7)	(22,040)	-	105,637	83,590
Transfer from regulatory reserve to retained profits	-	-	-	2,200	(2,200)	-
At 30 September 2022	760,518	20	(10,115)	17,000	1,048,838	1,816,261

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 SEPTEMBER 2023

	Group		Bank	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	164,349	142,146	159,678	146,376
Adjustments for non cash items	47,812	(28,905)	46,186	(30,516)
Operating profit before working capital changes	212,161	113,241	205,864	115,860
Changes in working capital:				
Net changes in operating assets	(578,815)	(948,798)	(571,561)	(949,593)
Net changes in operating liabilities	(1,059,803)	434,759	(1,060,178)	431,699
Income taxes recoverable	6,593	-	4,764	-
Income taxes paid	(30,755)	(19,647)	(30,600)	(19,376)
Net cash used in operating activities	(1,450,619)	(420,445)	(1,451,711)	(421,410)
Net cash (used in)/ generated from investing activities	(366,596)	748,632	(366,596)	748,652
Net cash generated from/ (used in) financing activities	1,386,023	(15,346)	1,387,108	(14,280)
Net (decrease)/ increase in cash and cash equivalents during the financial period	(431,192)	312,841	(431,199)	312,962
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	2,295,912	2,848,042	2,295,854	2,847,981

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

1 Performance Review

For the third quarter of 2023, the Group operating income registered at RM307.63 million, an increase of RM61.81 million or 25.14% when compared to the corresponding period. This was mainly contributed by an increase of RM44.48 million in net interest income and other operating income by RM17.33 million. Profit after tax recorded at RM124.20 million, an increase of RM23.10 million or 22.85%. This was mainly due to an increase in operating income.

Total assets stood at RM15.47 billion as at 30 September 2023, an increase of RM508.97 million or 3.4% compared to 31 December 2022. This was mainly as a result of higher loans and advances. Total liabilities stood at RM13.50 billion, an increase of RM373.29 million or 2.8% compared to 31 December 2022. This was mainly due to an increase in deposits from banks and FIs.

2 Economic Outlook

With the headline inflation easing, global rate hikes are approaching the “peak” and signaling global monetary tightening cycle is coming to the end. The US Fed and European Central Bank continued to taper their balance sheet as planned, with growth in money supply contracting rapidly. Central banks in Asia also have generally paused their rate hikes for now.

The global economy is in a soft-landing amid still weak growth as the year-on-year GDP growth is expected to decelerate from 3.1% in 2022 to 2.6% in 2023. Global growth in 2024 is projected to remain moderate, weighed down by the central banks of keeping higher interest rate longer. Core inflation remains persistent, driven by the services sector and still relatively tight labour market conditions.

The US economy is estimated to grow by an annual GDP growth of about 2.2% in 2023 and 1.5% in 2024. Its economic resilience is underpinned by consumer spending and tight labour market amid higher interest rates have impacted the housing sector, consumption and business activities. The Fed remains concerned about inflation risk.

China's economy is gradually recovering, backed by targeted fiscal and monetary measures to support domestic demand to offset slowing exports. The economy continues to be held by the sluggish property sector and cautious sentiment. Improving household and corporate confidence holds the key to unlock faster economic growth. China's GDP growth is estimated to expand by 5.0% in 2023 and 4.5% in 2024. The Chinese Reminbi (RMB) has depreciated by more than 5% against the USD since mid-Apr this year.

The Malaysian economy registered slower economic growth averaging 4.2% year-on-year in the first half-year of 2023, largely weighed down by falling exports. Domestic demand remains the main driver of growth, especially private consumption and investment.

Headline inflation has remained stable at 2.0% in August, and the unemployment rate was held steady at 3.4% at end-August 2023. In the second quarter, higher growth in the services and construction sectors while the manufacturing sector has slowed sharply and negative output in both the mining and agriculture sectors. A stronger revival of tourists is expected to support the services sector. The Malaysian Ringgit (MYR) continues to remain in a depreciation trajectory against the USD since the Fed started its rate hiking cycle in March 2022. As of September 2023, the Ringgit has depreciated by 10.4% against the USD. With the weakening economic growth and stable inflation, the OPR rate is expected to remain steady at 3.00% till end-2023 to support firmer economic growth. According to Ministry of Finance during the 2024 National Budget tabling, Malaysia's GDP growth forecast at 4.0% in 2023 (8.7% in 2022).

BOCM remains cautious about its performance for the year given the weakening global environment and domestic economic condition, persistent core inflation risks, elevated policy interest rates and financial market volatility as well as geo-political risks. The MYR's depreciation does not pose a major FX threat to BOCM as BOCM's USD net open position exposure is limited. In contrast, BOCM's profit and loss is benefited from the translation gains arising from the MYR's depreciation. BOCM continued to be the major CNY clearing bank in Malaysia and would benefit from increases in trade and investment activities between China and Malaysia. The Bank remains optimistic to achieve its financial targets for the year.

3 Group Accounting Policies

The unaudited condensed consolidated interim financial statements for the financial period ended 30 September 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 SEPTEMBER 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 September 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 September 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 September 2023.

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

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Money market instrument:		
Malaysian Government Securities ("MGS")	719,385	584,619
Malaysian Government Investment Issue ("MGI")	1,069,028	1,100,406
Unquoted securities		
Corporate bond	45,259	49,833
Foreign bond	32,735	64,650
	77,994	114,483
	1,866,407	1,799,508

Movements in ECL on corporate bond

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Stage 1 (12-month ECL):		
As at 1 January	191	92
ECL (written-back)/ made during the financial period/ year (Note 24)	(44)	99
As at 30 September 2023/31 December 2022	147	191

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

11 Equity Instruments at FVOCI

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 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
	<u>18,995</u>	<u>13,223</u>

12 Debt Instruments at Amortised Cost

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
At amortised cost:		
Money market instrument:		
Negotiable instruments of deposits	280,216	-
Unquoted securities		
Corporate bond	70,285	-
	<u>350,501</u>	<u>-</u>

Movements in ECL on corporate bond

	Group and Bank	
	30 September 2023 RM'000	31 December 2022 RM'000
Stage 1 (12-month ECL):		
As at 1 January	-	-
ECL made during the financial period/ year (Note 24)	541	-
As at 30 September 2023/31 December 2022	<u>541</u>	<u>-</u>

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 SEPTEMBER 2023

14 Loans and Advances

At amortised cost

(i) By type

	Group		Bank	
	30 September	31 December	30 September	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Overdrafts	255,280	278,484	255,280	278,484
Terms loans				
- Housing loans	818,903	741,301	818,903	741,301
- Syndicated term loans	3,745,220	3,616,943	3,745,220	3,616,943
- Other term loans	1,328,430	1,538,812	1,328,430	1,538,812
Bills receivables	776,795	685,224	776,795	685,224
Trust receipts	-	1,514	-	1,514
Claims on customers under acceptance credits	526,997	668,056	526,997	668,056
Revolving credits	2,239,939	1,564,528	2,243,946	1,575,050
Staff loans	999	1,127	999	1,127
Gross loans and advances	9,692,563	9,095,989	9,696,570	9,106,511
Less: allowance for ECL	(264,403)	(248,127)	(264,589)	(248,368)
Total net loans and advances	9,428,160	8,847,862	9,431,981	8,858,143

(ii) By geographical distribution

	Group		Bank	
	30 September	31 December	30 September	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	6,456,060	5,821,029	6,460,067	5,831,551
Other countries	3,236,503	3,274,960	3,236,503	3,274,960
Gross loans and advances	9,692,563	9,095,989	9,696,570	9,106,511

(iii) By interest rate sensitivity

	Group		Bank	
	30 September	31 December	30 September	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Other fixed rate loans	2,090,834	1,672,438	2,090,834	1,672,438
Variable rate				
- Base lending rate/base rate plus	1,649,078	1,635,098	1,649,078	1,635,098
- Cost of funds plus	5,514,858	5,248,038	5,518,865	5,258,560
- Other variable rates	437,793	540,415	437,793	540,415
Gross loans and advances	9,692,563	9,095,989	9,696,570	9,106,511

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

14 Loans and Advances (continued)

At amortised cost (continued)

(iv) By economic sector

	Group		Bank	
	30 September	31 December	30 September	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Agriculture, forestry and fishing	225,221	255,322	225,221	255,322
Mining and quarrying	142,368	166,092	142,368	166,092
Manufacturing	2,158,783	2,126,963	2,158,783	2,126,963
Electricity, gas, steam and air conditioning supply	817,546	878,269	817,546	878,269
Water supply; sewerage, waste management and remediation activities	3,709	3,932	3,709	3,932
Construction	885,870	585,442	885,870	585,442
Wholesale and retail trade; repair of motor vehicles and motorcycles	324,660	537,294	324,660	537,294
Transportation and storage	255,333	61,132	259,340	61,132
Accommodation and food service activities	55,239	48,290	55,239	48,290
Information and communication	228,199	46,489	228,199	46,489
Financial and insurance/takaful activities	1,140,956	779,345	1,140,956	779,345
Real estate activities	1,693,602	1,756,964	1,693,602	1,756,964
Professional, scientific and technical activities	106,340	176,911	106,340	176,911
Administrative and support service activities	239,981	306,592	239,981	317,114
Public administration and defence; compulsory social security	16,177	20,618	16,177	20,618
Education	206,722	212,445	206,722	212,445
Arts, entertainment and recreation	75,242	75,712	75,242	75,712
Household	1,116,615	1,058,177	1,116,615	1,058,177
	9,692,563	9,095,989	9,696,570	9,106,511

(v) By residual contractual maturity - remaining

	Group		Bank	
	30 September	31 December	30 September	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Up to one month	1,829,668	1,426,350	1,833,675	1,436,872
More than one month to three months	904,104	1,406,476	904,104	1,406,476
More than three months to six months	445,807	643,198	445,807	643,198
More than six months to twelve months	782,528	234,664	782,528	234,664
More than twelve months	5,730,456	5,385,301	5,730,456	5,385,301
Gross loans and advances	9,692,563	9,095,989	9,696,570	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 SEPTEMBER 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)	172,360	(172,360)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(44,844)	49,888	(5,044)	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(4,320)	(9,268)	13,588	-
Changes due to change in credit risk	(461,805)	(126,449)	2,470	(585,784)
New loans and advances originated	1,168,330	14,028	-	1,182,358
Gross carrying amount as at 30 September 2023	<u>9,004,150</u>	<u>296,567</u>	<u>391,846</u>	<u>9,692,563</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	(822,101)	(10,088)	20,999	(811,190)
New loans and advances originated	819,835	-	-	819,835
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 SEPTEMBER 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)	172,360	(172,360)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(44,844)	49,888	(5,044)	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(4,320)	(9,268)	13,588	-
Changes due to change in credit risk	(461,805)	(132,964)	2,470	(592,299)
New loans and advances originated	1,168,330	14,028	-	1,182,358
Gross carrying amount as at 30 September 2023	<u>9,004,150</u>	<u>300,574</u>	<u>391,846</u>	<u>9,696,570</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	(822,101)	(5,074)	20,999	(806,176)
New loans and advances originated	819,835	-	-	819,835
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 SEPTEMBER 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)	4,374	(4,374)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(871)	895	(24)	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(163)	(1,163)	1,326	-
New loans and advances originated	2,907	1,327	-	4,234
ECL (written-back)/ made during the financial period	(2,479)	7,112	10,689	15,322
Full settlement	(3,559)	(3,876)	-	(7,435)
Other movement	-	-	4,155	4,155
Allowance for ECL as at 30 September 2023	41,273	28,387	194,743	264,403
	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 SEPTEMBER 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)	4,374	(4,374)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(871)	895	(24)	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(163)	(1,163)	1,326	-
New loans and advances originated	2,907	1,327	-	4,234
ECL (written-back)/ made during the financial period	(2,479)	7,057	10,689	15,267
Full settlement	(3,559)	(3,876)	-	(7,435)
Other movement	-	-	4,155	4,155
Allowance for ECL as at 30 September 2023	41,273	28,573	194,743	264,589
	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 SEPTEMBER 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 September	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	30,012	230,317
Reclassified as non-credit impaired during the financial period/year	(5,044)	(10,044)
Amount recovered	(13,954)	(1,302)
Amount written-off	-	(36,130)
As at 30 September 2023/31 December 2022	391,846	380,832
Less: Lifetime ECL (credit impaired) (Stage 3)	(194,743)	(178,597)
	197,103	202,235

(b) By geographical distribution

	Group and Bank	
	30 September	31 December
	2023	2022
	RM'000	RM'000
Malaysia	373,531	358,507
Other countries	18,315	22,325
	391,846	380,832

(c) By economic sector

	Group and Bank	
	30 September	31 December
	2023	2022
	RM'000	RM'000
Agriculture, forestry and fishing	39,800	37,330
Manufacturing	101,308	100,032
Electricity, gas, steam and air conditioning supply	18,315	22,325
Construction	709	765
Accommodation and food service activities	17,194	16,017
Financial and insurance/takaful activities	39,978	35,326
Real estate activities	1,614	3,213
Arts, entertainment and recreation	75,242	75,712
Household	97,686	90,112
	391,846	380,832

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

15 Other Assets

	Group		Bank	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Other receivables	27,991	29,307	27,597	29,421
Sundry deposits	2,835	2,824	2,410	2,405
Prepayment	2,469	2,133	2,469	2,133
Precious metal inventories	44	47	44	47
	33,339	34,311	32,520	34,006
Less: ECL	(891)	(645)	(878)	(632)
	32,448	33,666	31,642	33,374

Movements in ECL on other assets

	Group		Bank	
	30 September 2023	31 December 2022	30 September 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)	246	294	246	299
Amounts written-off	-	(203)	-	(203)
As at 30 September 2023/31 December 2022	891	645	878	632

16 Deposits From Customers

(i) By type of deposits

	Group		Bank	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
	RM'000	RM'000	RM'000	RM'000
Demand deposits	2,582,785	2,473,554	2,584,943	2,474,277
Savings deposits	500,524	490,932	500,524	490,932
Fixed deposits	5,483,282	5,712,476	5,483,282	5,712,476
Negotiable instruments of deposits	-	-	-	-
Other	2,550	5,000	2,550	5,000
	8,569,141	8,681,962	8,571,299	8,682,685

(ii) By type of customers

	Group		Bank	
	30 September 2023	31 December 2022	30 September 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	3,448,783	3,389,182	3,450,941	3,389,905
Individuals	3,920,158	3,698,555	3,920,158	3,698,555
Others	1,197,650	1,589,225	1,197,650	1,589,225
	8,569,141	8,681,962	8,571,299	8,682,685

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 September	31 December
	2023	2022
	RM'000	RM'000
Due within six months	3,686,317	4,341,965
Six months to one year	1,752,275	1,320,320
One year to three years	44,690	50,191
	<u>5,483,282</u>	<u>5,712,476</u>

17 Deposits and Placements Of Banks and Other Financial Institutions

	Group and Bank	
	30 September	31 December
	2023	2022
	RM'000	RM'000
Bank Negara Malaysia	16,242	15,870
Licensed banks	3,019,559	2,725,626
Licensed investment banks	6,298	5,560
Licensed Islamic banks	45,296	6,811
Other financial institutions	4	4
	<u>3,087,399</u>	<u>2,753,871</u>

18 Other Liabilities

	Group		Bank	
	30 September	31 December	30 September	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Accrued expenses	33,667	41,912	33,634	41,504
Margin deposits	79,227	75,530	79,227	75,530
Other liabilities	189,638	121,089	187,467	120,879
Lease liabilities	30,615	35,141	24,535	28,400
Allowance for ECL on commitments and contingencies (Note 18 (i))	12,639	10,980	12,713	10,987
	<u>345,786</u>	<u>284,652</u>	<u>337,576</u>	<u>277,300</u>

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

18 Other Liabilities (continued)

(i) Movements in ECL on commitment and contingencies:

Group	30 September 2023			Total RM'000
	12 months ECL (Stage 1) RM'000	Lifetime ECL (non-credit impaired) (Stage 2) RM'000	Lifetime ECL (credit impaired) (Stage 3) RM'000	
As at 1 January 2023	9,449	1,531	-	10,980
Transferred to 12 months ECL (stage 1)	432	(432)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(1,801)	1,801	-	-
Transferred to lifetime ECL (credit impaired) (stage 3)	-	-	-	-
New loans and advances originated (Reversal)/ Allowance during the financial period	667 (83)	- 1,504	-	667 1,421
Full settlement	(402)	(27)	-	(429)
As at 30 September 2023	<u>8,262</u>	<u>4,377</u>	<u>-</u>	<u>12,639</u>
	31 December 2022			
	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	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 (Reversal)/Allowance during the financial year	2,167 (1,281)	- 1,264	-	2,167 (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 SEPTEMBER 2023

18 Other Liabilities (continued)

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

Bank	30 September 2023			Total RM'000
	12 months ECL (Stage 1) RM'000	Lifetime ECL (non-credit impaired) (Stage 2) RM'000	Lifetime ECL (credit impaired) (Stage 3) RM'000	
As at 1 January 2023	9,449	1,538	-	10,987
Transferred to 12 months ECL (stage 1)	432	(432)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(1,801)	1,801	-	-
Transferred to lifetime ECL (credit impaired) (stage 3)	-	-	-	-
New loans and advances originated	667	-	-	667
Allowance/ (Reversal) during the financial period	(83)	1,571	-	1,488
Full settlement	(402)	(27)	-	(429)
As at 30 September 2023	<u>8,262</u>	<u>4,451</u>	<u>-</u>	<u>12,713</u>

Bank	31 December 2022			Total RM'000
	12 months ECL (Stage 1) RM'000	Lifetime ECL (non-credit impaired) (Stage 2) RM'000	Lifetime ECL (credit impaired) (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	<u>9,449</u>	<u>1,538</u>	<u>-</u>	<u>10,987</u>

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

19 Subordinated Loan

	Group and Bank	
	30 September	31 December
	2023	2022
	RM'000	RM'000
At cost	1,442,120	1,254,725
Interest accrued	22,164	11,711
Foreign exchange difference	13,330	105,245
	<u>1,477,614</u>	<u>1,371,681</u>

On 5 July 2023, the Bank has drawdown a new subordinated loan facility ("Subordinated Loan 2") of USD310 million and redeemed the existing unsecured subordinated loan facility ("Subordinated Loan 1") of USD 310 million via contra-off/set-off against the Subordinated Loan 2 simultaneously. The Subordinated Loan 2 is an USD310 million subordinated loan (ten (10) years maturity, non-callable five (5) years from the drawdown date) which bears interest rate equal to 0.97% plus SOFR Overnight at a 5 days lookback, interest payable at every 3 months and is prepayable after first five years subject to BNM's approval and other conditions.

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

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 SEPTEMBER 2023

20 Interest Income

Group	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	<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	132,661	88,181	374,885	216,757
- Interest income on credit impaired loans and advances	1,836	491	4,155	4,213
Money at call and deposit placement with financial institutions	30,918	23,886	84,334	53,634
Debt instruments at FVOCI	17,145	17,897	51,644	50,006
Debt instruments at amortised cost	1,811	-	2,310	3,126
Other interest income	436	63	2,172	747
	<u>184,807</u>	<u>130,518</u>	<u>519,500</u>	<u>328,483</u>
Amortisation of premium less accretion of discount	(3,505)	(4,110)	(11,578)	(11,799)
Total interest income	<u>181,302</u>	<u>126,408</u>	<u>507,922</u>	<u>316,684</u>

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	<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	132,745	88,265	375,189	216,952
- Interest income on credit impaired loans and advances	1,836	491	4,155	4,213
Money at call and deposit placement with financial institutions	30,918	23,886	84,334	53,634
Debt instruments at FVOCI	17,145	17,897	51,644	50,006
Debt instruments at amortised cost	1,811	-	2,310	3,126
Other interest income	436	63	2,172	747
	<u>184,891</u>	<u>130,602</u>	<u>519,804</u>	<u>328,678</u>
Amortisation of premium less accretion of discount	(3,505)	(4,110)	(11,578)	(11,799)
Total interest income	<u>181,386</u>	<u>126,492</u>	<u>508,226</u>	<u>316,879</u>

21 Interest Expense

	3rd Quarter Ended		Nine Months Ended	
	Group and Bank		Group and Bank	
	30 September	30 September	30 September	30 September
	<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	25,480	13,691	74,719	24,944
Deposits from customers	55,676	33,627	145,527	92,383
Subordinated loan	22,723	9,397	58,972	15,402
Others	460	119	1,154	887
	<u>104,339</u>	<u>56,834</u>	<u>280,372</u>	<u>133,616</u>

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

22 Other Operating Income

Group	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
Fee income:				
- Fee on loans and advances	1,582	2,824	6,276	9,566
- Service charges and fees	9,219	1,475	18,527	3,374
- Guarantee fees	4,401	4,040	13,692	11,686
	<u>15,202</u>	<u>8,339</u>	<u>38,495</u>	<u>24,626</u>
Fee expense:				
- Commission related expenses	(3,338)	(228)	(6,587)	(372)
Net fee income	<u>11,864</u>	<u>8,111</u>	<u>31,908</u>	<u>24,254</u>
Foreign exchange income/(loss):				
- Realised	15,254	12,904	49,125	37,095
- Unrealised	1,605	8,726	(1,649)	8,169
Net loss on revaluation of derivatives	(282)	(8,204)	(707)	(7,836)
Gain from derivative financial instrument	781	142	1,146	547
Revenue from sale of precious metal products	34	30	39	80
Dividend income:				
- Equity instruments at FVOCI	15	15	60	60
Other income	133	45	159	383
	<u>29,404</u>	<u>21,769</u>	<u>80,081</u>	<u>62,752</u>

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM'000	RM'000	RM'000	RM'000
Fee income:				
- Fee on loans and advances	1,582	2,824	6,276	9,566
- Service charges and fees	922	907	2,186	2,441
- Guarantee fees	4,401	4,040	13,692	11,686
	<u>6,905</u>	<u>7,771</u>	<u>22,154</u>	<u>23,693</u>
Foreign exchange income/(loss):				
- Realised	15,254	12,904	49,125	37,095
- Unrealised	1,605	8,726	(1,649)	8,169
Net gain/(loss) on revaluation of derivatives	(282)	(8,204)	(707)	(7,836)
Gain from derivative financial instrument	781	142	1,146	547
Revenue from sale of precious metal products	34	30	39	80
Dividend income:				
- Equity instruments at FVOCI	15	15	60	60
Other income	186	98	318	541
	<u>24,498</u>	<u>21,482</u>	<u>70,486</u>	<u>62,349</u>

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

23 Other Operating Expenses

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
<u>Personnel expenses</u>				
Salaries & wages	17,698	16,477	51,596	48,580
Bonuses	9,345	8,488	24,182	21,120
Defined contribution plan ("EPF")	3,633	3,335	10,463	9,133
Staff welfare expenses	772	1,036	2,707	2,627
Other personnel costs	5,550	4,279	11,043	9,444
	36,998	33,615	99,991	90,904
<u>Marketing expenses</u>				
Entertainment	249	183	519	380
Other marketing	502	345	1,218	859
	751	528	1,737	1,239
<u>Establishment costs</u>				
Rental of premises	(8)	5	(24)	5
Depreciation of property and equipment	1,591	1,404	5,493	4,175
Depreciation of right-of-use assets	2,268	2,058	6,764	6,371
Finance cost on lease liabilities	326	282	923	834
Amortisation of intangible assets	318	332	1,226	1,017
Repairs and maintenance	394	268	1,188	638
Property and equipment written off	-	-	-	8
Information technology expenses	2,074	1,105	4,261	3,375
Other establishment costs	197	351	741	1,295
	7,160	5,805	20,572	17,718
<u>Administration and general expenses</u>				
Insurance premium	633	926	2,192	2,150
Auditors' remuneration				
- statutory audit fees	56	64	182	176
- regulatory related service	46	95	142	112
Travelling and accommodation	99	46	301	86
Telecommunication and utilities	274	308	742	912
Printing, stationery and postage	472	279	1,078	878
Legal and professional fees	433	165	672	642
Other administration and general expenses	790	1,180	2,421	3,809
	2,803	3,063	7,730	8,765
<u>Other expenses</u>				
Cost of sales of precious metal	29	18	32	57
	29	18	32	57
	47,741	43,029	130,062	118,683

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

23 Other Operating Expenses (continued)

	3rd Quarter Ended		Nine Months Ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Bank				
<u>Personnel expenses</u>				
Salaries & wages	17,020	15,828	49,568	46,467
Bonuses	9,556	8,412	24,242	21,074
Defined contribution plan ("EPF")	3,603	3,262	10,291	8,928
Staff welfare expenses	687	981	2,557	2,510
Other personnel costs	5,491	4,202	10,849	9,207
	36,357	32,685	97,507	88,186
<u>Marketing expenses</u>				
Entertainment	249	183	519	380
Other marketing	502	345	1,218	859
	751	528	1,737	1,239
<u>Establishment costs</u>				
Rental of premises	-	5	-	5
Depreciation of property and equipment	1,425	1,217	4,994	3,616
Depreciation of right-of-use assets	1,947	1,722	5,825	5,371
Finance cost on lease liabilities	259	247	723	785
Amortisation of intangible assets	318	332	1,226	1,017
Repairs and maintenance	391	265	1,181	631
Property and equipment written off	-	1	-	5
Information technology expenses	2,072	1,103	4,254	3,364
Other establishment costs	186	343	724	1,278
	6,598	5,235	18,927	16,072
<u>Administration and general expenses</u>				
Insurance premium	625	926	2,184	2,142
Auditors' remuneration				
- statutory audit fees	56	60	166	150
- regulatory related service	46	93	135	103
Travelling and accommodation	99	46	300	86
Telecommunication and utilities	238	284	641	848
Printing, stationery and postage	384	276	908	869
Legal and professional fees	410	165	648	633
Other administration and general expenses	714	1,126	2,245	3,645
	2,572	2,976	7,227	8,476
<u>Other expenses</u>				
Cost of sales of precious metal	29	18	32	57
	29	18	32	57
	46,307	41,442	125,430	114,030

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

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

Group	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	<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	12	(20)	12	(23)
Deposits and placements with banks and other financial institutions				
- Stage 1	(6)	10	(21)	39
Debt instruments at FVOCI				
- Stage 1	(9)	(1,944)	(44)	126
Debt instruments at amortised cost				
- Stage 1	5	-	541	-
Other assets				
- Stage 1	119	29	246	180
Loans and advances				
- Stage 1	(283)	(4,517)	(3,131)	(12,178)
- Stage 2	6,103	(2,220)	4,563	(5,820)
- Stage 3	12,872	(4,710)	10,689	1,339
Commitments and contingencies				
- Stage 1	(552)	(344)	182	963
- Stage 2	1,784	131	1,477	369
- Stage 3	-	-	-	(4)
Bad debt recover during the period	(1,294)	-	(1,294)	-
	<u>18,751</u>	<u>(13,585)</u>	<u>13,220</u>	<u>(15,009)</u>

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	<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	12	(20)	12	(23)
Deposits and placements with banks and other financial institutions				
- Stage 1	(6)	10	(21)	39
Debt instruments at FVOCI				
- Stage 1	(9)	(1,944)	(44)	126
Debt instruments at amortised cost				
- Stage 1	5	-	541	-
Other assets				
- Stage 1	119	29	246	180
Loans and advances				
- Stage 1	(284)	(4,517)	(3,131)	(12,178)
- Stage 2	5,850	(2,017)	4,508	(5,617)
- Stage 3	12,872	(4,710)	10,689	1,339
Commitments and contingencies				
- Stage 1	(552)	(344)	182	963
- Stage 2	1,835	143	1,544	381
- Stage 3	-	-	-	(4)
Bad debt recover during the period	(1,294)	-	(1,294)	-
	<u>18,548</u>	<u>(13,370)</u>	<u>13,232</u>	<u>(14,794)</u>

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

25 Capital Adequacy

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

	Group		Bank	
	30 September 2023	31 December 2022	30 September 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	4,771	(6,697)	4,771	(6,697)
Foreign exchange reserve	7	(4)	7	(4)
	<u>1,856,381</u>	<u>1,827,902</u>	<u>1,860,209</u>	<u>1,831,730</u>
Regulatory adjustment applied in the calculation of CET 1 Capital				
- Deferred tax assets	(32,384)	(36,929)	(29,101)	(33,018)
- Intangible assets	(2,010)	(2,904)	(2,010)	(2,904)
- 55% of cumulative unrealised gains of FVOCI financial instruments	2,624	-	2,624	-
- Regulatory reserve attributable to financial assets	(55,000)	(38,000)	(55,000)	(38,000)
- Transitional arrangements	-	-	-	-
	<u>(86,770)</u>	<u>(77,833)</u>	<u>(83,487)</u>	<u>(73,922)</u>
Total CET1 capital / Total Tier 1 capital	<u>1,769,611</u>	<u>1,750,069</u>	<u>1,776,722</u>	<u>1,757,808</u>
<u>Tier-2 capital</u>				
General provision*	133,633	125,841	133,611	125,861
Subordinated loan	1,455,450	1,359,970	1,455,450	1,359,970
Less: Investment in a subsidiary company	-	-	(1,000)	(1,000)
Total Tier-2 capital	<u>1,589,083</u>	<u>1,485,811</u>	<u>1,588,061</u>	<u>1,484,831</u>
Total capital base	<u>3,358,694</u>	<u>3,235,880</u>	<u>3,364,783</u>	<u>3,242,639</u>
<u>With transitional arrangements</u>				
CET 1 capital ratio	15.610%	16.456%	15.684%	16.529%
Tier 1 capital ratio	15.610%	16.456%	15.684%	16.529%
Total capital ratio	29.629%	30.427%	29.704%	30.491%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	15.610%	16.456%	15.684%	16.529%
Tier 1 capital ratio	15.610%	16.456%	15.684%	16.529%
Total capital ratio	29.629%	30.367%	29.704%	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 SEPTEMBER 2023

25 Capital Adequacy (continued)

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

	Group		Bank	
	30 September	31 December	30 September	31 December
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Credit risk	10,690,607	10,067,275	10,688,867	10,068,897
Market risk	9,836	1,730	9,836	1,730
Operational risk	635,306	565,906	628,832	564,227
Total risk-weighted assets	11,335,749	10,634,911	11,327,535	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 SEPTEMBER 2023

26 Commitments and Contingencies

Group	30 September 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	5,103	5,103	5,103	2,687	2,687	2,687
Transaction-related contingent items	2,450,069	1,225,034	649,411	2,607,586	1,303,793	726,525
Short-term self-liquidation trade related contingencies	113,086	22,617	19,865	81,260	16,251	13,820
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	3,167,533	633,506	544,654	2,521,912	504,382	434,640
- Maturity exceeding one year	682,200	341,100	317,764	987,021	493,511	470,822
Foreign exchange related contracts:						
- Less than one year	2,703,799	37,625	15,741	3,544,028	57,856	26,077
Interest/Profit rate related contracts:						
- Less than one year	341,488	861	339	346,940	7,245	4,943
- More than one year to five year	222,435	8,050	5,013	237,915	12,761	7,948
Total	9,685,713	2,273,896	1,557,890	10,329,349	2,398,486	1,687,462

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

26 Commitments and Contingencies (continued)

	30 September 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	5,103	5,103	5,103	2,687	2,687	2,687
Transaction-related contingent items	2,450,069	1,225,034	649,411	2,607,586	1,303,793	726,525
Short-term self-liquidation trade related contingencies	113,086	22,617	19,865	81,260	16,251	13,820
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	3,175,533	635,106	546,254	2,523,412	504,682	434,940
- Maturity exceeding one year	682,200	341,100	317,764	987,021	493,511	470,822
Foreign exchange related contracts:						
- Less than one year	2,703,799	37,625	15,741	3,544,028	57,856	26,077
Interest/Profit rate related contracts:						
- Less than one year	341,488	861	339	346,940	7,245	4,943
- More than one year to five year	222,435	8,050	5,013	237,915	12,761	7,948
Total	9,693,713	2,275,496	1,559,490	10,330,849	2,398,786	1,687,762

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

27 Operations of Islamic Banking

There were no Islamic banking operations for the financial period ended 30 September 2023.

28 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.

29 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.

30 Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the financial period ended 30 September 2023.