

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2024

	Note	Group		Bank	
		31 March	31 December	31 March	31 December
		<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Cash and short-term funds		2,795,544	3,577,514	2,795,496	3,577,461
Deposits and placements with banks and other financial institutions		2,616,456	89,770	2,616,456	89,770
Derivative financial assets		15,725	16,074	15,725	16,074
Debt instruments at fair value through other comprehensive income ("FVOCI")	10	1,996,361	1,992,554	1,996,361	1,992,554
Equity instruments at FVOCI	11	19,008	19,008	19,008	19,008
Debt instruments at amortised cost	12	70,826	70,183	70,826	70,183
Equity instrument at fair value through profit & loss ("FVTPL")	13	416	-	416	-
Loans and advances	14	10,411,224	10,422,439	10,411,224	10,422,439
Other assets	15	10,333	22,444	10,068	22,073
Right-of-use assets		23,717	26,894	19,443	21,242
Tax recoverable		10,525	17,617	10,516	17,607
Deferred tax assets		34,581	31,339	34,388	31,202
Statutory deposits with Bank Negara Malaysia		99,000	92,000	99,000	92,000
Investment in a subsidiary		-	-	1,000	1,000
Property and equipment		45,011	45,850	44,720	45,465
Intangible assets		1,451	1,724	1,451	1,724
TOTAL ASSETS		18,150,178	16,425,410	18,146,098	16,419,802
LIABILITIES AND EQUITY					
Deposits from customers	16	10,007,902	9,597,622	10,008,268	9,598,810
Deposits and placements of banks and other financial institutions	17	4,066,076	3,029,594	4,066,076	3,029,594
Derivative financial liabilities		14,908	14,504	14,908	14,504
Other liabilities	18	389,748	343,157	382,100	334,653
Other borrowing	19	140,938	-	140,938	-
Subordinated loan	20	1,487,752	1,441,742	1,487,752	1,441,742
TOTAL LIABILITIES		16,107,324	14,426,619	16,100,042	14,419,303
Share capital		760,518	760,518	760,518	760,518
Reserves		1,282,336	1,238,273	1,285,538	1,239,981
TOTAL EQUITY		2,042,854	1,998,791	2,046,056	2,000,499
TOTAL LIABILITIES AND EQUITY		18,150,178	16,425,410	18,146,098	16,419,802
COMMITMENTS AND CONTINGENCIES	27	9,895,612	8,559,867	9,898,612	8,571,867

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 2023

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

	Note	Three Months Ended		Three Months Ended	
		Group		Bank	
		31 March <u>2024</u> RM'000	31 March <u>2023</u> RM'000	31 March <u>2024</u> RM'000	31 March <u>2023</u> RM'000
Interest income	21	194,142	159,176	194,142	159,289
Interest expense	22	(114,149)	(84,019)	(114,149)	(84,019)
Net interest income		79,993	75,157	79,993	75,270
Other operating income	23	35,280	23,923	35,100	22,534
Other operating expenses	24	(43,854)	(40,443)	(42,237)	(38,964)
Operating profit before allowance for expected credit losses		71,419	58,637	72,856	58,840
Expected credit losses ("ECL") (made)/written- back on loans and advances and other financial assets	25	(13,531)	10,284	(13,417)	10,208
Profit before taxation		57,888	68,921	59,439	69,048
Taxation		(14,475)	(16,514)	(14,532)	(16,777)
Profit for the financial period		43,413	52,407	44,907	52,271
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		670	9,875	670	9,875
- Net changes in expected credit losses in debt instruments at FVOCI		(27)	(5)	(27)	(5)
- Net gain on foreign exchange translation		7	12	7	12
Other comprehensive income, net of tax		650	9,882	650	9,882
Total comprehensive income for the period, net of tax		44,063	62,289	45,557	62,153
Earnings per share					
- Basic/fully diluted (sen)		5.71	6.89	5.90	6.87

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 2023

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

	← Non-distributable Fair value →			Distributable		Total RM'000
	Share capital RM'000	Foreign exchange reserve RM'000	through other comprehensive reserve RM'000	Regulatory reserve RM'000	Retained profits RM'000	
Group						
Balance as at 1 January 2024	760,518	11	8,160	55,000	1,175,102	1,998,791
Profit for the financial period	-	-	-	-	43,413	43,413
Other comprehensive income, net of tax	-	7	643	-	-	650
Total comprehensive income for the financial period, net of tax	-	7	643	-	43,413	44,063
At 31 March 2024	760,518	18	8,803	55,000	1,218,515	2,042,854
Balance as at 1 January 2023	760,518	(4)	(6,697)	38,000	1,036,085	1,827,902
Profit for the financial period	-	-	-	-	52,407	52,407
Other comprehensive income, net of tax	-	12	9,870	-	-	9,882
Total comprehensive income for the financial period, net of tax	-	12	9,870	-	52,407	62,289
Transfer from regulatory reserve to retained profits	-	-	-	12,000	(12,000)	-
At 31 March 2023	760,518	8	3,173	50,000	1,076,492	1,890,191

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 2023

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

	← Non-distributable Fair value →			Distributable		
	Share capital	Foreign exchange reserve	Fair value through other comprehensive reserve	Regulatory reserve	Retained profits	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank						
Balance as at 1 January 2024	760,518	11	8,160	55,000	1,176,810	2,000,499
Profit for the financial period	-	-	-	-	44,907	44,907
Other comprehensive income, net of tax	-	7	643	-	-	650
Total comprehensive income for the financial period, net of tax	-	7	643	-	44,907	45,557
At 31 March 2024	760,518	18	8,803	55,000	1,221,717	2,046,056
Balance as at 1 January 2023	760,518	(4)	(6,697)	38,000	1,039,913	1,831,730
Profit for the financial period	-	-	-	-	52,271	52,271
Other comprehensive income, net of tax	-	12	9,870	-	-	9,882
Total comprehensive income for the financial period, net of tax	-	12	9,870	-	52,271	62,153
Transfer from regulatory reserve to retained profits	-	-	-	12,000	(12,000)	-
At 31 March 2023	760,518	8	3,173	50,000	1,080,184	1,893,883

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 2023

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

	Group		Bank	
	31 March 2024 RM'000	31 March 2023 RM'000	31 March 2024 RM'000	31 March 2023 RM'000
Profit before taxation	57,888	68,921	59,439	69,048
Adjustments for non cash items	29,570	2,426	29,024	1,967
Operating profit before working capital changes	87,458	71,347	88,463	71,015
Changes in working capital:				
Net changes in operating assets	(2,525,490)	425,716	(2,526,692)	425,597
Net changes in operating liabilities	1,539,378	288,705	1,539,449	288,755
Income taxes paid	(10,838)	(11,533)	(10,838)	(11,475)
Net cash (used)/generated in operating activities	(909,492)	774,235	(909,618)	773,892
Net cash generated from investing activities	12,689	17,454	12,689	17,454
Net cash generated/(used) in financing activities	114,833	(18,515)	114,964	(18,155)
Net (decrease)/increase in cash and cash equivalents during the financial period	(781,970)	773,174	(781,965)	773,191
Cash and cash equivalents at beginning of the financial period	3,577,514	2,727,104	3,577,461	2,727,053
Cash and cash equivalents at end of the financial period	2,795,544	3,500,278	2,795,496	3,500,244

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

1 Performance Review

The Group's operating income grew by 16.34% or RM16.19 million to RM115.27 million for the period ended 31 March 2024 compared to the corresponding period of 2023. This was due to an increase in other operating income of RM11.36 million. Profit after tax decreased by 17.16% or RM8.99 million to RM43.41 million compared to the corresponding period, mainly due to a provision for expected credit losses on loans and advances.

Total assets increased by 10.50% or RM1.72 billion to RM18.15 billion as at 31 March 2024 compared to 31 December 2023, mainly as a result of higher deposits and placements with banks and other financial institutions. Total liabilities increased by 11.65% or RM1.68 billion to RM16.11 billion compared to 31 December 2023, largely due to an increase in customer deposits and the placements of banks and other FI.

2 Economic Outlook

The global economy continues to grow, supported by still resilient growth in the US economy. The recovery of global manufacturing has been varying in different regions while service activities continued to grow. While headline inflation continued its softening trend, core inflation, especially services inflation is still a major challenge. The US Federal Reserve has held interest rates steady as expected and the Federal Reserve still foresees three interest rate cuts this year despite bump in inflation.

China's economy had a good start in the first quarter of 2024, with real GDP growing by an annual rate of 5.3% compared to 5.2% in 4Q 2023, due to an improvement in external demand and stimulus measures implemented amid a prolonged slump in the property sector. The Beijing authorities have set an ambitious GDP growth target of around 5% for 2024.

The latest batch of high frequency economic data suggests that the Malaysian economy will continue to grow in the first quarter of 2024. Exports grew by 2.2% Year-on-Year ("YoY") in January-March; industrial production rebounded by 4.3% YoY in January and 3.1% YoY in February and the wholesale and retail trade grew by 5.4% YoY in January and 5.5% YoY in February. Bank Negara Malaysia estimated this year's GDP to grow by between 4.0% and 5.0%, improving from 3.8% in 2023, mainly due to a turnaround in exports arising from greater spillover from the global tech up-cycle, more robust tourism activities and faster implementation of existing and new projects. Meanwhile, the growth is subject to downside risks due to weaker than expected external demand and larger declines in commodity production. Inflation remained unchanged at 1.8% in March 2024 (1.80% in February; 1.50% in January 2024) amid higher inflation risk going forward due to the potential change in domestic fuel subsidy policy. The Overnight Policy Rate ("OPR") was kept at 3.00% by Bank Negara Malaysia as of March 2024.

Against the backdrop of uncertainty in global environment and domestic economic conditions, the Bank will continuously respond to the changes in the operating environment, seeking out new growth opportunities, and maintaining a strong capital level. China remains the largest trading partner of Malaysia and the Bank as the major CNY clearing bank in Malaysia, remains confident in achieving sustainable business growth in the future.

3 Group Accounting Policies

The unaudited condensed consolidated interim financial statements for the financial period ended 31 March 2024 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 2023.

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 2023.

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

4 Audit Report

The audit report for the financial year ended 31 December 2023 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 31 March 2024.

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 31 March 2024.

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 31 March 2024.

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

	Group and Bank	
	31 March	31 December
	2024	2023
	RM'000	RM'000
Money market instrument:		
Malaysian Government Securities ("MGS")	971,266	966,986
Malaysian Government Investment Issue ("MGII")	951,248	952,341
Unquoted securities:		
Corporate bond	40,300	40,301
Foreign bond	33,547	32,926
	73,847	73,227
	1,996,361	1,992,554

Movements in ECL on corporate bond

	Group and Bank	
	31 March	31 December
	2024	2023
	RM'000	RM'000
Stage 1 (12-month ECL):		
As at 1 January	137	191
ECL written back during the financial period/year (Note 25)	(27)	(54)
As at 31 March 2024/31 December 2023	110	137

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

11 Equity Instruments at FVOCI

	Group and Bank	
	31 March	31 December
	2024	2023
	RM'000	RM'000
At fair value:		
Unquoted securities in Malaysia		
of which:		
- Cagamas Holdings Berhad	15,793	15,793
- Credit Guarantee Corporation ("CGC")	3,215	3,215
	19,008	19,008

12 Debt Instruments at Amortised Cost

	Group and Bank	
	31 March	31 December
	2024	2023
	RM'000	RM'000
At amortised cost:		
Unquoted corporate bond	70,826	70,183

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

	Group and Bank	
	31 March	31 December
	2024	2023
	RM'000	RM'000
At fair value:		
Unquoted securities		
Shares of corporations in Malaysia	416	-

14 Loans and Advances

At amortised cost

(i) By type

	Group and Bank	
	31 March	31 December
	2024	2023
	RM'000	RM'000
Overdrafts	241,545	251,822
Terms loans		
- Housing loans	895,671	857,439
- Syndicated term loans	3,770,369	3,737,894
- Other term loans	1,480,254	1,471,281
Bills receivables	691,498	585,694
Trust receipts	19,872	3,358
Claims on customers under acceptance credits	621,568	528,056
Revolving credits	2,958,303	3,240,772
Staff loans	833	973
Gross loans and advances	10,679,913	10,677,289
Less: Allowance for ECL	(268,689)	(254,850)
Total net loans and advances	10,411,224	10,422,439

(ii) By geographical distribution

	Group and Bank	
	31 March	31 December
	2024	2023
	RM'000	RM'000
Malaysia	7,557,984	7,619,159
Other countries	3,121,929	3,058,130
Gross loans and advances	10,679,913	10,677,289

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

14 Loans and Advances (continued)

At amortised cost (continued)

(iii) By interest rate sensitivity

	Group and Bank	
	31 March	31 December
	2024	2023
	RM'000	RM'000
Fixed rate		
- Other fixed rate loans	1,731,172	2,062,037
Variable rate		
- Base lending rate/base rate plus	1,662,392	1,627,018
- Cost of funds plus	6,880,108	6,584,514
- Other variable rates	406,241	403,720
Gross loans and advances	10,679,913	10,677,289

(iv) By economic sector

	Group and Bank	
	31 March	31 December
	2024	2023
	RM'000	RM'000
Agriculture, forestry and fishing	278,863	227,788
Mining and quarrying	128,475	133,293
Manufacturing	2,047,056	2,169,179
Electricity, gas, steam and air conditioning supply	950,948	941,563
Water supply; sewerage, waste management and remediation activities	3,332	3,532
Construction	500,392	892,960
Wholesale and retail trade; repair of motor vehicles and motorcycles	319,759	319,291
Transportation and storage	1,131,278	1,111,911
Accommodation and food service activities	54,376	56,299
Information and communication	288,434	264,358
Financial and insurance/takaful activities	1,713,488	1,378,471
Real estate activities	1,456,207	1,474,994
Professional, scientific and technical activities	129,445	100,613
Administrative and support service activities	197,454	152,896
Public administration and defence; compulsory social security	13,018	14,536
Education	206,176	209,252
Arts, entertainment and recreation	72,470	71,686
Household	1,188,742	1,154,667
Gross loans and advances	10,679,913	10,677,289

(v) By residual contractual maturity

	Group and Bank	
	31 March	31 December
	2024	2023
	RM'000	RM'000
Up to one month	1,525,417	1,818,013
More than one month to three months	1,047,689	929,617
More than three months to six months	1,100,176	388,419
More than six months to twelve months	205,981	938,236
More than twelve months	6,800,650	6,603,004
Gross loans and advances	10,679,913	10,677,289

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

14 Loans and Advances (continued)

(vi) Changes in gross loans and advances carrying amount

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 2024	10,070,036	231,777	375,476	10,677,289
Transferred to 12-month ECL (Stage 1)	45,097	(45,097)	-	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(22,959)	22,959	-	-
Transferred to lifetime ECL (credit impaired) (Stage 3)	-	(3,506)	3,506	-
Changes due to change in credit risk	(118,469)	(436)	678	(118,227)
New loans and advances originated	120,851	-	-	120,851
Gross carrying amount as at 31 March 2024	<u>10,094,556</u>	<u>205,697</u>	<u>379,660</u>	<u>10,679,913</u>
	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	8,174,429	540,728	380,832	9,095,989
Transferred to 12-month ECL (Stage 1)	195,840	(190,796)	(5,044)	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(152,942)	153,054	(112)	-
Transferred to lifetime ECL (credit impaired) (Stage 3)	(6,586)	(16,515)	23,101	-
Changes due to change in credit risk	(829,745)	(268,051)	(2,628)	(1,100,424)
New loans and advances originated	2,689,040	13,357	-	2,702,397
Amount written off	-	-	(20,673)	(20,673)
Gross carrying amount as at 31 December 2023	<u>10,070,036</u>	<u>231,777</u>	<u>375,476</u>	<u>10,677,289</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

14 Loans and Advances (continued)

(vi) Changes in gross loans and advances carrying amount (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 2024	10,070,036	231,777	375,476	10,677,289
Transferred to 12-month ECL (Stage 1)	45,097	(45,097)	-	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(22,959)	22,959	-	-
Transferred to lifetime ECL (credit impaired) (Stage 3)	-	(3,506)	3,506	-
Changes due to change in credit risk	(118,469)	(436)	678	(118,227)
New loans and advances originated	120,851	-	-	120,851
Gross carrying amount as at 31 March 2024	<u>10,094,556</u>	<u>205,697</u>	<u>379,660</u>	<u>10,679,913</u>
	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	8,174,429	551,250	380,832	9,106,511
Transferred to 12-month ECL (Stage 1)	195,840	(190,796)	(5,044)	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(152,942)	153,054	(112)	-
Transferred to lifetime ECL (credit impaired) (Stage 3)	(6,586)	(16,515)	23,101	-
Changes due to change in credit risk	(829,745)	(278,573)	(2,628)	(1,110,946)
New loans and advances originated	2,689,040	13,357	-	2,702,397
Amount written off	-	-	(20,673)	(20,673)
Gross carrying amount as at 31 December 2023	<u>10,070,036</u>	<u>231,777</u>	<u>375,476</u>	<u>10,677,289</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

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 2024	36,760	39,396	178,694	254,850
Transferred to 12-month ECL (Stage 1)	2,467	(2,467)	-	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(200)	200	-	-
Transferred to lifetime ECL (credit impaired) (Stage 3)	-	(316)	316	-
New loans and advances originated	343	-	-	343
ECL made during the financial period	1,788	8,422	1,514	11,724
Full settlement	(17)	(77)	-	(94)
Other movement	-	-	1,866	1,866
Allowance for ECL as at 31 March 2024	41,141	45,158	182,390	268,689

	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)	5,234	(5,234)	-	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(2,659)	2,771	(112)	-
Transferred to lifetime ECL (credit impaired) (Stage 3)	(245)	(4,680)	4,925	-
New loans and advances originated	2,875	1,355	-	4,230
ECL (written-back)/made during the financial year	(5,572)	25,694	36,202	56,324
Full settlement	(3,937)	(8,976)	(19,084)	(31,997)
Amount written off	-	-	(20,673)	(20,673)
Other movement	-	-	(1,161)	(1,161)
Allowance for ECL as at 31 December 2023	36,760	39,396	178,694	254,850

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

14 Loans and Advances (continued)

(viii) Gross credit impaired loans and advances

(a) Movements in credit impaired loans and advances

	Group and Bank	
	31 March	31 December
	<u>2024</u>	<u>2023</u>
	RM'000	RM'000
As at 1 January	375,476	380,832
Classified as credit impaired during the financial period/year	9,710	38,832
Reclassified as non-credit impaired during the financial period/year	-	(5,156)
Amount recovered	(5,526)	(18,359)
Amount written-off	-	(20,673)
As at 31 March 2024/31 December 2023	<u>379,660</u>	<u>375,476</u>
Less: Lifetime ECL (credit impaired) (Stage 3)	<u>(182,390)</u>	<u>(178,694)</u>
	<u>197,270</u>	<u>196,782</u>

(b) By geographical distribution

	Group and Bank	
	31 March	31 December
	<u>2024</u>	<u>2023</u>
	RM'000	RM'000
Malaysia	364,800	359,611
Other countries	14,860	15,865
	<u>379,660</u>	<u>375,476</u>

(c) By economic sector

	Group and Bank	
	31 March	31 December
	<u>2024</u>	<u>2023</u>
	RM'000	RM'000
Agriculture, forestry and fishing	39,322	39,794
Manufacturing	82,995	81,891
Electricity, gas, steam and air conditioning supply	14,860	15,865
Construction	646	671
Accommodation and food service activities	17,682	17,454
Financial and insurance/takaful activities	41,883	39,783
Real estate activities	6,411	6,976
Arts, entertainment and recreation	72,470	71,686
Household	103,391	101,356
	<u>379,660</u>	<u>375,476</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

15 Other Assets

	Group		Bank	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
	RM'000	RM'000	RM'000	RM'000
Other receivables	5,607	18,758	5,736	18,799
Sundry deposits	3,021	2,930	2,614	2,505
Prepayment	2,947	1,767	2,947	1,767
Precious metal inventories	34	37	34	37
	11,609	23,492	11,331	23,108
Less: ECL	(1,276)	(1,048)	(1,263)	(1,035)
	10,333	22,444	10,068	22,073

Movements in ECL on other assets

	Group		Bank	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
	RM'000	RM'000	RM'000	RM'000
Stage 1 (12-month ECL):				
As at 1 January	1,048	645	1,035	632
ECL made during the financial period/ year (Note 25)	270	403	270	403
Amounts written-off	(42)	-	(42)	-
As at 31 March 2024/31 December 2023	1,276	1,048	1,263	1,035

16 Deposits From Customers

(i) By type of deposits

	Group		Bank	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
	RM'000	RM'000	RM'000	RM'000
Demand deposits	3,089,286	3,199,289	3,089,652	3,200,477
Savings deposits	534,214	532,873	534,214	532,873
Fixed deposits	6,381,852	5,862,910	6,381,852	5,862,910
Other	2,550	2,550	2,550	2,550
	10,007,902	9,597,622	10,008,268	9,598,810

(ii) By type of customers

	Group		Bank	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
	RM'000	RM'000	RM'000	RM'000
Government and statutory bodies	2,550	2,550	2,550	2,550
Business enterprises	4,106,940	4,098,739	4,107,306	4,099,927
Individuals	4,527,621	4,121,412	4,527,621	4,121,412
Others	1,370,791	1,374,921	1,370,791	1,374,921
	10,007,902	9,597,622	10,008,268	9,598,810

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

16 Deposits From Customers (continued)

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

	Group and Bank	
	31 March 2024	31 December 2023
	RM'000	RM'000
Due within six months	4,573,309	4,004,920
Six months to one year	1,802,224	1,813,309
One year to three years	6,319	44,681
	6,381,852	5,862,910

17 Deposits and Placements of Banks and Other Financial Institutions

	Group and Bank	
	31 March 2024	31 December 2023
	RM'000	RM'000
Bank Negara Malaysia	16,474	16,259
Licensed banks	4,035,823	3,000,045
Licensed investment banks	7,646	6,011
Licensed Islamic banks	6,131	7,276
Other financial institutions	2	3
	4,066,076	3,029,594

18 Other Liabilities

	Group		Bank	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
	RM'000	RM'000	RM'000	RM'000
Accrued expenses	51,900	47,620	51,209	46,898
Margin deposits	79,549	96,141	79,549	96,141
Interest advances from loans	20,869	20,937	20,869	20,937
Remittances	94,530	70,410	94,530	70,410
Other liabilities	101,839	65,515	99,472	63,408
Lease liabilities	25,449	28,491	20,855	22,698
Allowance for ECL on commitments and contingencies (Note 18 (i))	15,612	14,043	15,616	14,161
	389,748	343,157	382,100	334,653

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

18 Other Liabilities (continued)

(i) Movements in ECL on commitment and contingencies:

Group	31 March 2024			
	12-month ECL (Stage 1)	Lifetime ECL (non-credit impaired) (Stage 2)	Lifetime ECL (credit impaired) (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2024	8,359	5,684	-	14,043
Transferred to 12-month ECL (Stage 1)	83	(83)	-	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	-	-	-	-
Transferred to lifetime ECL (credit impaired) (Stage 3)	-	-	-	-
New loans and advances originated	487	-	-	487
Allowance during the financial period	268	814	-	1,082
As at 31 March 2024	<u>9,197</u>	<u>6,415</u>	<u>-</u>	<u>15,612</u>

Group	31 December 2023			
	12-month ECL (Stage 1)	Lifetime ECL (non-credit impaired) (Stage 2)	Lifetime ECL (credit impaired) (Stage 3)	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2023	9,449	1,531	-	10,980
Transferred to 12-month ECL (Stage 1)	446	(446)	-	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(1,814)	1,814	-	-
New loans and advances originated	530	33	-	563
Allowance during the financial year	166	3,635	-	3,801
Full settlement	(418)	(883)	-	(1,301)
As at 31 December 2023	<u>8,359</u>	<u>5,684</u>	<u>-</u>	<u>14,043</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

18 Other Liabilities (continued)

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

Bank	31 March 2024			Total RM'000
	12-month 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 2024	8,359	5,802	-	14,161
Transferred to 12-month ECL (Stage 1)	202	(202)	-	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	-	-	-	-
Transferred to lifetime ECL (credit impaired) (Stage 3)	-	-	-	-
New loans and advances originated	486	-	-	486
Allowance during the financial period	155	814	-	969
As at 31 March 2024	9,202	6,414	-	15,616

Bank	31 December 2023			Total RM'000
	12-month 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-month ECL (Stage 1)	446	(446)	-	-
Transferred to lifetime ECL (non-credit impaired) (Stage 2)	(1,814)	1,814	-	-
New loans and advances originated	530	33	-	563
Allowance during the financial year	166	3,746	-	3,912
Full settlement	(418)	(883)	-	(1,301)
As at 31 December 2023	8,359	5,802	-	14,161

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

19 Other borrowing

	Group and Bank	
	31 March	31 December
	2024	2023
	RM'000	RM'000
Unsecured:		
Chinese Yuan Renminbi term loan	140,938	-

The unsecured Chinese Yuan Renminbi term loan is maturing in one (1) year.

20 Subordinated Loan

	Group and Bank	
	31 March	31 December
	2024	2023
	RM'000	RM'000
At cost	1,442,120	1,442,120
Interest accrued	22,382	21,942
Foreign exchange difference	23,250	(22,320)
	1,487,752	1,441,742

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 31 MARCH 2024

21 Interest Income

	Three Months Ended Group		Three Months Ended Bank	
	31 March <u>2024</u> RM'000	31 March <u>2023</u> RM'000	31 March <u>2024</u> RM'000	31 March <u>2023</u> RM'000
Loans and advances				
- Interest income on non-credit impaired loans and advances	140,951	119,307	140,951	119,420
- Interest income on credit impaired loans and advances	1,866	352	1,866	352
Money at call and deposit placement with financial institutions	34,403	25,944	34,403	25,944
Debt instruments at FVOCI	18,744	17,167	18,744	17,167
Debt instruments at amortised cost	643	-	643	-
Other interest income	443	461	443	461
	197,050	163,231	197,050	163,344
Amortisation of premium less accretion of discount	(2,908)	(4,055)	(2,908)	(4,055)
Total interest income	194,142	159,176	194,142	159,289

22 Interest Expense

	Three Months Ended Group and Bank	
	31 March <u>2024</u> RM'000	31 March <u>2023</u> RM'000
Deposits and placements of banks and other financial institutions	28,581	25,112
Deposits from customers	60,625	41,469
Other borrowing	871	-
Subordinated loan	23,384	16,945
Others	688	493
	114,149	84,019

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

23 Other Operating Income

	Three Months Ended Group		Three Months Ended Bank	
	31 March <u>2024</u> RM'000	31 March <u>2023</u> RM'000	31 March <u>2024</u> RM'000	31 March <u>2023</u> RM'000
Fee income:				
- Fee on loans and advances	2,266	2,516	2,266	2,516
- Service charges and fees	787	2,939	465	523
- Guarantee fees	3,933	4,601	3,933	4,601
	6,986	10,056	6,664	7,640
Fee expense:				
- Commission related expenses	(130)	(974)	-	-
Net fee income	6,856	9,082	6,664	7,640
Foreign exchange income/(loss):				
- Realised	32,299	18,398	32,299	18,398
- Unrealised	(3,731)	(4,025)	(3,731)	(4,025)
Net (loss)/gain on revaluation of derivatives	(754)	123	(754)	123
Unrealised gain on equity instrument at FVTPL	416	-	416	-
Gain from derivative financial instrument	134	329	134	329
Revenue from sale of precious metal products	7	5	7	5
Other income	53	11	65	64
	35,280	23,923	35,100	22,534

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

24 Other Operating Expenses

	Three Months Ended Group		Three Months Ended Bank	
	31 March <u>2024</u> RM'000	31 March <u>2023</u> RM'000	31 March <u>2024</u> RM'000	31 March <u>2023</u> RM'000
<u>Personnel expenses</u>				
Salaries & wages	17,811	16,895	17,451	16,264
Bonuses	7,794	7,418	7,794	7,343
Defined contribution plan ("EPF")	4,248	3,355	4,213	3,285
Staff welfare expenses	325	811	301	785
Other personnel costs	3,262	2,398	2,538	2,359
	33,440	30,877	32,297	30,036
<u>Marketing expenses</u>				
Entertainment	223	171	223	171
Other marketing	394	399	394	399
	617	570	617	570
<u>Establishment costs</u>				
Depreciation of property and equipment	1,455	1,950	1,364	1,783
Depreciation of right-of-use assets	2,192	2,297	1,910	1,994
Finance cost on lease liabilities	271	277	215	212
Amortisation of intangible assets	273	451	273	451
Repairs and maintenance	346	371	336	371
Property and equipment written-off	3	-	-	-
Information technology expenses	1,260	959	1,259	958
Other establishment costs	590	287	620	291
	6,390	6,592	5,977	6,060
<u>Administration and general expenses</u>				
Insurance premium	666	745	666	745
Auditors' remuneration				
- statutory audit fees	63	63	63	55
- regulatory related service	48	50	48	47
Travelling and accommodation	105	82	104	82
Telecommunication and utilities	130	180	119	149
Printing, stationery and postage	279	280	265	252
Legal and professional fees	136	120	136	119
Other administration and general expenses	1,977	881	1,942	846
	3,404	2,401	3,343	2,295
<u>Other expenses</u>				
Cost of sales of precious metal	3	3	3	3
	3	3	3	3
	43,854	40,443	42,237	38,964

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

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

	Three Months Ended Group		Three Months Ended Bank	
	31 March <u>2024</u> RM'000	31 March <u>2023</u> RM'000	31 March <u>2024</u> RM'000	31 March <u>2023</u> RM'000
Allowance/(written-back) for impairment on:				
Cash and short-term funds				
- Stage 1	(93)	(6)	(93)	(6)
Deposits and placements with banks and other financial institutions				
- Stage 1	49	(11)	49	(11)
Debt instruments at FVOCI				
- Stage 1	(27)	(5)	(27)	(5)
Other assets				
- Stage 1	270	186	270	186
Loans and advances				
- Stage 1	2,114	(2,378)	2,114	(2,378)
- Stage 2	8,345	(4,684)	8,345	(4,610)
- Stage 3	1,514	(2,976)	1,514	(2,976)
Commitments and contingencies				
- Stage 1	755	(174)	641	(174)
- Stage 2	814	(236)	814	(234)
- Stage 3	-	-	-	-
Bad debt recover during the financial period/year	(210)	-	(210)	-
	<u>13,531</u>	<u>(10,284)</u>	<u>13,417</u>	<u>(10,208)</u>

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

26 Capital Adequacy

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

	Group		Bank	
	31 March 2024 RM'000	31 December 2023 RM'000	31 March 2024 RM'000	31 December 2023 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	1,175,102	1,175,102	1,176,810	1,176,810
Regulatory reserve	55,000	55,000	55,000	55,000
Fair value through other comprehensive reserve	8,803	8,160	8,803	8,160
Foreign exchange reserve	18	11	18	11
	<u>1,999,441</u>	<u>1,998,791</u>	<u>2,001,149</u>	<u>2,000,499</u>
Regulatory adjustment applied in the calculation of CET 1 Capital				
- Deferred tax assets	(34,581)	(31,339)	(34,388)	(31,202)
- Intangible assets	(1,451)	(1,724)	(1,451)	(1,724)
- 55% of cumulative unrealised gains of FVOCI financial instruments	4,842	4,488	4,842	4,488
- Regulatory reserve attributable to financial assets	(55,000)	(55,000)	(55,000)	(55,000)
	<u>(86,190)</u>	<u>(83,575)</u>	<u>(85,997)</u>	<u>(83,438)</u>
Total CET1 capital/Total Tier 1 capital	<u>1,913,251</u>	<u>1,915,216</u>	<u>1,915,152</u>	<u>1,917,061</u>
<u>Tier-2 capital</u>				
General provision*	138,279	132,466	138,226	132,416
Subordinated loan	1,465,370	1,419,800	1,465,370	1,419,800
Less: Investment in a subsidiary company	-	-	(1,000)	(1,000)
Total Tier-2 capital	<u>1,603,649</u>	<u>1,552,266</u>	<u>1,602,596</u>	<u>1,551,216</u>
Total capital base	<u>3,516,900</u>	<u>3,467,482</u>	<u>3,517,748</u>	<u>3,468,277</u>
CET 1 capital ratio	16.263%	17.003%	16.299%	17.040%
Tier 1 capital ratio	16.263%	17.003%	16.299%	17.040%
Total capital ratio	29.895%	30.784%	29.937%	30.828%

*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 31 MARCH 2024

26 Capital Adequacy (continued)

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

	Group		Bank	
	31 March	31 December	31 March	31 December
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Credit risk	11,062,347	10,597,266	11,058,085	10,593,264
Market risk	10,523	3,077	10,523	3,077
Operational risk	691,343	663,303	681,728	653,791
Total risk-weighted assets	11,764,213	11,263,646	11,750,336	11,250,132

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 31 MARCH 2024

27 Commitments and Contingencies

Group	31 March 2024			31 December 2023		
	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	5,459	5,459	5,459	3,187	3,187	3,187
Transaction-related contingent items	2,546,269	1,273,134	679,321	2,553,642	1,276,821	647,176
Short-term self-liquidation trade related contingencies	95,156	19,031	16,889	70,903	14,181	12,646
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	3,951,957	790,391	724,223	3,200,332	640,067	567,959
- Maturity exceeding one year	375,523	187,762	168,695	419,070	209,535	189,620
Foreign exchange related contracts:						
- Less than one year	2,319,287	38,204	16,711	1,731,010	27,578	12,010
Interest/Profit rate related contracts:						
- Less than one year	539,478	3,118	2,475	517,526	3,360	2,686
- More than one year to five year	62,483	4,496	2,717	64,197	4,536	2,750
Total	9,895,612	2,321,595	1,616,490	8,559,867	2,179,265	1,438,034

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

27 Commitments and Contingencies (continued)

	31 March 2024			31 December 2023		
	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	5,459	5,459	5,459	3,187	3,187	3,187
Transaction-related contingent items	2,546,269	1,273,134	679,321	2,553,642	1,276,821	647,176
Short-term self-liquidation trade related contingencies	95,156	19,031	16,889	70,903	14,181	12,646
Irrevocable commitments to extend credit:						
- Maturity not exceeding one year	3,954,957	790,991	724,823	3,212,332	642,467	570,359
- Maturity exceeding one year	375,523	187,762	168,695	419,070	209,535	189,620
Foreign exchange related contracts:						
- Less than one year	2,319,287	38,204	16,711	1,731,010	27,578	12,010
Interest/Profit rate related contracts:						
- Less than one year	539,478	3,118	2,475	517,526	3,360	2,686
- More than one year to five year	62,483	4,496	2,717	64,197	4,536	2,750
Total	9,898,612	2,322,195	1,617,090	8,571,867	2,181,665	1,440,434

NOTES TO UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024

28 Operations of Islamic Banking

There were no Islamic banking operations for the financial period ended 31 March 2024.

29 Valuation of Property, Plant and Equipment

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

30 Events Subsequent to Reporting Date

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

31 Changes in the Composition of the Group

There were no significant changes in the composition of the Group for the financial period ended 31 March 2024.