

Industrial and Commercial Bank of China (Malaysia) Berhad

(Company No. 839839 M)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
31 MARCH 2019**

Industrial and Commercial Bank of China (Malaysia) Berhad

(Company No. 839839 M)

(Incorporated in Malaysia)

MANAGEMENT'S CERTIFICATION

I hereby certify that the attached unaudited condensed financial statements for the 1st quarter and three months ended 31 March 2019 have been prepared from the Bank's accounting and other records and that they are in accordance with the requirements of MFRS134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and the Guidelines on Financial Reporting for Financial Institutions (BNM/RH/PD 032-13) issued by Bank Negara Malaysia on 2 February 2018.

Wang Qiang
Chief Executive Officer/Managing Director

Date: 29 April 2019

Industrial and Commercial Bank of China (Malaysia) Berhad

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(Company No. 839839 M)

(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	31 Mar 2019 RM'000	31 Dec 2018 RM'000
ASSETS			
Cash and short-term funds	10	733,673	1,017,586
Deposits and placements with banks and other financial institutions	11	3,634	12,467
Financial investments measured at fair value through other comprehensive income	12	594,703	589,715
Financial investments measured at amortised cost	13	117,247	117,269
Loans, advances and financing	14	2,963,117	3,008,073
Derivative financial assets	15	17,974	8,155
Other assets	16	11,300	15,211
Statutory deposits with Bank Negara Malaysia		39,176	42,602
Plant and equipment		7,683	8,319
Right-of-use assets		12,814	-
Deferred tax assets		9,099	10,298
TOTAL ASSETS		4,510,420	4,829,695
LIABILITIES			
Deposits from customers	17	2,457,777	2,502,567
Deposits and placements of banks and other financial institutions	18	814,336	1,130,042
Derivative financial liabilities	15	17,942	7,786
Other liabilities	19	80,739	71,352
Lease liabilities		12,870	-
Provision for credit commitments and contingencies	20	4,287	4,546
Provision for taxation		3,612	7,376
TOTAL LIABILITIES		3,391,563	3,723,669
EQUITY			
Share capital		832,609	832,609
Reserves		286,248	273,417
EQUITY ATTRIBUTABLE TO OWNER OF THE BANK		1,118,857	1,106,026
TOTAL LIABILITIES AND EQUITY		4,510,420	4,829,695
COMMITMENTS AND CONTINGENCIES	27	4,068,847	4,084,834

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2018 and accompanying explanatory notes on pages 7 to 29 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 25 April 2019.

UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	Note	1st quarter ended		Year-To-Date ended	
		31 Mar 2019 RM'000	31 Mar 2018 RM'000	31 Mar 2019 RM'000	31 Mar 2018 RM'000
Interest income	21	50,432	46,461	50,432	46,461
Interest expense	21	(21,581)	(17,503)	(21,581)	(17,503)
Net interest income	21	28,851	28,958	28,851	28,958
Net fee income	22	2,281	12,312	2,281	12,312
Net trading income	23	4,272	9,165	4,272	9,165
Other operating income		33	-	33	-
Net operating income		35,437	50,435	35,437	50,435
Other operating expenses	24	(17,021)	(18,392)	(17,021)	(18,392)
Operating profit		18,416	32,043	18,416	32,043
Allowance for impairment on loans, advances and financing	25	(6,748)	(982)	(6,748)	(982)
Write back of/(Allowance for) impairment on other financial assets	26	83	(220)	83	(220)
Profit before taxation		11,751	30,841	11,751	30,841
Tax expense		(2,411)	(7,943)	(2,411)	(7,943)
Profit for the financial period		9,340	22,898	9,340	22,898
Other comprehensive income for the financial period, net of tax					
Items that are or may be reclassified subsequently from/to profit or loss					
Foreign currency translation reserve					
- Currency translation differences in respect of foreign operations		(306)	(86)	(306)	(86)
Fair value reserve					
- Changes in fair value		4,996	538	4,996	538
- Deferred tax adjustment		(1,199)	(129)	(1,199)	(129)
		3,797	409	3,797	409
Total other comprehensive income for the financial period		3,491	323	3,491	323
Total comprehensive income for the financial period		12,831	23,221	12,831	23,221
Basic earnings per ordinary share (sen):		1.12	2.75	1.12	2.75

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Industrial and Commercial Bank of China (Malaysia) Berhad

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	← Non-distributable →			Distributable		Total Equity RM'000
	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Available- for-sale Reserve RM'000	Regulatory Reserve RM'000	Retained Earnings RM'000	
At 1 January 2018	832,609	253	45	17,644	175,258	1,025,809
Total comprehensive income for the financial period						
Other comprehensive income for the financial period,						
net of tax						
Items that are or may be reclassified subsequently from/to profit or loss						
Foreign currency translation reserve						
- Currency translation differences in respect of						
- foreign operations	-	(86)	-	-	-	(86)
Fair value reserve						
- Changes in fair value	-	-	538	-	-	538
- Deferred tax adjustment	-	-	(129)	-	-	(129)
	-	-	409	-	-	409
Total other comprehensive (expense)/income for the financial period	-	(86)	409	-	-	323
Profit for the financial period	-	-	-	-	22,898	22,898
Total comprehensive (expense)/income for the financial period	-	(86)	409	-	22,898	23,221
At 31 March 2018	832,609	167	454	17,644	198,156	1,049,030

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019 (continued)

	← Non-distributable →			Distributable		Total Equity RM'000
	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Fair value Reserve RM'000	Regulatory Reserve RM'000	Retained Earnings RM'000	
At 1 January 2019	832,609	(295)	1,992	17,644	254,076	1,106,026
Total comprehensive income for the financial period						
Other comprehensive income for the period financial, net of tax						
Items that are or may be reclassified subsequently from/to profit or loss						
Foreign currency translation reserve						
- Currency translation differences in respect of						
- foreign operations	-	(306)	-	-	-	(306)
Fair value reserve						
- Changes in fair value	-	-	4,996	-	-	4,996
- Deferred tax adjustment	-	-	(1,199)	-	-	(1,199)
	-	-	3,797	-	-	3,797
Total other comprehensive (expense)/income for the financial period	-	(306)	3,797	-	-	3,491
Profit for the financial period	-	-	-	-	9,340	9,340
Total comprehensive (expense)/income for the financial period	-	(306)	3,797	-	9,340	12,831
At 31 March 2019	832,609	(601)	5,789	17,644	263,416	1,118,857

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2018 and accompanying explanatory notes on pages 7 to 29 attached to the unaudited condensed interim financial statements.

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Industrial and Commercial Bank of China (Malaysia) Berhad

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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	Note	31 Mar 2019 RM'000	31 Mar 2018 RM'000
Cash flows (used in)/from operating activities			
Profit before taxation		11,751	30,841
Adjustments for:			
Depreciation of plant and equipment		943	922
Depreciation of right-of-use assets		1,151	-
Plant and equipment written off		-	43
Allowance for impairment on loans, advances and financing		6,748	982
(Writeback of)/Allowance for impairment on other financial assets		(83)	220
Net unrealised gains arising from derivative trading		337	359
Transfer (from)/to foreign currency translation reserve		(306)	(86)
Accretion of discounts net of amortisation of premiums of financial investments measured at FVOCI		139	74
Accretion of discounts net of amortisation of premiums of financial investments measured at amortised cost		22	17
Operating profit before working capital changes		<u>20,702</u>	33,372
Changes in operating assets			
Deposits and placements with banks and other financial institutions		8,798	(15,397)
Loans, advances and financing		37,953	528,551
Other assets		3,911	1,786
Statutory deposits with Bank Negara Malaysia		3,426	(3,275)
Changes in operating liabilities			
Deposits from customers		(44,790)	33,063
Deposits and placements of banks and other financial institutions		(315,706)	(123,417)
Other liabilities		9,387	(9,114)
Provision for credit commitments and contingencies		(4)	(3)
Cash from operations		<u>(276,323)</u>	445,566
Income taxes paid		<u>(6,175)</u>	(5,246)
Net cash (used in)/from operating activities		<u>(282,498)</u>	440,320
Cash flows used in from investing activities			
Purchase of plant and equipment		(307)	(515)
Net purchase from financial investments measured at FVOCI		(131)	-
Net cash used in investing activities		<u>(438)</u>	(515)

(Company No. 839839 M)

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE
FINANCIAL PERIOD ENDED 31 MARCH 2019 (continued)**

	Note	31 Mar 2019 RM'000	31 Mar 2018 RM'000
Cash flows used in from financing activities			
Payment of lease liabilities		<u>(1,095)</u>	<u>-</u>
Net cash used in financing activities		<u>(1,095)</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents		(284,031)	439,805
Cash and cash equivalents at beginning of the financial period		1,017,586	1,062,837
Less: Write-back of/(Allowance for) credit loss for the financial period		118	(6)
		<u>1,017,704</u>	<u>1,062,831</u>
Cash and cash equivalents at end of the financial period		<u>733,673</u>	<u>1,502,636</u>
Cash and cash equivalents comprise:			
Cash and short-term funds	10	<u>733,673</u>	<u>1,502,636</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the financial year ended 31 December 2018 and accompanying explanatory notes on pages 7 to 29 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 25 April 2019.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

1. General Information

Industrial and Commercial Bank of China (Malaysia) Berhad is principally engaged in the provision of banking and other related financial services.

There were no significant changes in these activities during the financial period.

2. Basis of Preparation

The unaudited condensed interim financial statements for the 1st quarter and three months ended 31 March 2019 have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and the Guidelines on Financial Reporting for Financial Institutions (BNM/RH/PD 032-13) issued by Bank Negara Malaysia on 2 February 2018.

The unaudited condensed interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Bank as at and for the financial year ended 31 December 2018. The explanatory notes attached to the unaudited condensed interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Bank since the financial year ended 31 December 2018.

All the significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 December 2018, except for the adoption of the following MFRSs during the financial period:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

MFRS 16, *Leases*

IC Interpretation 23, *Uncertainty over Income Tax Treatments*

Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle*

Amendments to MFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation*

Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle*

Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*

Amendments to MFRS 119, *Employee Benefits - Plan Amendment, Curtailment or Settlement*

Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle*

Amendments to MFRS 128, *Investments in Associates and Joint Ventures - Long-term Interests in and Joint Ventures*

2. Basis of Preparation *(continued)*

The initial applications of the accounting standards, amendments and interpretations do not have any material financial impact to the current period and prior period financial statements of the Bank, except as mentioned below:

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases - Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to classify a lease as finance or operating lease.

The Bank has chosen the cumulative transition approach on initial application at 1 January 2019 by recognising lease liabilities amounting to RM13.97 million with a corresponding right-of-use assets amounting to RM13.97 million, with the difference between the lease liabilities and right-of-use assets being recognised in retained earnings. No significant impact is expected on the Bank's financial statements.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Bank.

Amendments effective for annual periods beginning on or after 1 January 2020

Amendments to MFRS 3, *Business Combinations - Definition of a Business*

Amendments to MFRS 101, *Presentation of Financial Statements - Definition of Material*

Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*

MFRSs effective for annual periods beginning on or after 1 January 2021

MFRS 17, *Insurance Contracts*

Amendments effective for annual periods beginning on or after a date yet to be confirmed

Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures*

The Bank plans to apply the abovementioned accounting standards, interpretations and amendments from the annual period beginning on 1 January 2020 those amendments that are effective for annual periods beginning on or after 1 January 2020, except for Amendments to MFRS 3 as they are not applicable to the Bank.

The Bank does not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Bank.

2. Basis of Preparation *(continued)*

The initial applications of the standards, amendments and interpretations are not expected to have any material financial impact to the current period and prior period financial statements of the Bank.

3. Auditors' Report on Preceding Annual Financial Statements

The audit report on the audited annual financial statements for the financial year ended 31 December 2018 was not subject to any qualification.

4. Seasonality or Cyclical Factors

The business operations of the Bank are not subject to material seasonal or cyclical fluctuations.

5. Unusual Items due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Bank for the 1st quarter and three months ended 31 March 2019.

6. Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial year that have a material effect on the financial results and position of the Bank for the 1st quarter and three months ended 31 March 2019.

7. Issue of Shares and Debentures

There were no issuance of shares and debentures during the 1st quarter and three months ended 31 March 2019.

8. Dividend Paid

No dividend was paid during the 1st quarter and three months ended 31 March 2019.

9. Significant Events

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

10. Cash and short-term funds

	31 Mar 2019	31 Dec 2018
	RM'000	RM'000
Cash and balances with banks and other financial institutions	42,879	470,089
Money at call and deposit placements maturing within one month	690,803	547,624
	733,682	1,017,713
Less: Allowance for credit loss	(9)	(127)
	733,673	1,017,586

An analysis of changes in the gross carrying amount and the corresponding allowance for credit loss is as follows:

	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Gross carrying amount				
At 1 January 2018	1,062,859	-	-	1,062,859
New assets originated	801,351	-	-	801,351
Assets derecognised or repaid	(846,497)	-	-	(846,497)
At 31 December 2018	1,017,713	-	-	1,017,713
At 1 January 2019	1,017,713	-	-	1,017,713
New assets originated	410,619	-	-	410,619
Assets derecognised or repaid	(694,650)	-	-	(694,650)
At 31 March 2019	733,682	-	-	733,682
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Allowance for credit loss				
At 1 January 2018	22	-	-	22
New assets originated	124	-	-	124
Assets derecognised or repaid	(19)	-	-	(19)
At 31 December 2018	127	-	-	127
At 1 January 2019	127	-	-	127
New assets originated	2	-	-	2
Assets derecognised or repaid	(120)	-	-	(120)
At 31 March 2019	9	-	-	9

11. Deposits and placements with banks and other financial institutions

	31 Mar 2019	31 Dec 2018
	RM'000	RM'000
Foreign banks	3,674	12,473
	3,674	12,473
Less: Allowance for credit loss	(40)	(6)
	3,634	12,467

An analysis of changes in the gross carrying amount and the corresponding allowance for credit loss is as follows:

	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Gross carrying amount				
At 1 January 2018	150,000	-	-	150,000
New assets originated	12,473	-	-	12,473
Assets derecognised or repaid	(150,000)	-	-	(150,000)
At 31 December 2018	12,473	-	-	12,473
At 1 January 2019	12,473	-	-	12,473
Assets derecognised or repaid	(8,799)	-	-	(8,799)
At 31 March 2019	3,674	-	-	3,674
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Allowance for credit loss				
At 1 January 2018	27	-	-	27
New assets originated	2	-	-	2
Assets derecognised or repaid	(30)	-	-	(30)
Foreign exchange adjustments	7	-	-	7
At 31 December 2018	6	-	-	6
At 1 January 2019	6	-	-	6
New assets originated	40	-	-	40
Assets derecognised or repaid	(5)	-	-	(5)
Foreign exchange adjustments	(1)	-	-	(1)
At 31 March 2019	40	-	-	40

12. Financial investments measured at fair value through other comprehensive income

(i) By type	31 Mar 2019 RM'000	31 Dec 2018 RM'000
Malaysian Government Securities	208,237	206,162
Malaysian Government Investment Issues	224,534	222,374
Malaysian Government Sukuk	30,012	29,799
Financial Institutions Securities	30,889	30,630
Private debt securities	80,983	80,747
Other debt securities		
- Cagamas bonds	20,048	20,003
	<u>594,703</u>	<u>589,715</u>

(ii) By maturity structure	31 Mar 2019 RM'000	31 Dec 2018 RM'000
Within one year	25,023	4,993
More than one year to three years	126,804	191,800
More than three years to five years	243,630	196,311
More than five years	199,246	196,611
	<u>594,703</u>	<u>589,715</u>

(iii) Movement of allowance for credit loss

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount				
At 1 January 2018	372,094	-	-	372,094
New assets originated or purchased	219,071	-	-	219,071
Assets derecognised or repaid	(1,450)	-	-	(1,450)
At 31 December 2018	<u>589,715</u>	<u>-</u>	<u>-</u>	<u>589,715</u>
At 1 January 2019	589,715	-	-	589,715
New assets originated or purchased	5,191	-	-	5,191
Assets derecognised or repaid	(203)	-	-	(203)
At 31 March 2019	<u>594,703</u>	<u>-</u>	<u>-</u>	<u>594,703</u>
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Allowance for credit loss				
At 1 January 2018	601	-	-	601
New assets originated or purchased	209	-	-	209
Assets derecognised or repaid	(116)	-	-	(116)
Foreign exchange adjustments	(1)	-	-	(1)
At 31 December 2018	<u>693</u>	<u>-</u>	<u>-</u>	<u>693</u>
At 1 January 2019	693	-	-	693
At 31 March 2019	<u>693</u>	<u>-</u>	<u>-</u>	<u>693</u>

13. Financial investments measured at amortised cost

(i) By type	31 Mar 2019	31 Dec 2018		
	RM'000	RM'000		
Malaysian Government Investment Issues	32,263	32,283		
Private debt securities	20,000	20,000		
Other debt securities				
- Cagamas bonds	65,077	65,079		
	117,340	117,362		
	(93)	(93)		
	117,247	117,269		
(ii) By maturity structure	31 Mar 2019	31 Dec 2018		
	RM'000	RM'000		
More than one year to three years	50,077	20,000		
More than three years to five years	67,263	97,362		
	117,340	117,362		
(iii) Movement of allowance for credit loss				
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Gross carrying amount				
At 1 January 2018	32,349	-	-	32,349
New assets originated or purchased	85,079	-	-	85,079
Assets derecognised or repaid	(66)	-	-	(66)
At 31 December 2018	117,362	-	-	117,362
At 1 January 2019	117,362	-	-	117,362
Assets derecognised or repaid	(22)	-	-	(22)
At 31 March 2019	117,340	-	-	117,340
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Allowance for credit loss				
At 1 January 2018	-	-	-	-
New assets originated or purchased	93	-	-	93
At 31 December 2018	93	-	-	93
At 1 January 2019	93	-	-	93
At 31 March 2019	93	-	-	93

14. Loans, advances and financing

(i) By type	31 Mar 2019	31 Dec 2018
	RM'000	RM'000
Overdrafts	56,087	57,299
Term loans		
- Housing loans	76,452	76,641
- Syndicated term loans	1,042,285	935,364
- Other term loans	424,244	534,029
Bills receivable	21,755	21,123
Revolving credits	1,239,353	1,268,287
Bankers' acceptances	134,779	139,984
Staff loans	1,960	2,004
Credit card loans	1,901	2,124
Gross loans, advances and financing	2,998,816	3,036,855
Less: Allowance for credit loss		
- Stage 1 (12-month ECL)	(15,861)	(15,954)
- Stage 2 (Lifetime ECL - non-credit impaired)	(18,668)	(11,640)
- Stage 3 (Lifetime ECL - credit impaired)	(1,170)	(1,188)
	(35,699)	(28,782)
Net loans, advances and financing	2,963,117	3,008,073
(ii) By type of customer	31 Mar 2019	31 Dec 2018
	RM'000	RM'000
Domestic banking institutions	50,018	52,806
Domestic non-bank financial institutions		
- Others	132,239	140,278
Domestic business enterprises		
- Small medium enterprises	64,450	65,029
- Others	1,513,279	1,530,081
Individuals	45,254	46,452
Foreign entities	1,193,576	1,202,209
	2,998,816	3,036,855
(iii) By interest rate sensitivity	31 Mar 2019	31 Dec 2018
	RM'000	RM'000
Fixed rate loans	3,861	4,128
Variable rate		
- Base rate/base lending rate plus	82,314	82,817
- Cost plus	2,774,735	2,808,749
- Other variable rates	137,906	141,161
	2,998,816	3,036,855

14. Loans, advances and financing (continued)

(iv) By sector	31 Mar 2019	31 Dec 2018
	RM'000	RM'000
Primary agriculture	83,870	86,591
Manufacturing	167,063	206,698
Electricity, gas and water	-	65,414
Construction	118,450	100,554
Real estate	432,070	476,939
Wholesale & retail trade and restaurants & hotels	886,661	835,595
Transport, storage and communication	99,091	108,308
Finance, insurance and business services	661,424	685,675
Education, health and others	452,595	372,592
Household	97,592	98,489
	<u>2,998,816</u>	<u>3,036,855</u>
(v) By purpose	31 Mar 2019	31 Dec 2018
	RM'000	RM'000
Purchase of properties		
- Non residential	181,411	155,994
- Residential	77,970	78,184
Purchase of transport vehicles	2	4
Purchase of fixed assets (excluding properties)	204,496	208,266
Construction	123,576	88,539
Credit card	1,901	2,124
Personal use	1,275	1,332
Working capital	2,015,106	1,870,754
Other purpose	393,079	631,658
	<u>2,998,816</u>	<u>3,036,855</u>
(vi) By geographical distribution	31 Mar 2019	31 Dec 2018
	RM'000	RM'000
Within Malaysia	2,100,340	2,140,728
Outside Malaysia	898,476	896,127
	<u>2,998,816</u>	<u>3,036,855</u>
Concentration by location for loans, advances and financing is based on the geographical location where the credit risk resides.		
(vii) By residual contractual maturity	31 Mar 2019	31 Dec 2018
	RM'000	RM'000
Maturity within one year	1,752,617	1,850,954
More than one year to three years	568,676	457,459
More than three years to five years	538,182	518,431
More than five years	139,341	210,011
	<u>2,998,816</u>	<u>3,036,855</u>

14. Loans, advances and financing (continued)**(viii) Impaired loans, advances and financing**

(a) Movement in impaired loans, advances and financing	31 Mar 2019	31 Dec 2018
	RM'000	RM'000
At 1 January	1,188	1,127
Impaired during the financial period	2	816
Reclassified as performing during the financial period	-	(794)
Exchange differences	(20)	39
At 31 December	1,170	1,188
	0.04%	0.04%
(b) By sector	31 Mar 2019	31 Dec 2018
	RM'000	RM'000
Wholesale & retail trade and restaurants & hotels	1,102	1,123
Household	68	65
	1,170	1,188
(c) By purpose	31 Mar 2019	31 Dec 2018
	RM'000	RM'000
Working capital	1,102	1,123
Credit card	68	65
	1,170	1,188
(d) By geographical distribution	31 Mar 2019	31 Dec 2018
	RM'000	RM'000
Within Malaysia	68	65
Outside Malaysia	1,102	1,123
	1,170	1,188

14. Loans, advances and financing (continued)**(ix) Movements in allowance for impairment on loans, advances and financing**

	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	19,336	28	1,127	20,491
New assets originated	5,293	302	816	6,411
Assets derecognised or repaid	(2,128)	(1,902)	(794)	(4,824)
Transfer to Stage 1	1	(1)	-	-
Transfer to Stage 2	(4,038)	4,038	-	-
Changes due to change in credit risk	(3,780)	8,791	-	5,011
Changes in model/risk parameter	1,360	384	-	1,744
Foreign exchange adjustments	(90)	-	39	(51)
At 31 December 2018	15,954	11,640	1,188	28,782
At 1 January 2019	15,954	11,640	1,188	28,782
New assets originated	2,009	201	2	2,212
Assets derecognised or repaid	(1,375)	(1,374)	-	(2,749)
Transfer to Stage 1	3	(3)	-	-
Transfer to Stage 2	(1,019)	1,019	-	-
Changes due to change in credit risk	355	7,185	-	7,540
Foreign exchange adjustments	(66)	-	(20)	(86)
At 31 March 2019	15,861	18,668	1,170	35,699

15. Derivatives financial assets/liabilities

	31 Mar 2019		
	Contract/ Nominal value	Assets	Liabilities
	RM'000	RM'000	RM'000
Foreign exchange contracts			
- Currency forwards and spots	631,915	5,896	5,855
- Currency swaps	1,123,005	12,078	12,087
Total recognised derivatives assets/liabilities (Note 27)	1,754,920	17,974	17,942
	31 Dec 2018		
	Contract/ Nominal value	Assets	Liabilities
	RM'000	RM'000	RM'000
Foreign exchange contracts			
- Currency forwards and spots	528,130	1,623	1,600
- Currency swaps	1,167,456	6,532	6,186
Total recognised derivatives assets/liabilities (Note 27)	1,695,586	8,155	7,786

16. Other assets	31 Mar 2019	31 Dec 2018
	RM'000	RM'000
Interest receivable	7,871	11,657
Deposits	1,786	1,785
Other receivables and prepayments	1,643	1,769
	11,300	15,211
17. Deposits from customers		
(i) By type of deposit	31 Mar 2019	31 Dec 2018
	RM'000	RM'000
Demand deposits	821,343	623,220
Fixed deposits	841,131	1,025,739
Savings deposits	118,669	118,052
Money market deposits	660,684	719,447
Other deposits	15,950	16,109
	2,457,777	2,502,567
(ii) By type of customer	31 Mar 2019	31 Dec 2018
	RM'000	RM'000
Business enterprises	1,193,236	1,156,312
Individuals	305,538	251,923
Foreign entities	958,664	1,093,295
Others	339	1,037
	2,457,777	2,502,567
(iii) By maturity structure of term deposit	31 Mar 2019	31 Dec 2018
	RM'000	RM'000
Due within six months	2,190,237	2,264,911
More than six months to one year	255,451	227,347
More than one year to three years	12,089	10,309
	2,457,777	2,502,567
18. Deposits and placements of banks and other financial institutions		
	31 Mar 2019	31 Dec 2018
	RM'000	RM'000
Licensed Malaysian banks	63,048	154,526
Licensed investment banks	50,425	50,329
Licensed Islamic banks	3,857	2,851
Other financial institutions	266,161	166,114
Foreign banks	430,845	756,222
	814,336	1,130,042

19. Other liabilities	31 Mar 2019	31 Dec 2018
	RM'000	RM'000
Interest payable	16,277	15,015
Other payables and accruals	64,462	56,337
	80,739	71,352

20. Provision for credit commitments and contingencies

	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2018	7,896	14	-	7,910
New assets originated	969	216	-	1,185
Assets derecognised or repaid	(2,455)	(330)	-	(2,785)
Transfer to Stage 1	2	(2)	-	-
Transfer to Stage 2	(2,525)	2,525	-	-
Changes due to change in credit risk	161	(32)	-	129
Changes in model/risk parameter	(1,265)	(630)	-	(1,895)
Foreign exchange adjustments	2	-	-	2
At 31 December 2018	2,785	1,761	-	4,546
As at 1 January 2019	2,785	1,761	-	4,546
New assets originated	683	112	-	795
Assets derecognised or repaid	(311)	(739)	-	(1,050)
Foreign exchange adjustments	(4)	-	-	(4)
At 31 March 2019	3,153	1,134	-	4,287

21. Interest income	1st quarter ended		Year-To-Date ended	
	31 Mar 2019 RM'000	31 Mar 2018 RM'000	31 Mar 2019 RM'000	31 Mar 2018 RM'000
Loans, advances and financing:	35,768	31,361	35,768	31,361
Money at call and deposit placements with financial institutions	7,370	10,946	7,370	10,946
Financial investments measured at fair value through other comprehensive income	5,991	3,836	5,991	3,836
Financial investments measured at amortised cost	1,303	317	1,303	317
Others	-	1	-	1
	50,432	46,461	50,432	46,461
Interest expense				
Deposits and placements of banks and other financial institutions	(7,975)	(5,717)	(7,975)	(5,717)
Deposits from customers	(13,606)	(11,785)	(13,606)	(11,785)
Others	-	(1)	-	(1)
	(21,581)	(17,503)	(21,581)	(17,503)
Net interest income	28,851	28,958	28,851	28,958

22. Net fee income	1st quarter ended		Year-To-Date ended	
	31 Mar 2019 RM'000	31 Mar 2018 RM'000	31 Mar 2019 RM'000	31 Mar 2018 RM'000
Fee income:				
- Commission	5	4	5	4
- Service charges and fees	694	595	694	595
- Loan processing fees	251	6,254	251	6,254
- Syndication fees	200	798	200	798
- Guarantee fees	859	1,270	859	1,270
- Commitment fees	210	291	210	291
- Other loans related fees income	25	3,281	25	3,281
- Other fees income	83	121	83	121
	2,327	12,614	2,327	12,614
Fee expense:				
- Brokerage fees	(22)	(18)	(22)	(18)
- Other fees expense	(24)	(284)	(24)	(284)
	(46)	(302)	(46)	(302)
Net fee income	2,281	12,312	2,281	12,312

23. Net trading income	1st quarter ended		Year-To-Date ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	RM'000	RM'000	RM'000	RM'000
Net gains from dealing in foreign exchange	16,961	24,707	16,961	24,707
Net losses arising from derivative trading	(12,382)	(15,459)	(12,382)	(15,459)
Net unrealised revaluation gains in foreign exchange	30	9	30	9
Net unrealised losses arising from derivative trading	(337)	(92)	(337)	(92)
	<u>4,272</u>	<u>9,165</u>	<u>4,272</u>	<u>9,165</u>

24. Other operating expenses	1st quarter ended		Year-To-Date ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	RM'000	RM'000	RM'000	RM'000
Personnel costs:				
- Salaries, allowances and bonuses	10,188	10,843	10,188	10,843
- Pension fund contributions	1,042	740	1,042	740
- Other staff costs	1,066	1,179	1,066	1,179
Promotion and marketing related expenses:				
- Advertising and promotion	184	137	184	137
- Others	154	104	154	104
Establishment costs:				
- Depreciation of plant and equipment	943	922	943	922
- Depreciation of right-of-use assets	1,151	-	1,151	-
- Interest expense of right-of-use assets	114	-	114	-
- Rental	56	1,991	56	1,991
- Others	461	474	461	474
Administrative expenses:				
- Auditors' remuneration				
• statutory audit fees	67	71	67	71
• audit related services	27	137	27	137
- Professional fees	31	58	31	58
- Licence fee	77	77	77	77
- Membership fee	28	60	28	60
- Plant and equipment written off	-	43	-	43
- Others	1,432	1,556	1,432	1,556
	<u>17,021</u>	<u>18,392</u>	<u>17,021</u>	<u>18,392</u>

25. Allowance for impairment on loans, advances and financing

	1st quarter ended		Year-To-Date ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	RM'000	RM'000	RM'000	RM'000
Allowance for/(Writeback of) credit loss				
- Loans, advances and financing	7,003	2,501	7,003	2,501
- Provision for commitments and contingencies	(255)	(1,519)	(255)	(1,519)
	<u>6,748</u>	<u>982</u>	<u>6,748</u>	<u>982</u>

26. (Writeback of)/Allowance for impairment on other financial assets

	1st quarter ended		Year-To-Date ended	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
	RM'000	RM'000	RM'000	RM'000
(Writeback of)/Allowance for credit loss				
- Cash and short-term funds	(118)	6	(118)	6
- Deposits and placements with banks and other financial institutions	35	214	35	214
	<u>(83)</u>	<u>220</u>	<u>(83)</u>	<u>220</u>

27. Commitments and contingencies

The commitments and contingencies comprise the following:

	31 Mar 2019			
	Principal Amount	Positive Value of Derivative Contracts [^]	Credit Equivalent Amount [*]	Risk-Weighted Assets [*]
	RM'000	RM'000	RM'000	RM'000
<u>Credit-related exposures</u>				
Direct credit substitutes	73,484	-	73,484	14,697
Transaction-related contingent items	633,292		316,646	216,504
Short term self-liquidating trade-related contingencies	110,089	-	22,018	14,436
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- Exceeding one year	315,576	-	157,788	119,587
- Not exceeding one year	1,141,167	-	228,233	210,056
Unutilised credit card lines	40,319	-	8,064	6,048
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	1,754,920	17,974	47,082	20,650
Total	<u>4,068,847</u>	<u>17,974</u>	<u>853,315</u>	<u>601,978</u>

Note 15

[^] The foreign exchange related contracts are off-balance sheet derivative financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates and interest rates) of the underlying instruments. The underlying principal amounts of these derivative financial instruments and their corresponding gross positive fair values (derivative financial assets) as at respective reporting dates are as shown above.

^{*} The credit equivalent and risk-weighted amounts are computed using credit conversion factors and risk-weighting rules as per Bank Negara Malaysia ("BNM") guidelines. The credit conversion factors and risk-weighting rules are based on guidelines of the revised Capital Adequacy Framework on the Standardised Approach.

27. Commitments and contingencies (continued)

	31 Dec 2018			
	Principal	Positive Value	Credit	Risk-
	Amount	of Derivative	Equivalent	Weighted
	RM'000	Contracts ^	Amount *	Assets *
	RM'000	RM'000	RM'000	RM'000
<u>Credit-related exposures</u>				
Direct credit substitutes	74,835	-	74,835	14,967
Transaction-related contingent items	564,904	-	282,452	201,988
Short term self-liquidating trade-related contingencies	154,257	-	30,851	20,153
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- Exceeding one year	526,420	-	263,210	214,946
- Not exceeding one year	1,028,727	-	205,746	188,852
Unutilised credit card lines	40,105	-	8,021	6,015
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	1,695,586	8,155	29,636	12,873
Total	4,084,834	8,155	894,751	659,794

Note 15

^ The foreign exchange related contracts are off-balance sheet derivative financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates and interest rates) of the underlying instruments. The underlying principal amounts of these derivative financial instruments and their corresponding gross positive fair values (derivative financial assets) as at respective reporting dates are as shown above.

* The credit equivalent and risk-weighted amounts are computed using credit conversion factors and risk-weighting rules as per BNM guidelines. The credit conversion factors and risk-weighting rules are based on guidelines of the revised Capital Adequacy Framework on the Standardised Approach.

28. Capital adequacy

The total risk-weighted assets of the Bank are computed based on the following approaches:

- (i) Standardised Approach for Credit risk;
- (ii) Standardised Approach for Market risk;
- (iii) Basic Indicator Approach for Operational risk.

The capital adequacy ratios of the Bank are analysed as follows:

	31 Mar 2019	31 Dec 2018
	RM'000	RM'000
Common Equity Tier 1 (“CET1”) Capital		
Paid-up share capital	832,609	832,609
Retained earnings	254,076	254,076
Regulatory reserve	17,644	17,644
Foreign currency translation reserve	(601)	(295)
Unrealised gains on financial investments measured at FVOCI	5,096	1,299
	1,108,824	1,105,333
Less: Regulatory adjustments applied in calculation of CET1 Capital		
- Deferred tax assets	(9,099)	(10,298)
- 55% cumulative gains of financial investments measured at FVOCI	(2,803)	(714)
- Regulatory reserve attributable to loans, advances and financing	(17,644)	(17,644)
	(29,546)	(28,656)
Total CET1 Capital	1,079,278	1,076,677
Tier 2 Capital		
Allowance for credit loss	25,513	27,684
Regulatory reserve	17,644	17,644
Total Tier 2 Capital	43,157	45,328
Total Capital	1,122,435	1,122,005
CET1 capital ratio	28.668%	27.370%
Tier 1 capital ratio	28.668%	27.370%
Total capital ratio	29.814%	28.523%

Breakdown of gross risk-weighted assets (“RWA”) in the various categories of risk-weights:

	31 Mar 2019		31 Dec 2018	
	Principal	Risk-Weighted	Principal	Risk-Weighted
	RM'000	RM'000	RM'000	RM'000
Total RWA for credit risk	5,371,333	3,452,544	5,733,813	3,626,253
Total RWA for market risk	-	1,827	-	1,973
Total RWA for operational risk	-	310,381	-	305,504
	5,371,333	3,764,752	5,733,813	3,933,730

28. Capital adequacy (continued)

(a) The breakdown of RWA by exposures in each major risk category under standardised approach for the Bank are as follows:

Risk Type	31 Mar 2019			
	Gross	Net	Risk-	Capital
	Exposures	Exposures	Weighted	Requirement
	RM'000	RM'000	Assets	RM'000
			RM'000	
<i>Credit Risk</i>				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	651,012	651,012	-	-
Banks, Development Financial Institutions and MDBs	706,251	706,251	165,522	13,242
Corporates	2,963,738	2,963,738	2,552,427	204,194
Regulatory Retail	84,169	84,169	73,305	5,864
Residential Mortgages	73,592	73,592	27,515	2,201
Other Assets	39,256	39,256	31,797	2,544
Total On-Balance Sheet Exposures	4,518,018	4,518,018	2,850,566	228,045
<u>Off-Balance Sheet Exposures</u>				
Credit-related off-balance sheet exposures	806,233	806,233	581,328	46,506
OTC derivatives	47,082	47,082	20,650	1,652
Total Off-Balance Sheet Exposures	853,315	853,315	601,978	48,158
Total On and Off-Balance Sheet Exposures	5,371,333	5,371,333	3,452,544	276,203
Large exposure risk requirement*	-	-	-	-
<i>Market Risk</i>				
	<u>Long</u>	<u>Short</u>		
	<u>Position</u>	<u>Position</u>		
Foreign currency risk	1,827	56	1,827	146
<i>Operational Risk</i>	-	-	-	310,381
Total RWA and Capital Requirements			3,764,752	301,179

Note:

MDBs - Multilateral Development Banks

OTC - Over the counter

* The Bank does not need to fulfill the capital requirement for Large Exposure Risk as there is no amount in excess of the lowest threshold arising from equity holdings as specified in the BNM's Risk-Weighted Capital Adequacy Framework ("RWCAF").

28. Capital adequacy (continued)

Risk Type	31 Dec 2018			
	Gross	Net	Risk-Weighted	Capital
	Exposures	Exposures	Assets	Requirements
	RM'000	RM'000	RM'000	RM'000
<i>Credit Risk</i>				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	909,239	909,239	-	-
Banks, Development Financial Institutions and MDBs	745,271	745,271	176,704	14,136
Corporates	2,991,405	2,991,405	2,662,537	213,003
Regulatory Retail	88,601	88,601	76,304	6,104
Residential Mortgages	73,730	73,730	27,384	2,191
Other Assets	30,816	30,816	23,530	1,882
Total On-Balance Sheet Exposures	<u>4,839,062</u>	<u>4,839,062</u>	<u>2,966,459</u>	<u>237,316</u>
<u>Off-Balance Sheet Exposures</u>				
Credit-related off-balance sheet exposures	865,115	865,115	646,921	51,754
OTC derivatives	29,636	29,636	12,873	1,030
Total Off-Balance Sheet Exposures	<u>894,751</u>	<u>894,751</u>	<u>659,794</u>	<u>52,784</u>
Total On and Off-Balance Sheet Exposures	<u>5,733,813</u>	<u>5,733,813</u>	<u>3,626,253</u>	<u>290,100</u>
Large exposure risk requirement*	-	-	-	-
<i>Market Risk</i>				
	Long Position	Short Position		
Foreign currency risk	1,973	91	1,973	158
<i>Operational Risk</i>	-	-	-	24,440
Total RWA and Capital Requirements			<u>3,933,730</u>	<u>314,698</u>

Note:

MDBs - Multilateral Development Banks

OTC - Over the counter

* The Bank does not need to fulfill the capital requirement for Large Exposure Risk as there is no amount in excess of the lowest threshold arising from equity holdings as specified in the BNM's RWCAF.

28. Capital adequacy (continued)

(b) The breakdown of credit risk exposures by risk weights for the respective reporting dates are as follows:

31 Mar 2019 Risk Weights	Exposures after Netting and Credit Risk Mitigation						Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Bank RM'000	Banks, MDBs and DFIs RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Other Assets RM'000		
0%	651,012	-	265,792	8,611	840	7,459	933,714	-
20%	-	698,829	214,795	-	-	11,536	925,160	185,032
35%	-	-	-	-	61,081	-	61,081	21,378
50%	-	89,480	252,040	12,590	11,069	34,408	399,587	199,794
75%	-	-	-	21,804	-	-	21,804	16,353
100%	-	-	2,897,065	99,384	602	32,936	3,029,987	3,029,987
Total Exposures	651,012	788,309	3,629,692	142,389	73,592	86,339	5,371,333	3,452,544
Risk-Weighted Assets by Exposures	-	184,506	3,066,044	122,032	27,515	52,447	3,452,544	
Average Risk Weight	0.0%	23.4%	84.5%	85.7%	37.4%	60.7%	64.3%	
Deduction from Capital Base	-	-	-	-	-	-	-	-

The above are disclosures on credit risk by risk weights of the Bank at the end of the respective reporting periods as required by the guidelines in the Revised Capital Adequacy Framework on Standardised Approach.

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

28. Capital adequacy (continued)

31 Dec 2018 Risk Weights	Exposures after Netting and Credit Risk Mitigation						Total Exposures after Netting & Credit Risk Mitigation RM'000	Total Risk Weighted Assets RM'000
	Sovereigns & Central Bank RM'000	Banks, MDBs and DFIs RM'000	Corporates RM'000	Regulatory Retail RM'000	Residential Mortgages RM'000	Other Assets RM'000		
0%	909,239	-	182,914	9,961	840	7,286	1,110,240	-
20%	-	727,938	215,936	-	-	8,185	952,059	190,412
35%	-	-	-	-	62,428	-	62,428	21,850
50%	-	100,898	234,928	12,954	9,857	20,432	379,069	189,535
75%	-	-	-	22,242	-	-	22,242	16,681
100%	-	-	3,081,484	101,136	605	24,550	3,207,775	3,207,775
Total Exposures	909,239	828,836	3,715,262	146,293	73,730	60,453	5,733,813	3,626,253
Risk-Weighted Assets by Exposures	-	196,037	3,242,135	124,295	27,383	36,403	3,626,253	
Average Risk Weight	0.0%	23.7%	87.3%	85.0%	37.1%	60.2%	63.2%	
Deduction from Capital Base	-	-	-	-	-	-	-	-

The above are disclosures on credit risk by risk weights of the Bank at the end of the respective reporting periods as required by the guidelines in the Revised Capital Adequacy Framework on Standardised Approach.

Note:

MDBs - Multilateral Development Banks

DFIs - Development Financial Institutions

29. Performance review

The Bank registered profit before tax of RM11.75 million for the three months ended 31 March 2019, lower by RM19.09 million when compared against previous corresponding period in 2018. The Bank's total operating income were made up of net interest income of RM28.85 million, net trading income of RM4.27 million and net fee income of RM2.28 million (31 March 2018: RM28.96 million, RM9.16 million and RM12.31 million respectively). Net Interest income which contributed 81.4% to the Bank's total operating income grew steadily in the first three months of 2019. However, net trading income and net fee income which contributed 12.1% and 6.4% of total operating income respectively, decreased by RM4.89 million and RM10.03 million respectively as a result of lower fee income received and lower foreign exchange transactions volume during the financial period.

The Bank's other operating expenses decreased by RM1.37 million or 7.5% to RM17.02 million, attributable to lower establishment, personnel and administrative costs. During the financial period, additional allowance made for impairment on loans, advances and financing amounted to RM6.75 million.

As at 31 March 2019, gross loan, advances and financing noted a growth of RM0.31 million or 11.7% to RM3.00 billion. However, the Bank's deposits from customers stood at RM2.46 billion, reduced by RM0.41 million or 16.6% as compared against previous corresponding period in 2018.

30. Business prospects

Global economy is expected to remain volatile as trade policy remains uncertain and could negatively impact confidence. The on-going trade tensions among the major economies have worsened the business sentiment across advanced economies, emerging markets and developing economies ("EMDEs"). On the upside, a resolution of trade tensions among the major economies would improve the market and business sentiment and could revitalize the global trade and investment. On the downside, any further negative spillovers arising from escalation of trade tensions will further worsen growth prospects of the global economy. Under such circumstances, measures to boost potential output growth, enhance inclusiveness, strengthen fiscal and financial buffers in an environment of high debt burdens and tighter financial conditions are imperatives for advanced economies and EMDEs.

In Malaysia, the banking industry outlook remains lacklustre in view of the unfavourable operating environment amid the policy changes and slower loan momentum in 2019. Although uncertainties and volatility still prevail in this sector, the Bank will improve on and strengthen its core business by growing both loans as well as deposits, its main corporate and retail products by capitalizing on the ICBC Group's established business network and service channels globally. Notwithstanding the challenging operating environment, the Bank will continue to uphold its commitments to grow with a view to sustaining business and enhancing profitability for the foreseeable future.