

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	Note	Group		Bank	
		30 September	31 December	30 September	31 December
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		2,903,599	2,965,675	2,903,448	2,965,223
Deposits and placements with banks and other financial institutions		1,101,761	100,145	1,101,761	100,145
Derivative financial assets		10,299	18,219	10,299	18,219
Debt instruments at fair value through other comprehensive income ("FVOCI")	9	1,414,152	1,435,343	1,414,152	1,435,343
Equity instruments at FVOCI	10	17,221	18,719	17,221	18,719
Debt instruments at amortised cost	11	300,190	500,233	300,190	500,233
Equity instrument at fair value through profit & loss ("FVTPL")		-	-	-	-
Loans and advances	12	9,241,098	8,403,416	9,245,603	8,403,416
Other assets	13	11,088	14,920	10,319	13,918
Right-of-use assets		29,983	33,794	28,809	31,627
Tax recoverable		10,525	15,457	8,697	14,106
Deferred tax assets		19,385	15,588	19,355	15,467
Statutory deposits with Bank Negara Malaysia		7,630	5,580	7,630	5,580
Investment in a subsidiary		-	-	1,000	1,000
Property and equipment		47,482	52,510	45,582	50,457
Intangible assets		1,810	2,040	1,810	2,040
TOTAL ASSETS		<u>15,116,223</u>	<u>13,581,639</u>	<u>15,115,876</u>	<u>13,575,493</u>
LIABILITIES AND EQUITY					
Deposits from customers	14	8,419,526	7,376,169	8,420,420	7,377,491
Deposits and placements of banks and other financial institutions	15	3,504,754	3,089,532	3,504,754	3,089,532
Derivative financial liabilities		9,931	18,337	9,931	18,337
Other liabilities	16	147,157	168,480	145,165	165,390
Subordinated loan	17	1,298,687	1,246,153	1,298,687	1,246,153
TOTAL LIABILITIES		<u>13,380,055</u>	<u>11,898,671</u>	<u>13,378,957</u>	<u>11,896,903</u>
Share capital		760,518	760,518	760,518	760,518
Reserves		975,650	922,450	976,401	918,072
TOTAL EQUITY		<u>1,736,168</u>	<u>1,682,968</u>	<u>1,736,919</u>	<u>1,678,590</u>
TOTAL LIABILITIES AND EQUITY		<u>15,116,223</u>	<u>13,581,639</u>	<u>15,115,876</u>	<u>13,575,493</u>
COMMITMENTS AND CONTINGENCIES	24	<u>6,032,595</u>	<u>5,941,725</u>	<u>6,035,095</u>	<u>5,941,725</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 2020

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

	Note	3rd Quarter Ended		Nine Months Ended	
		30 September	30 September	30 September	30 September
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
		RM'000	RM'000	RM'000	RM'000
Group					
Interest income	18	90,071	92,614	265,388	310,548
Interest expense	19	(34,582)	(42,510)	(101,409)	(157,463)
Net interest income		55,489	50,104	163,979	153,085
Other operating income	20	17,509	14,000	51,036	44,228
Other operating expenses	21	(35,626)	(34,236)	(108,352)	(99,339)
Operating profit before allowance for expected credit losses		37,372	29,868	106,663	97,974
Allowance for impairment on loans and advances and other financial assets	22	(17,842)	(3,775)	(12,128)	5,467
Profit before taxation		19,530	26,093	94,535	103,441
Taxation		(6,366)	(5,068)	(25,704)	(24,772)
Profit for the financial period		13,164	21,025	68,831	78,669
Other comprehensive income:					
<i>Items that will not 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		(6,026)	6,039	(15,648)	22,367
<i>Items that will be reclassified subsequently to profit or loss when specific conditions are met:</i>					
- Net gain on foreign exchange translation		3	-	17	3
Other comprehensive income, net of tax		(6,023)	6,039	(15,631)	22,370
Total comprehensive income for the period, net of tax		7,141	27,064	53,200	101,039
Earnings per share					
- Basic/fully diluted (sen)				9.05	10.34

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 2020

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

	Note	3rd Quarter Ended		Nine Months Ended	
		30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Bank					
Interest income	18	90,101	92,614	265,432	310,548
Interest expense	19	(34,582)	(42,510)	(101,409)	(157,463)
Net interest income		55,519	50,104	164,023	153,085
Other operating income	20	17,546	13,948	51,059	51,566
Other operating expenses	21	(33,974)	(32,508)	(103,381)	(94,096)
Operating profit before allowance for expected credit losses		39,091	31,544	111,701	110,555
Allowance for impairment on loans and advances and other financial assets	22	(17,842)	(3,775)	(12,128)	5,467
Profit before taxation		21,249	27,769	99,573	116,022
Taxation		(6,381)	(4,907)	(25,613)	(24,611)
Profit for the financial period		14,868	22,862	73,960	91,411
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss when specific conditions are met:					
- Net fair value changes in debt instrument at FVOCI, net of tax		(6,026)	6,039	(15,648)	22,367
Items that will be reclassified subsequently to profit or loss when specific conditions are met:					
- Net gain on foreign exchange translation		3	-	17	3
Other comprehensive income, net of tax		(6,023)	6,039	(15,631)	22,370
Total comprehensive income for the period, net of tax		8,845	28,901	58,329	113,781
Earnings per share					
- Basic/fully diluted (sen)				9.72	12.02

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 2020

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

	← Non-distributable			→ Distributable		
		Fair value				
	Share	Foreign	through other	Regulatory	Retained	Total
	<u>capital</u>	<u>exchange</u>	<u>comprehensive</u>	<u>reserve</u>	<u>profits</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Balance as at 1 January 2021	760,518	-	35,391	14,800	872,259	1,682,968
Profit for the financial period	-	-	-	-	68,831	68,831
Other comprehensive income, net of tax	-	17	(15,648)	-	-	(15,631)
Total comprehensive income for the financial period, net of tax	-	17	(15,648)	-	68,831	53,200
At 30 September 2021	760,518	17	19,743	14,800	941,090	1,736,168
Balance as at 1 January 2020	760,518	-	12,539	33,607	773,105	1,579,769
Profit for the financial period	-	-	-	-	78,669	78,669
Other comprehensive income, net of tax	-	3	22,367	-	-	22,370
Total comprehensive income for the financial period, net of tax	-	3	22,367	-	78,669	101,039
Transfer from regulatory reserve to retained profits	-	-	-	(28,407)	28,407	-
At 30 September 2020	760,518	3	34,906	5,200	880,181	1,680,808

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 2020

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

	← Non-distributable			→ Distributable		
		Fair value				
	Share	Foreign	through other	Regulatory	Retained	Total
	<u>capital</u>	<u>exchange</u>	<u>comprehensive</u>	<u>reserve</u>	<u>profits</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank						
Balance as at 1 January 2021	760,518	-	35,391	14,800	867,881	1,678,590
Profit for the financial period	-	-	-	-	73,960	73,960
Other comprehensive income, net of tax	-	17	(15,648)	-	-	(15,631)
Total comprehensive income for the financial period, net of tax	-	17	(15,648)	-	73,960	58,329
At 30 September 2021	760,518	17	19,743	14,800	941,841	1,736,919
Balance as at 1 January 2020	760,518	-	12,539	33,607	755,391	1,562,055
Profit for the financial period	-	-	-	-	91,411	91,411
Other comprehensive income, net of tax	-	3	22,367	-	-	22,370
Total comprehensive income for the financial period, net of tax	-	3	22,367	-	91,411	113,781
Transfer from regulatory reserve to retained profits	-	-	-	(28,407)	28,407	-
At 30 September 2020	760,518	3	34,906	5,200	875,209	1,675,836

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 2020

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

	Group		Bank	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	94,535	103,441	99,573	116,022
Adjustments for non cash items	(9,019)	(11,239)	(10,547)	(21,328)
Operating profit before working capital changes	85,516	92,202	89,026	94,694
Changes in working capital:				
Net changes in operating assets	(1,852,668)	(360,167)	(1,857,406)	(360,380)
Net changes in operating liabilities	1,496,403	1,422,902	1,496,136	1,419,075
Income taxes paid	(19,628)	(22,954)	(19,151)	(21,600)
Net cash (used in)/ generated from operating activities	(290,377)	1,131,983	(291,395)	1,131,789
Net cash generated from investing activities	239,980	214,928	240,305	223,785
Net cash used in financing activities	(11,679)	(25,609)	(10,685)	(24,527)
Net (decrease)/ increase in cash and cash equivalents during the financial period	(62,076)	1,321,302	(61,775)	1,331,047
Cash and cash equivalents at beginning of the financial period	2,965,675	2,381,504	2,965,223	2,370,512
Cash and cash equivalents at end of the financial period	2,903,599	3,702,806	2,903,448	3,701,559

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

1 Review of Group Performance and Commentary of Prospects

The Group had registered profit before taxation ("PBT") of RM94.54 million, a decrease from RM103.44 million registered in the corresponding period. Lower PBT was mainly due to higher provision of allowance for impairment on loans and advances by RM17.60 million and higher operating expenses by RM9.01 million. This was offset by higher net interest income and other operating income by RM10.89 million and RM6.81 million respectively.

Total assets stood at RM15.12 billion as at 30 September 2021, an increase of RM1.53 billion or 11.30% compared to 31 December 2020. This was mainly contributed by growth in deposits and placements with banks and other FI of RM1.00 billion and loan of RM0.84 billion. The increase in asset however was offset by a drop in debt instruments at amortised cost of RM0.20 billion.

Total liabilities stood at RM13.38 billion as at 30 September 2021, an increase of RM1.48 billion or 12.45% compared to 31 December 2020. This was mainly contributed by the growth in customer deposits and deposits and placements of banks and other FI of RM1.04 billion and RM0.42 billion respectively.

Global and Malaysia's Gross Domestic Product ("GDP") growth shown some improvement although it is also noted that the growth was attributed to the low base comparison and remained at below pre-pandemic levels. Any economic recovery to pre-pandemic level is contingent upon reopening of economy and successful management of Covid-19 pandemic. Despite the ongoing vaccination and measures in place to prevent the spread of Covid-19, the pandemic continues to rise due to the spread of the highly transmissible Delta variant.

Malaysian Central Bank ("BNM") has since halved its full year Malaysia's GDP forecast to 3.0-4.0% as compared to the initial 6.0%-7.5% range. The forecast factored in the resurgence in Covid-19 cases and re-imposition of nationwide containment measures. These key factors disrupt the supply chain and manufacturing output, which are instrumental to national economy recovery in view of Malaysia being one of the most open economies in the world and heavily reliant to export activities. All these lead to downside risk over optimism for a local economy recovery.

Nevertheless, the Bank remains confident in the strength, resilience and fundamentals of the Malaysian economy and supports the government economy recovery efforts. The Bank continues to practice vigilance in strategy, cost discipline and prudence in risk management to ensure its success in navigation through these challenging environment and uncertainties laying ahead.

2 Group Accounting Policies

The unaudited condensed consolidated interim financial statements for the financial period ended 30 September 2021 have been prepared in accordance with MFRS134 Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB"). The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2020.

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

3 Audit Report

The audit report for the financial year ended 31 December 2020 was not qualified.

4 Seasonal or Cyclical Factors

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

5 Exceptional or Extraordinary Items

There were no exceptional or extraordinary items in the financial period ended 30 September 2021.

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

6 Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years that have a material effect in the financial period ended 30 September 2021.

7 Changes in Debt and Equity Securities

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

8 Dividend Paid

No dividend was paid during the financial period ended 30 September 2021.

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

	Group and Bank	
	30 September	31 December
	2021	2020
	RM'000	RM'000
Money market instrument:		
Malaysian Government Securities ("MGS")	366,924	524,335
Malaysian Government Investment Issue ("MGII")	930,392	726,117
Unquoted securities		
Corporate bond	50,966	122,024
Foreign bond	66,001	63,064
Less: allowance for ECL	(131)	(197)
	116,836	184,891
	1,414,152	1,435,343

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

Movements in allowance for impairment on corporate bond

	Group and Bank	
	30 September	31 December
	2021	2020
	RM'000	RM'000
As at 1 January	197	89
ECL allowance (written-back)/charge (Note 22)	(66)	108
As at 30 September 2021/31 December 2020	131	197

10 Equity Instruments at FVOCI

	Group and Bank	
	30 September	31 December
	2021	2020
	RM'000	RM'000
At fair value:		
Unquoted securities		
Shares of corporations in Malaysia	17,221	18,719
	17,221	18,719

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

11 Debt Instruments at Amortised Cost

	Group and Bank	
	30 September	31 December
	2021	2020
	RM'000	RM'000
At amortised cost:		
Money market instrument:		
Negotiable instruments of deposits	300,190	500,233
	300,190	500,233

12 Loans and Advances

At amortised cost

(i) By type

	Group		Bank	
	30 September	31 December	30 September	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Overdrafts	328,035	336,496	328,035	336,496
Terms loans				
- Housing loans	541,695	445,808	541,695	445,808
- Syndicated term loans	3,564,191	3,671,806	3,564,191	3,671,806
- Other term loans	1,708,004	1,732,750	1,708,004	1,732,750
Bills receivables	914,806	314,185	914,806	314,185
Trust receipts	-	131	-	131
Claims on customers under acceptance credits	770,559	548,325	770,559	548,325
Revolving credits	1,634,002	1,561,928	1,638,507	1,561,928
Staff loans	1,598	1,829	1,598	1,829
Gross loans and advances	9,462,890	8,613,258	9,467,395	8,613,258
Less: allowance for ECL	(221,792)	(209,842)	(221,792)	(209,842)
Total net loans and advances	9,241,098	8,403,416	9,245,603	8,403,416

(ii) By geographical distribution

	Group		Bank	
	30 September	31 December	30 September	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Malaysia	5,667,870	4,970,051	5,672,375	4,970,051
Other countries	3,795,020	3,643,207	3,795,020	3,643,207
Gross loans and advances	9,462,890	8,613,258	9,467,395	8,613,258

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

12 Loans and Advances (continued)

At amortised cost (continued)

(iii) By interest rate sensitivity

	Group		Bank	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Fixed rate				
- Other fixed rate loans	2,108,650	1,358,283	2,108,650	1,358,283
Variable rate				
- Base lending rate/base rate plus	1,601,723	1,519,266	1,601,723	1,519,266
- Cost of funds plus	5,344,106	5,192,412	5,348,611	5,192,412
- Other variable rates	408,411	543,297	408,411	543,297
Gross loans and advances	9,462,890	8,613,258	9,467,395	8,613,258

(iv) By economic sector

	Group		Bank	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Primary agriculture	390,895	327,757	390,895	327,757
Mining and quarrying	645,332	731,064	645,332	731,064
Manufacturing	1,863,332	1,544,849	1,863,332	1,544,849
Electricity, gas and water supply	770,914	645,348	770,914	645,348
Construction	469,946	464,616	469,946	464,616
Real estate	2,066,837	2,279,239	2,066,837	2,279,239
Wholesale and retail trade and restaurants and hotels	174,645	154,040	174,645	154,040
Transport, storage and communication	63,510	70,563	63,510	70,563
Finance, insurance and business services	1,822,387	1,291,909	1,822,387	1,291,909
Education, health and others	317,467	306,731	321,972	306,731
Household	877,625	797,142	877,625	797,142
	9,462,890	8,613,258	9,467,395	8,613,258

(v) By residual contractual maturity - remaining

	Group		Bank	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Up to one month	1,516,333	1,335,969	1,520,838	1,335,969
More than one month to three months	1,139,272	993,821	1,139,272	993,821
More than three months to six months	460,051	163,980	460,051	163,980
More than six months to twelve months	830,067	355,146	830,067	355,146
More than twelve months	5,517,167	5,764,342	5,517,167	5,764,342
Gross loans and advances	9,462,890	8,613,258	9,467,395	8,613,258

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 2021

12 Loans and Advances (continued)

(vi) Changes in gross loans and advances carrying amount

Group	12 months ECL (Stage 1) RM'000	Lifetime ECL (non- credit impaired) (Stage 2) RM'000	Lifetime ECL (credit impaired) (Stage 3) RM'000	Total RM'000
As at 1 January 2021	7,863,757	549,553	199,948	8,613,258
Transferred to 12-month ECL (stage 1)	11,966	(11,966)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(140,369)	140,369	-	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(202)	(5,309)	5,511	-
Changes due to change in credit risk	(244,575)	(33,894)	(9,070)	(287,539)
New loans and advances originated	1,135,557	2,348	-	1,137,905
Bad debts written-off	-	-	(734)	(734)
Gross carrying amount as at 30 September 2021	<u>8,626,134</u>	<u>641,101</u>	<u>195,655</u>	<u>9,462,890</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 2020	6,155,452	1,299,280	241,978	7,696,710
Transferred to 12-month ECL (stage 1)	601,965	(600,827)	(1,138)	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(93,490)	94,279	(789)	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(426)	(12,848)	13,274	-
Changes due to change in credit risk	(1,734,759)	(325,404)	(44,781)	(2,104,944)
New loans and advances originated	2,935,015	95,073	-	3,030,088
Bad debts written off	-	-	(8,596)	(8,596)
Gross carrying amount as at 31 December 2020	<u>7,863,757</u>	<u>549,553</u>	<u>199,948</u>	<u>8,613,258</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

12 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 2021	7,863,757	549,553	199,948	8,613,258
Transferred to 12-month ECL (stage 1)	11,966	(11,966)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(140,369)	140,369	-	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(202)	(5,309)	5,511	-
Changes due to change in credit risk	(244,575)	(33,894)	(9,070)	(287,539)
New loans and advances originated	1,140,062	2,348	-	1,142,410
Bad debts written-off	-	-	(734)	(734)
Gross carrying amount as at 30 September 2021	<u>8,630,639</u>	<u>641,101</u>	<u>195,655</u>	<u>9,467,395</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 2020	6,155,452	1,299,280	241,978	7,696,710
Transferred to 12-month ECL (stage 1)	601,965	(600,827)	(1,138)	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(93,490)	94,279	(789)	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(426)	(12,848)	13,274	-
Changes due to change in credit risk	(1,734,759)	(325,404)	(44,781)	(2,104,944)
New loans and advances originated	2,935,015	95,073	-	3,030,088
Bad debts written off	-	-	(8,596)	(8,596)
Gross carrying amount as at 31 December 2020	<u>7,863,757</u>	<u>549,553</u>	<u>199,948</u>	<u>8,613,258</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

12 Loans and Advances (continued)

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

Group and Bank	12-month ECL (Stage 1) RM'000	Lifetime ECL (non- credit impaired) (Stage 2) RM'000	Lifetime ECL (credit impaired) (Stage 3) RM'000	Total RM'000
As at 1 January 2021	62,750	49,117	97,975	209,842
Transferred to 12-month ECL (stage 1)	969	(969)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(3,085)	3,085	-	-
Transferred to lifetime ECL (credit impaired) (stage 3)	-	(423)	423	-
New loans and advances originated	7,464	1,051	-	8,515
(Reversal)/allowance during the financial period	(8,844)	14,624	(763)	5,017
Full settlement	(728)	(120)	-	(848)
Amount written-off	-	-	(734)	(734)
Allowance for ECL as at 30 September 2021	58,526	66,365	96,901	221,792
	12-month ECL (Stage 1) RM'000	Lifetime ECL (non- credit impaired) (Stage 2) RM'000	Lifetime ECL (credit impaired) (Stage 3) RM'000	Total RM'000
As at 1 January 2020	20,427	67,052	121,823	209,302
Transferred to 12-month ECL (stage 1)	31,153	(31,105)	(48)	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(591)	767	(176)	-
Transferred to lifetime ECL (credit impaired) (stage 3)	(3)	(762)	765	-
New loans and advances originated	14,260	4,849	-	19,109
(Reversal)/allowance during the financial year	(1,433)	15,098	(4,064)	9,601
Full settlement	(1,063)	(6,782)	(11,729)	(19,574)
Amount written-off	-	-	(8,596)	(8,596)
Allowance for ECL as at 31 December 2020	62,750	49,117	97,975	209,842

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

12 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
	2021	2020
As at 1 January	199,948	241,978
Classified as credit impaired during the financial period/year	7,148	7,154
Reclassified as non-credit impaired during the financial period/year	-	(1,927)
Amount recovered	(10,707)	(38,661)
Amount written-off	(734)	(8,596)
As at 30 September 2021/31 December 2020	195,655	199,948
Less: Lifetime ECL (credit impaired) (Stage 3)	(96,901)	(97,975)
	98,754	101,973
Ratio of net impaired loans and advances to gross loans and advances less Lifetime ECL (credit impaired) (Stage 3)	1.054%	1.198%

(b) By geographical distribution

	Group and Bank	
	30 September	31 December
	2021	2020
	RM'000	RM'000
Malaysia	171,619	176,899
Other countries	24,036	23,049
	195,655	199,948

(c) By economic sector

	Group and Bank	
	30 September	31 December
	2021	2020
	RM'000	RM'000
Primary agriculture	5,082	9,809
Manufacturing	56,574	57,969
Electricity, gas and water supply	24,036	23,049
Construction	2,707	2,871
Real estate	11,645	10,535
Education, health and others	74,995	75,522
Household	20,616	20,193
	195,655	199,948

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

13 Other Assets

	Group		Bank	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Other receivables	6,840	11,145	6,519	10,620
Sundry deposits	2,851	2,845	2,442	2,436
Prepayment	1,676	1,072	1,621	988
Precious metal inventories	181	250	181	250
	11,548	15,312	10,763	14,294
Less: allowance for ECL	(460)	(392)	(444)	(376)
	11,088	14,920	10,319	13,918

Movements in allowance for impairment on other assets

	Group		Bank	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
As at 1 January	392	523	376	517
ECL allowance charge/(written-back) (Note 22)	68	(60)	68	(70)
Amounts written-off	-	(71)	-	(71)
As at 30 September 2021/31 December 2020	460	392	444	376

14 Deposits From Customers

(i) By type of deposits

	Group		Bank	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Demand deposits	2,247,202	1,865,648	2,248,096	1,866,970
Savings deposits	438,172	392,585	438,172	392,585
Fixed deposits	5,283,854	4,617,423	5,283,854	4,617,423
Negotiable instruments of deposits	450,298	500,513	450,298	500,513
	8,419,526	7,376,169	8,420,420	7,377,491

(ii) By type of customers

	Group		Bank	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
Business enterprises	3,071,068	2,312,617	3,071,962	2,313,939
Individuals	3,458,652	3,288,062	3,458,652	3,288,062
Others	1,889,806	1,775,490	1,889,806	1,775,490
	8,419,526	7,376,169	8,420,420	7,377,491

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

14 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
	2021	2020
	RM'000	RM'000
Due within six months	3,801,355	3,795,179
Six months to one year	1,921,174	1,322,757
One year to three years	11,623	-
	5,734,152	5,117,936

15 Deposits and Placements Of Banks and Other Financial Institutions

	Group and Bank	
	30 September	31 December
	2021	2020
	RM'000	RM'000
Bank Negara Malaysia	16,220	15,415
Licensed banks	3,480,141	3,069,775
Licensed investment banks	5,323	3,261
Licensed Islamic banks	3,067	1,077
Other financial institutions	3	4
	3,504,754	3,089,532

16 Other Liabilities

	Group		Bank	
	30 September	31 December	30 September	31 December
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Accrued expenses	17,337	29,484	17,072	28,999
Margin deposits	28,199	46,386	28,199	46,386
Other liabilities	62,392	49,179	61,905	48,828
Lease liabilities	31,116	34,777	29,876	32,523
Allowance for ECL on commitments and contingencies (Note 16 (i))	8,113	8,654	8,113	8,654
	147,157	168,480	145,165	165,390

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

16 Other Liabilities (continued)

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

	Group and Bank 30 September 2021			
	12 months	Lifetime ECL	Lifetime ECL	Total
	ECL	(non-credit	(credit	
	(Stage 1)	impaired)	impaired)	
RM'000	(Stage 2)	(Stage 3)		
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2021	8,424	230	-	8,654
Transferred to 12 months ECL (stage 1)	23	(23)	-	-
Transferred to lifetime ECL (non-credit impaired) (stage 2)	(145)	145	-	-
Transferred to lifetime ECL (credit impaired) (stage 3)	-	-	-	-
New loans and advances originated	2,884	10	-	2,894
Reversal during the financial period	(3,254)	(98)	-	(3,352)
Full settlement	(15)	(68)	-	(83)
As at 30 September 2021	<u>7,917</u>	<u>196</u>	<u>-</u>	<u>8,113</u>

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

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD
ENDED 30 SEPTEMBER 2021

17 Subordinated Loan

	Group and Bank	
	30 September	31 December
	2021	2020
	RM'000	RM'000
At cost	1,254,725	1,254,725
Interest accrued	1,027	1,193
Foreign exchange difference	42,935	(9,765)
	<u>1,298,687</u>	<u>1,246,153</u>

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

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

The tenor of the Subordinated Loan facility is 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 SEPTEMBER 2021

18 Interest Income

Group	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income on non-credit impaired loans and advances	60,209	62,158	180,551	212,614
- Interest income on credit impaired loans and advances	1,541	1,669	4,290	6,051
Money at call and deposit placement with financial institutions	15,632	15,343	39,410	53,653
Debt instruments at FVOCI	13,406	12,923	39,430	33,626
Debt instruments at amortised cost	1,596	2,242	8,027	8,904
Other interest income	538	574	1,595	995
	<u>92,922</u>	<u>94,909</u>	<u>273,303</u>	<u>315,843</u>
Amortisation of premium less accretion of discount	(2,851)	(2,295)	(7,915)	(5,295)
Total interest income	<u>90,071</u>	<u>92,614</u>	<u>265,388</u>	<u>310,548</u>

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Loans and advances				
- Interest income on non-credit impaired loans and advances	60,239	62,158	180,595	212,614
- Interest income on credit impaired loans and advances	1,541	1,669	4,290	6,051
Money at call and deposit placement with financial institutions	15,632	15,343	39,410	53,653
Debt instruments at FVOCI	13,406	12,923	39,430	33,626
Debt instruments at amortised cost	1,596	2,242	8,027	8,904
Other interest income	538	574	1,595	995
	<u>92,952</u>	<u>94,909</u>	<u>273,347</u>	<u>315,843</u>
Amortisation of premium less accretion of discount	(2,851)	(2,295)	(7,915)	(5,295)
Total interest income	<u>90,101</u>	<u>92,614</u>	<u>265,432</u>	<u>310,548</u>

19 Interest Expense

	3rd Quarter Ended		Nine Months Ended	
	Group and Bank		Group and Bank	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	2,412	3,001	6,647	20,490
Deposits from customers	30,115	36,333	88,319	121,081
Subordinated loan	1,459	2,527	4,656	14,666
Others	596	649	1,787	1,226
	<u>34,582</u>	<u>42,510</u>	<u>101,409</u>	<u>157,463</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

20 Other Operating Income

Group	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Fee income:				
- Fee on loans and advances	2,697	2,358	7,823	9,218
- Service charges and fees	1,228	430	4,442	4,552
- Guarantee fees	3,983	5,224	11,122	11,616
	<u>7,908</u>	<u>8,012</u>	<u>23,387</u>	<u>25,386</u>
Fee expense:				
- Commission related expenses	(7)	(69)	(75)	(1,098)
Net fee income	<u>7,901</u>	<u>7,943</u>	<u>23,312</u>	<u>24,288</u>
Foreign exchange income/(loss):				
- Realised	9,668	6,919	26,295	22,746
- Unrealised	(259)	2,963	(1,490)	1,756
Net gain/(loss) on revaluation of derivatives	95	(4,224)	486	(4,051)
Unrealised loss on equity instrument at FVTPL	-	-	-	(1,486)
Gain from derivative financial instrument	8	147	317	607
Revenue from sale of precious metal products	12	32	141	91
Dividend income:				
- Equity instruments at FVOCI	15	15	60	60
Other income	69	205	1,915	217
	<u>17,509</u>	<u>14,000</u>	<u>51,036</u>	<u>44,228</u>

Bank	3rd Quarter Ended		Nine Months Ended	
	30 September	30 September	30 September	30 September
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Fee income:				
- Fee on loans and advances	2,697	2,358	7,823	9,218
- Service charges and fees	1,211	257	4,254	1,781
- Guarantee fees	3,983	5,224	11,122	11,616
	<u>7,891</u>	<u>7,839</u>	<u>23,199</u>	<u>22,615</u>
Foreign exchange income/(loss):				
- Realised	9,668	6,919	26,295	22,746
- Unrealised	(259)	2,963	(1,490)	1,756
Net gain/(loss) on revaluation of derivatives	95	(4,224)	486	(4,051)
Unrealised loss on equity instrument at FVTPL	-	-	-	(1,486)
Gain from derivative financial instrument	8	147	317	607
Revenue from sale of precious metal products	12	32	141	91
Dividend income:				
- Equity instruments at FVOCI	15	15	60	60
- Subsidiary	-	-	-	8,857
Other income	116	257	2,051	371
	<u>17,546</u>	<u>13,948</u>	<u>51,059</u>	<u>51,566</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

21 Other Operating Expenses

Group	3rd Quarter Ended		Nine Months Ended	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
<u>Personnel expenses</u>				
Salaries & wages	17,233	15,966	52,451	47,778
Bonuses	3,359	4,674	13,582	11,772
Defined contribution plan ("EPF")	2,639	2,731	8,136	7,239
Staff welfare expenses	516	836	2,495	1,954
Other personnel costs	3,911	1,603	7,769	4,483
	27,658	25,810	84,433	73,226
<u>Marketing expenses</u>				
Entertainment	6	57	166	1,013
Other marketing	100	188	480	631
	106	245	646	1,644
<u>Establishment costs</u>				
Rental of premises	-	144	1	169
Depreciation of property and equipment	1,537	1,603	4,645	4,823
Depreciation of right-of-use assets	2,071	2,083	6,195	6,459
Finance cost on lease liabilities	313	370	951	1,086
Amortisation of intangible assets	322	334	961	740
Repairs and maintenance	265	84	560	633
Property and equipment written off	-	1	13	1
Information technology expenses	782	889	2,536	2,558
Other establishment costs	752	525	1,793	1,812
	6,042	6,033	17,655	18,281
<u>Administration and general expenses</u>				
Insurance premium	-	537	132	665
Auditors' remuneration				
- statutory audit fees	56	65	167	207
- regulatory related service	174	27	303	94
Travelling and accommodation	23	48	42	453
Telecommunication and utilities	275	333	901	955
Printing, stationery and postage	139	295	538	1,104
Legal and professional fees	65	280	295	452
Other administration and general expenses	1,079	543	3,146	2,197
	1,811	2,128	5,524	6,127
<u>Other expenses</u>				
Cost of sales of precious metal	9	20	94	61
	9	20	94	61
	35,626	34,236	108,352	99,339

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

21 Other Operating Expenses

	3rd Quarter Ended		Nine Months Ended	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Bank				
<u>Personnel expenses</u>				
Salaries & wages	16,464	15,167	50,027	45,383
Bonuses	3,230	4,488	13,455	11,142
Defined contribution plan ("EPF")	2,555	2,631	7,929	7,015
Staff welfare expenses	495	762	2,378	1,795
Other personnel costs	3,864	1,573	7,638	4,364
	26,608	24,621	81,427	69,699
<u>Marketing expenses</u>				
Entertainment	6	57	166	1,010
Other marketing	100	188	480	631
	106	245	646	1,641
<u>Establishment costs</u>				
Rental of premises	-	139	1	144
Depreciation of property and equipment	1,353	1,559	4,168	4,691
Depreciation of right-of-use assets	1,740	1,751	5,202	5,458
Finance cost on lease liabilities	298	341	894	987
Amortisation of intangible assets	322	334	961	740
Repairs and maintenance	265	84	548	631
Property and equipment written off	-	1	12	1
Information technology expenses	777	888	2,528	2,551
Other establishment costs	748	520	1,640	1,801
	5,503	5,617	15,954	17,004
<u>Administration and general expenses</u>				
Insurance premium	-	537	122	657
Auditors' remuneration				
- statutory audit fees	42	54	135	170
- regulatory related service	171	24	294	85
Travelling and accommodation	22	48	41	406
Telecommunication and utilities	255	295	843	870
Printing, stationery and postage	139	286	536	1,022
Legal and professional fees	63	278	239	450
Other administration and general expenses	1,056	483	3,050	2,031
	1,748	2,005	5,260	5,691
<u>Other expenses</u>				
Cost of sales of precious metal	9	20	94	61
	9	20	94	61
	33,974	32,508	103,381	94,096

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

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

	3rd Quarter Ended		Nine Months Ended	
	30 September 2021 RM'000	30 September 2020 RM'000	30 September 2021 RM'000	30 September 2020 RM'000
Allowance/(written-back) for impairment on:				
Cash and short-term funds				
- Stage 1	6	16	(30)	33
Deposits and placements with banks and other financial institutions				
- Stage 1	11	(19)	13	(39)
Debt instruments at FVOCI				
- Stage 1	(24)	85	(66)	144
Other assets				
- Stage 1	23	91	68	(144)
Loans and advances				
- Stage 1	2,887	9,720	(2,108)	6,914
- Stage 2	14,590	(7,752)	15,555	239
- Stage 3	194	(1,273)	(763)	(16,781)
Commitments and contingencies				
- Stage 1	177	3,053	(385)	4,366
- Stage 2	(22)	(146)	(156)	(179)
- Stage 3	-	-	-	(20)
	17,842	3,775	12,128	(5,467)

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

23 Capital Adequacy

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

	Group		Bank	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
	RM'000	RM'000	RM'000	RM'000
<u>Common Equity Tier 1 ("CET1") Capital</u>				
Paid-up ordinary share capital	760,518	760,518	760,518	760,518
Retained profits	872,259	872,259	867,881	867,881
Regulatory reserve	14,800	14,800	14,800	14,800
Fair value through other comprehensive reserve	19,743	35,391	19,743	35,391
Foreign exchange reserve	17	-	17	-
	<u>1,667,337</u>	<u>1,682,968</u>	<u>1,662,959</u>	<u>1,678,590</u>
Regulatory adjustment applied in the calculation of CET 1 Capital				
- Deferred tax assets	(19,385)	(15,588)	(19,355)	(15,467)
- 55% of cumulative unrealised gains of FVOCI financial instruments	(10,858)	(19,465)	(10,858)	(19,465)
- Regulatory reserve attributable to financial assets	(14,800)	(14,800)	(14,800)	(14,800)
- Transitional arrangements	39,934	27,466	39,924	27,456
	<u>(5,109)</u>	<u>(22,387)</u>	<u>(5,089)</u>	<u>(22,276)</u>
Total CET1 capital / Total Tier 1 capital	<u>1,662,228</u>	<u>1,660,581</u>	<u>1,657,870</u>	<u>1,656,314</u>
<u>Tier-2 capital</u>				
General provision*	108,529	108,529	108,523	108,523
Subordinated loan	1,297,660	1,244,960	1,297,660	1,244,960
Less: Investment in a subsidiary company	-	-	(1,000)	(1,000)
Total Tier-2 capital	<u>1,406,189</u>	<u>1,353,489</u>	<u>1,405,183</u>	<u>1,352,483</u>
Total capital base	<u><u>3,068,417</u></u>	<u><u>3,014,070</u></u>	<u><u>3,063,053</u></u>	<u><u>3,008,797</u></u>
<u>With transitional arrangements</u>				
CET 1 capital ratio	16.675%	17.413%	16.674%	17.448%
Tier 1 capital ratio	16.675%	17.413%	16.674%	17.448%
Total capital ratio	30.782%	31.606%	30.807%	31.695%
<u>Without transitional arrangements</u>				
CET 1 capital ratio	16.274%	17.125%	16.272%	17.158%
Tier 1 capital ratio	16.274%	17.125%	16.272%	17.158%
Total capital ratio	30.473%	31.353%	30.497%	31.441%

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

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

23 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
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	RM'000	RM'000	RM'000	RM'000
Credit risk	9,411,101	8,956,638	9,412,189	8,951,938
Market risk	6,659	6,021	6,659	6,021
Operational risk	550,360	573,786	523,796	535,135
Total risk-weighted assets	<u>9,968,120</u>	<u>9,536,445</u>	<u>9,942,644</u>	<u>9,493,094</u>

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 2021

24 Commitments and Contingencies

Group	30 September 2021			31 December 2020		
	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	22,066	22,066	12,066	6,285	6,285	2,842
Transaction-related contingent items	2,361,147	1,180,574	593,345	2,154,624	1,077,312	558,390
Short-term self-liquidation trade related contingencies	60,239	12,048	11,545	272,719	54,544	52,728
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	2,050,883	410,177	341,803	2,517,649	503,530	377,460
- Maturity exceeding one year	539,355	269,677	248,877	318,650	159,325	140,747
Foreign exchange related contracts:						
- Less than one year	545,875	8,596	4,690	231,536	1,929	1,045
Interest/Profit rate related contracts:						
- Less than one year	149,059	4,045	3,977	122,889	11,565	2,358
- More than five year	303,971	18,480	14,681	317,373	22,984	18,784
Total	6,032,595	1,925,663	1,230,984	5,941,725	1,837,474	1,154,354

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

24 Commitments and Contingencies (continued)

Bank	30 September 2021			31 December 2020		
	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	22,066	22,066	12,066	6,285	6,285	2,842
Transaction-related contingent items	2,361,147	1,180,574	593,345	2,154,624	1,077,312	558,390
Short-term self-liquidation trade related contingencies	60,239	12,048	11,545	272,719	54,544	52,728
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	2,053,383	410,677	342,303	2,517,649	503,530	377,460
- Maturity exceeding one year	539,355	269,677	248,877	318,650	159,325	140,747
Foreign exchange related contracts:						
- Less than one year	545,875	8,596	4,690	231,536	1,929	1,045
Interest/Profit rate related contracts:						
- Less than one year	149,059	4,045	3,977	122,889	11,565	2,358
- More than five year	303,971	18,479	14,681	317,373	22,984	18,784
Total	6,035,095	1,926,162	1,231,484	5,941,725	1,837,474	1,154,354

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

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

25 Operations of Islamic Banking

There were no Islamic banking operations for the financial period ended 30 September 2021.

26 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.

27 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.

28 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 2021.