

Industrial and Commercial Bank of China (Malaysia) Berhad

(Company No. 839839 M)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 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 3rd quarter and nine months ended 30 September 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 27 September 2019.

Wang Qiang
Chief Executive Officer/Managing Director

Date: 30 October 2019

Industrial and Commercial Bank of China (Malaysia) Berhad

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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

	Note	30 Sep 2019 RM'000	31 Dec 2018 RM'000
ASSETS			
Cash and short-term funds	10	719,873	1,017,586
Deposits and placements with banks and other financial institutions	11	100,947	12,467
Financial investments measured at fair value through other comprehensive income	12	599,724	589,715
Financial investments measured at amortised cost	13	117,163	117,269
Loans, advances and financing	14	3,098,541	3,008,073
Derivative financial assets	15	4,239	8,155
Other assets	16	10,606	15,211
Statutory deposits with Bank Negara Malaysia		49,834	42,602
Tax recoverable		6,355	-
Deferred tax assets		7,576	10,298
Plant and equipment		6,463	8,319
Right-of-use assets		11,029	-
TOTAL ASSETS		4,732,350	4,829,695
LIABILITIES			
Deposits from customers	17	2,185,385	2,502,567
Deposits and placements of banks and other financial institutions	18	1,270,801	1,130,042
Derivative financial liabilities	15	4,295	7,786
Other liabilities	19	103,495	71,352
Lease liabilities		10,813	-
Provision for credit commitments and contingencies	20	6,703	4,546
Provision for taxation		152	7,376
TOTAL LIABILITIES		3,581,644	3,723,669
EQUITY			
Share capital		832,609	832,609
Reserves		318,097	273,417
EQUITY ATTRIBUTABLE TO OWNER OF THE BANK		1,150,706	1,106,026
TOTAL LIABILITIES AND EQUITY		4,732,350	4,829,695
COMMITMENTS AND CONTINGENCIES	28	2,938,926	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 30 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 30 October 2019.

Industrial and Commercial Bank of China (Malaysia) Berhad

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UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	Note	3rd quarter ended		Year-To-Date ended	
		30 Sep 2019 RM'000	30 Sep 2018 RM'000	30 Sep 2019 RM'000	30 Sep 2018 RM'000
Interest income	21	50,982	52,874	152,851	150,049
Interest expense	21	(21,165)	(20,281)	(64,630)	(58,815)
Net interest income	21	29,817	32,593	88,221	91,234
Net fee income	22	3,067	3,237	8,369	23,389
Net trading income	23	3,974	5,637	11,875	27,929
Other operating income		22	6	78	50
Net operating income		36,880	41,473	108,543	142,602
Other operating expenses	24	(16,905)	(19,302)	(51,922)	(59,279)
Operating profit		19,975	22,171	56,621	83,323
(Allowance for)/Write back of impairment on loans, advances and financing	25	(14,966)	3,804	(17,862)	(690)
Allowance for impairment on other financial assets	26	(441)	(99)	(545)	(244)
Profit before taxation		4,568	25,876	38,214	82,389
Tax credit/(expense)	27	5,200	(1,384)	(2,157)	(15,903)
Profit for the financial period		9,768	24,492	36,057	66,486
Other comprehensive income for the financial period, net of tax					
Items that are or may be reclassified subsequently to/(from) profit or loss					
Foreign currency translation reserve					
- Currency translation differences in respect of foreign operations		(1)	(242)	(158)	(495)
Fair value reserve					
- Changes in fair value		3,009	3,038	11,341	2,556
- Amount transferred to profit or loss		-	(13)	162	91
- Deferred tax adjustment		(722)	(729)	(2,722)	(613)
		2,287	2,296	8,781	2,034
Total other comprehensive income for the financial period		2,286	2,054	8,623	1,539
Total comprehensive income for the financial period		12,054	26,546	44,680	68,025
Basic earnings per ordinary share (sen):		1.17	2.94	4.33	7.99

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	(556)	17,644	175,783	1,025,733
Adjustment on initial application of MFRS 9, net of tax	-	-	601	-	(525)	76
At 1 January 2018, restated	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	-	(495)	-	-	-	(495)
Fair value reserve						
- Changes in fair value	-	-	2,556	-	-	2,556
- Amount transferred to profit or loss	-	-	91	-	-	91
- Deferred tax adjustment	-	-	(613)	-	-	(613)
	-	-	2,034	-	-	2,034
Total other comprehensive (expense)/income for the financial period	-	(495)	2,034	-	-	1,539
Profit for the financial period	-	-	-	-	66,486	66,486
Total comprehensive (expense)/income for the financial period	-	(495)	2,034	-	66,486	68,025
At 30 September 2018	832,609	(242)	2,079	17,644	241,744	1,093,834

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 September 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 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	-	(158)	-	-	-	(158)
Fair value reserve						
- Changes in fair value	-	-	11,341	-	-	11,341
- Amount transferred to profit or loss	-	-	162	-	-	162
- Deferred tax adjustment	-	-	(2,722)	-	-	(2,722)
	-	-	8,781	-	-	8,781
Total other comprehensive (expense)/income for the financial period	-	(158)	8,781	-	-	8,623
Profit for the financial period	-	-	-	-	36,057	36,057
Total comprehensive (expense)/income for the financial period	-	(158)	8,781	-	36,057	44,680
At 30 September 2019	832,609	(453)	10,773	17,644	290,133	1,150,706

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 30 attached to the unaudited condensed interim financial statements.

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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE
FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

	30 Sep 2019	30 Sep 2018
	RM'000	RM'000
Cash flows from/(used in) operating activities		
Profit before taxation	38,214	82,389
Adjustments for:		
Depreciation of plant and equipment	2,667	2,751
Depreciation of right-of-use assets	3,080	-
Plant and equipment written off	-	43
Allowance for impairment on loans, advances and financing	17,862	690
Allowance for impairment on other financial assets	545	244
Interest expense on lease liabilities	341	-
Net unrealised gains/(losses) arising from derivative trading	425	(648)
Transfer from foreign currency translation reserve	(158)	(495)
Accretion of discounts net of amortisation of premiums of financial investments measured at FVOCI	1,332	163
Accretion of discounts net of amortisation of premiums of financial investments measured at amortised cost	80	63
Operating profit before working capital changes	64,388	85,200
Changes in operating assets		
Deposits and placements with banks and other financial institutions	(88,478)	(141,318)
Loans, advances and financing	(106,175)	117,060
Other assets	4,605	(743)
Statutory deposits with Bank Negara Malaysia	(7,232)	(25,664)
Changes in operating liabilities		
Deposits from customers	(317,182)	(170,405)
Deposits and placements of banks and other financial institutions	140,759	75,170
Other liabilities	32,143	7,736
Provision for credit commitments and contingencies	2	3
Cash used in operations	(277,170)	(52,961)
Income taxes paid	(15,736)	(18,623)
Net cash used in operating activities	(292,906)	(71,584)
Cash flows used in from investing activities		
Purchase of plant and equipment	(811)	(1,847)
Net purchase from financial investments measured at FVOCI	-	(215,000)
Net purchase from financial investments measured at amortised cost	-	(145,079)
Net cash used in investing activities	(811)	(361,926)

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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE
FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019 (continued)**

	Note	30 Sep 2019 RM'000	30 Sep 2018 RM'000
Cash flows used in financing activities			
Payment of lease liabilities		(3,637)	-
Net cash used in financing activities		<u>(3,637)</u>	<u>-</u>
Net decrease in cash and cash equivalents		(297,354)	(433,510)
Cash and cash equivalents at beginning of the financial period		1,017,586	1,062,859
Adjustment on initial application of MFRS 9		-	(22)
At 1 January 2018, as restated			1,062,837
Less: (Allowance for)/Write back of credit loss for the financial period		(359)	2
Cash and cash equivalents at end of the financial period		<u>719,873</u>	<u>629,329</u>
Cash and cash equivalents comprise:			
Cash and short-term funds	10	<u>719,873</u>	<u>629,329</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 30 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 30 October 2019.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 3rd quarter and nine months ended 30 September 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 27 September 2019.

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)*

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:

2. Basis of Preparation *(continued)*

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. Except for the onboarding of the lease liabilities and right-of-use assets on the Bank's Statement of Financial Position, there has been no significant impact on the Bank's financial statements following the adoption of MFRS 16.

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 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 3rd quarter and nine months ended 30 September 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 3rd quarter and nine months ended 30 September 2019.

7. Issue of Shares and Debentures

There were no issuance of shares and debentures during the 3rd quarter and nine months ended 30 September 2019.

8. Dividend Paid

No dividend was paid during the 3rd quarter and nine months ended 30 September 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

	30 Sep 2019	31 Dec 2018
	RM'000	RM'000
Cash and balances with banks and other financial institutions	77,839	470,089
Money at call and deposit placements maturing within one month	642,520	547,624
	720,359	1,017,713
Less: Allowance for credit loss	(486)	(127)
	719,873	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	583,980	-	-	583,980
Assets derecognised or repaid	(881,334)	-	-	(881,334)
At 30 September 2019	720,359	-	-	720,359
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Allowance for credit loss				
At 1 January 2018				
- as previously stated				-
- adjustment on initial application of MFRS 9				22
At 1 January 2018, as restated	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	484	-	-	484
Assets derecognised or repaid	(125)	-	-	(125)
At 30 September 2019	486	-	-	486

11. Deposits and placements with banks and other financial institutions

	30 Sep 2019	31 Dec 2018
	RM'000	RM'000
Foreign banks	-	12,473
Licensed Malaysian banks	100,947	-
	100,947	12,473
Less: Allowance for credit loss	-	(6)
	100,947	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
New assets originated	100,947	-	-	100,947
Assets derecognised or repaid	(12,473)	-	-	(12,473)
At 30 September 2019	100,947	-	-	100,947
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Allowance for credit loss				
At 1 January 2018				
- as previously stated				-
- adjustment on initial application of MFRS 9				27
At 1 January 2018, as restated	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	4	-	-	4
Assets derecognised or repaid	(6)	-	-	(6)
Foreign exchange adjustments	(4)	-	-	(4)
At 30 September 2019	-	-	-	-

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

(i) By type	30 Sep 2019	31 Dec 2018
	RM'000	RM'000
Malaysian Government Securities	210,786	206,162
Malaysian Government Investment Issues	227,219	222,374
Malaysian Government Sukuk	30,378	29,799
Financial Institutions Securities	29,375	30,630
Private debt securities	81,833	80,747
Other debt securities		
- Cagamas bonds	20,133	20,003
	599,724	589,715

(ii) By maturity structure	30 Sep 2019	31 Dec 2018
	RM'000	RM'000
Within one year	64,511	4,993
More than one year to three years	188,278	191,800
More than three years to five years	346,935	196,311
More than five years	-	196,611
	599,724	589,715

(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	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	589,715	-	-	589,715
At 1 January 2019	589,715	-	-	589,715
New assets originated	11,917	-	-	11,917
Assets derecognised	(1,908)	-	-	(1,908)
At 30 September 2019	599,724	-	-	599,724

12. Financial investments measured at fair value through other comprehensive income (continued)**(iii) Movement of allowance for credit loss (continued)**

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Allowance for credit loss				
At 1 January 2018				
- as previously stated				-
- adjustment on initial application of MFRS 9				601
At 1 January 2018, as restated	601	-	-	601
New assets originated or purchased	209	-	-	209
Assets derecognised or repaid	(116)	-	-	(116)
Foreign exchange adjustments	(1)	-	-	(1)
At 31 December 2018	693	-	-	693
At 1 January 2019	693	-	-	693
New assets originated	191	-	-	191
Assets derecognised	(29)	-	-	(29)
At 30 September 2019	855	-	-	855

13. Financial investments measured at amortised cost

(i) By type	30 Sep 2019	31 Dec 2018
	RM'000	RM'000
Malaysian Government Investment Issues	32,225	32,283
Private debt securities	65,057	65,079
Other debt securities		
- Cagamas bonds	20,000	20,000
	117,282	117,362
Less: Allowance for credit loss	(119)	(93)
	117,163	117,269
(ii) By maturity structure	30 Sep 2019	31 Dec 2018
	RM'000	RM'000
More than one year to three years	82,282	20,000
More than three years to five years	35,000	97,362
	117,282	117,362

13. Financial investments measured at amortised cost (continued)**(iii) Movement of allowance for credit loss**

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total 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
New assets originated	26	-	-	26
At 30 September 2019	119	-	-	119

14. Loans, advances and financing

(i) By type	30 Sep 2019 RM'000	31 Dec 2018 RM'000
Overdrafts	30,991	57,299
Term loans		
- Housing loans	81,189	76,641
- Syndicated term loans	1,173,335	935,364
- Other term loans	394,395	534,029
Bills receivable	17,241	21,123
Revolving credits	1,311,902	1,268,287
Bankers' acceptances	129,831	139,984
Staff loans	1,907	2,004
Credit card loans	2,275	2,124
Gross loans, advances and financing	3,143,066	3,036,855
Less: Allowance for credit loss		
- Stage 1 (12-month ECL)	(24,091)	(15,954)
- Stage 2 (Lifetime ECL - non-credit impaired)	(19,198)	(11,640)
- Stage 3 (Lifetime ECL - credit impaired)	(1,236)	(1,188)
	(44,525)	(28,782)
Net loans, advances and financing	3,098,541	3,008,073
(ii) By type of customers	30 Sep 2019 RM'000	31 Dec 2018 RM'000
Domestic banking institutions	44,405	52,806
Domestic non-bank financial institutions		
- Others	90,145	140,278
Domestic business enterprises		
- Small medium enterprises	94,239	65,029
- Others	1,717,072	1,530,081
Individuals	46,474	46,452
Foreign entities	1,150,731	1,202,209
	3,143,066	3,036,855

14. Loans, advances and financing (continued)

(iii) By interest rate sensitivity	30 Sep 2019	31 Dec 2018
	RM'000	RM'000
Fixed rate loans	4,182	4,128
Variable rate		
- Base rate/base lending rate plus	65,635	82,817
- Cost plus	2,968,036	2,808,749
- Other variable rates	105,213	141,161
	<u>3,143,066</u>	<u>3,036,855</u>
(iv) By sector	30 Sep 2019	31 Dec 2018
	RM'000	RM'000
Primary agriculture	58,073	86,591
Manufacturing	337,401	206,698
Electricity, gas and water	-	65,414
Construction	183,648	100,554
Real estate	343,857	476,939
Wholesale & retail trade and restaurants & hotels	691,278	835,595
Transport, storage and communication	208,400	108,308
Finance, insurance and business services	777,598	685,675
Education, health and others	440,994	372,592
Household	101,817	98,489
	<u>3,143,066</u>	<u>3,036,855</u>
(v) By purpose	30 Sep 2019	31 Dec 2018
	RM'000	RM'000
Purchase of properties		
- Non residential	160,086	155,994
- Residential	82,670	78,184
Purchase of transport vehicles	-	4
Purchase of fixed assets (excluding properties)	178,248	208,266
Construction	194,833	88,539
Credit card	2,275	2,124
Personal use	1,195	1,332
Mergers and acquisitions	150,319	-
Working capital	1,926,059	1,870,754
Other purpose	447,381	631,658
	<u>3,143,066</u>	<u>3,036,855</u>
(vi) By geographical distribution	30 Sep 2019	31 Dec 2018
	RM'000	RM'000
Within Malaysia	2,247,653	2,140,728
Outside Malaysia	895,413	896,127
	<u>3,143,066</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.

14. Loans, advances and financing (continued)

(vii) By residual contractual maturity	30 Sep 2019	31 Dec 2018
	RM'000	RM'000
Maturity within one year	1,875,743	1,850,954
More than one year to three years	833,532	457,459
More than three years to five years	283,018	518,431
More than five years	150,773	210,011
	<u>3,143,066</u>	<u>3,036,855</u>
(viii) Impaired loans, advances and financing		
(a) Movement in impaired loans, advances and financing	30 Sep 2019	31 Dec 2018
	RM'000	RM'000
At 1 January	1,188	1,127
Impaired during the financial period	41	816
Reclassified as performing during the financial period	(1)	(794)
Exchange differences	8	39
At 30 September 2019/31 December 2018	<u>1,236</u>	<u>1,188</u>
As % of gross loans, advances and financing	<u>0.04%</u>	<u>0.04%</u>
(b) By sector	30 Sep 2019	31 Dec 2018
	RM'000	RM'000
Wholesale & retail trade and restaurants & hotels	1,131	1,123
Household	105	65
	<u>1,236</u>	<u>1,188</u>
(c) By purpose	30 Sep 2019	31 Dec 2018
	RM'000	RM'000
Working capital	1,131	1,123
Credit card	105	65
	<u>1,236</u>	<u>1,188</u>
(d) By geographical distribution	30 Sep 2019	31 Dec 2018
	RM'000	RM'000
Within Malaysia	105	65
Outside Malaysia	1,131	1,123
	<u>1,236</u>	<u>1,188</u>

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

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2018				
- as previously stated				28,526
- adjustment on initial application of MFRS 9				(8,035)
At 1 January 2018, as restated	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	<u>15,954</u>	<u>11,640</u>	<u>1,188</u>	<u>28,782</u>
At 1 January 2019	15,954	11,640	1,188	28,782
New assets originated	14,446	946	8	15,400
Assets derecognised or repaid	(6,754)	(9,455)	(1)	(16,210)
Transfer to Stage 1	9	(9)	-	-
Transfer to Stage 2	(3,035)	3,035	-	-
Transfer to Stage 3	-	(1)	1	-
Changes due to change in credit risk	3,443	13,042	32	16,517
Foreign exchange adjustments	28	-	8	36
At 30 September 2019	<u>24,091</u>	<u>19,198</u>	<u>1,236</u>	<u>44,525</u>

15. Derivatives financial assets/liabilities

	30 Sep 2019		
	Contract/ Nominal value RM'000	Assets RM'000	Liabilities RM'000
Foreign exchange contracts			
- Currency forwards and spots	315,071	4,110	4,135
- Currency swaps	227,614	129	160
Total recognised derivatives assets/liabilities (Note 28)	<u>542,685</u>	<u>4,239</u>	<u>4,295</u>
	31 Dec 2018		
	Contract/ Nominal value RM'000	Assets RM'000	Liabilities 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 28)	<u>1,695,586</u>	<u>8,155</u>	<u>7,786</u>

16. Other assets	30 Sep 2019	31 Dec 2018
	RM'000	RM'000
Interest receivable	7,045	11,657
Deposits	1,757	1,785
Other receivables and prepayments	1,804	1,769
	10,606	15,211
17. Deposits from customers		
(i) By type of deposits	30 Sep 2019	31 Dec 2018
	RM'000	RM'000
Demand deposits	647,000	623,220
Fixed deposits	978,243	1,025,739
Savings deposits	117,282	118,052
Money market deposits	431,741	719,447
Other deposits	11,119	16,109
	2,185,385	2,502,567
(ii) By type of customers	30 Sep 2019	31 Dec 2018
	RM'000	RM'000
Business enterprises	1,053,053	1,156,312
Individuals	326,956	251,923
Foreign entities	805,034	1,093,295
Others	342	1,037
	2,185,385	2,502,567
(iii) By maturity structure of term deposits	30 Sep 2019	31 Dec 2018
	RM'000	RM'000
Due within six months	1,881,575	2,264,911
More than six months to one year	292,079	227,347
More than one year to three years	11,731	10,309
	2,185,385	2,502,567
18. Deposits and placements of banks and other financial institutions		
	30 Sep 2019	31 Dec 2018
	RM'000	RM'000
Licensed Malaysian banks	37,924	154,526
Licensed investment banks	50,467	50,329
Licensed Islamic banks	5,110	2,851
Other financial institutions	250,624	166,114
Foreign banks	926,676	756,222
	1,270,801	1,130,042

19. Other liabilities

	30 Sep 2019	31 Dec 2018
	RM'000	RM'000
Interest payable	21,858	15,015
Other payables and accruals	81,637	56,337
	<u>103,495</u>	<u>71,352</u>

20. Provision for credit commitments and contingencies

	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2018				
- as previously stated				-
- adjustment on initial application of MFRS 9				7,910
At 1 January 2018, as restated	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	<u>2,785</u>	<u>1,761</u>	<u>-</u>	<u>4,546</u>
As at 1 January 2019	2,785	1,761	-	4,546
New assets originated	2,417	367	-	2,784
Assets derecognised or repaid	(1,127)	(515)	-	(1,642)
Transfer to Stage 1	289	(289)	-	-
Transfer to Stage 2	(628)	628	-	-
Changes due to change in credit risk	1,127	(114)	-	1,013
Foreign exchange adjustments	2	-	-	2
At 30 September 2019	<u>4,865</u>	<u>1,838</u>	<u>-</u>	<u>6,703</u>

21. Interest income	3rd quarter ended		Year-To-Date ended	
	30 Sep 2019 RM'000	30 Sep 2018 RM'000	30 Sep 2019 RM'000	30 Sep 2018 RM'000
Loans, advances and financing:	37,307	37,002	109,737	101,471
Money at call and deposit placements with financial institutions	6,272	8,338	21,031	31,461
Financial investments measured at fair value through other comprehensive income	6,081	5,793	18,148	14,123
Financial investments measured at amortised cost	1,322	1,741	3,935	2,993
Others	-	-	-	1
	50,982	52,874	152,851	150,049
Interest expense				
Deposits and placements of banks and other financial institutions	(9,357)	(6,122)	(26,770)	(17,873)
Deposits from customers	(11,806)	(14,158)	(37,857)	(40,937)
Others	(2)	(1)	(3)	(5)
	(21,165)	(20,281)	(64,630)	(58,815)
Net interest income	29,817	32,593	88,221	91,234

22. Net fee income	3rd quarter ended		Year-To-Date ended	
	30 Sep 2019 RM'000	30 Sep 2018 RM'000	30 Sep 2019 RM'000	30 Sep 2018 RM'000
Fee income:				
- Commission	10	8	27	24
- Service charges and fees	609	541	1,995	1,752
- Loan processing fees	91	312	437	6,920
- Syndication fees	480	87	1,652	3,645
- Guarantee fees	1,492	1,934	3,192	3,959
- Commitment fees	255	241	799	771
- Other loans related fees income	52	101	110	3,542
- Other fees income	137	88	305	3,215
	3,126	3,312	8,517	23,828
Fee expense:				
- Brokerage fees	(32)	(25)	(86)	(76)
- Other fees expense	(27)	(50)	(62)	(363)
	(59)	(75)	(148)	(439)
Net fee income	3,067	3,237	8,369	23,389

23. Net trading income	3rd quarter ended		Year-To-Date ended	
	30 Sep 2019 RM'000	30 Sep 2018 RM'000	30 Sep 2019 RM'000	30 Sep 2018 RM'000
Net gains/(losses) from dealing in foreign exchange	616	(5,511)	9,894	20,321
Net gains arising from derivative trading	3,245	10,469	2,466	7,431
Net unrealised revaluation losses in foreign exchange	(30)	(225)	(60)	(471)
Net unrealised gains/(losses) arising from derivative trading	143	904	(425)	648
	3,974	5,637	11,875	27,929

24. Other operating expenses	3rd quarter ended		Year-To-Date ended	
	30 Sep 2019 RM'000	30 Sep 2018 RM'000	30 Sep 2019 RM'000	30 Sep 2018 RM'000
Personnel costs:				
- Salaries, allowances and bonuses	9,909	10,791	30,335	35,119
- Pension fund contributions	1,004	1,935	3,092	3,450
- Other staff costs	1,391	1,552	4,158	4,571
Promotion and marketing related expenses:				
- Advertising and promotion	79	98	311	297
- Others	113	104	378	392
Establishment costs:				
- Depreciation of plant and equipment	866	918	2,667	2,751
- Depreciation of right-of-use assets	772	-	3,080	-
- Interest expense of right-of-use assets	113	-	341	-
- Rental	39	1,225	145	4,445
- Others	511	502	1,476	1,487
Administrative expenses:				
- Auditors' remuneration				
• statutory audit fees	88	72	223	214
• audit related services	31	269	85	430
- Professional fees	89	118	358	340
- Licence fee	78	79	232	235
- Membership fee	141	48	210	136
- Plant and equipment written off	-	-	-	43
- Others	1,681	1,591	4,831	5,369
	16,905	19,302	51,922	59,279

25. Allowance for/(Write back of) impairment on loans, advances and financing

	3rd quarter ended		Year-To-Date ended	
	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018
	RM'000	RM'000	RM'000	RM'000
Allowance for/(Write back of) credit loss				
- Loans, advances and financing	13,286	(1,993)	15,707	4,296
- Provision for commitments and contingencies	1,680	(1,811)	2,155	(3,606)
	14,966	(3,804)	17,862	690

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

	3rd quarter ended		Year-To-Date ended	
	30 Sep 2019	30 Sep 2018	30 Sep 2019	30 Sep 2018
	RM'000	RM'000	RM'000	RM'000
Allowance for/(Write back of) credit loss				
- Cash and short-term funds	445	10	359	(2)
- Deposits and placements with banks and other financial institutions	(4)	55	(2)	38
- Financial investments measured at fair value through other comprehensive income	-	(11)	162	93
- Financial investments measured at amortised cost	-	45	26	115
	441	99	545	244

27. Tax credit/(expense)

Included in the tax charge for the period ended 30 September 2019 was in respect of a reversal of RM3.99 million relating to 2018 arising from a change in the tax treatment of expected credit loss.

28. Commitments and contingencies

The commitments and contingencies comprise the following:

	30 Sep 2019			
	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	75,408	-	75,408	15,082
Transaction-related contingent items	620,036	-	310,018	211,227
Short term self-liquidating trade-related contingencies	118,441	-	23,688	15,001
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- Exceeding one year	243,680	-	121,840	86,524
- Not exceeding one year	1,297,232	-	259,447	238,175
Unutilised credit card lines	41,444	-	8,289	6,217
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	542,685	4,239	9,580	4,442
Total	2,938,926	4,239	808,270	576,668

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.

28. Commitments and contingencies (continued)

	31 Dec 2018			
	Principal Amount RM'000	Positive Value of Derivative Contracts ^ RM'000	Credit Equivalent Amount * RM'000	Risk- Weighted Assets * 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.

29. 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:

	30 Sep 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	(453)	(295)
Unrealised gains on financial investments measured at FVOCI	9,918	1,299
	1,113,794	1,105,333
Less: Regulatory adjustments applied in calculation of CET1 Capital		
- Deferred tax assets	(7,576)	(10,298)
- 55% cumulative gains of financial investments measured at FVOCI	(5,455)	(714)
- Regulatory reserve attributable to loans, advances and financing	(17,644)	(17,644)
	(30,675)	(28,656)
Total CET1 Capital	1,083,119	1,076,677
Tier 2 Capital		
Allowance for credit loss	27,562	27,684
Regulatory reserve	17,644	17,644
Total Tier 2 Capital	45,206	45,328
Total Capital	1,128,325	1,122,005
CET1 capital ratio	27.408%	27.370%
Tier 1 capital ratio	27.408%	27.370%
Total capital ratio	28.552%	28.523%

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

	30 Sep 2019		31 Dec 2018	
	Principal	Risk-Weighted	Principal	Risk-Weighted
	RM'000	RM'000	RM'000	RM'000
Total RWA for credit risk	5,572,699	3,616,441	5,733,813	3,626,253
Total RWA for market risk	-	12,659	-	1,973
Total RWA for operational risk	-	322,742	-	305,504
	5,572,699	3,951,842	5,733,813	3,933,730

29. Capital adequacy (continued)

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

Risk Type	30 Sep 2019			
	Gross	Net	Risk-Weighted	Capital
	Exposures	Exposures	Assets	Requirement
	RM'000	RM'000	RM'000	RM'000
<i>Credit Risk</i>				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	597,366	597,366	-	-
Banks, Development Financial Institutions and MDBs	849,827	849,827	192,099	15,368
Corporates	3,105,985	3,105,985	2,696,017	215,681
Regulatory Retail	94,074	94,074	89,288	7,143
Residential Mortgages	74,343	74,343	27,916	2,233
Other Assets	42,834	42,834	34,453	2,756
Total On-Balance Sheet Exposures	4,764,429	4,764,429	3,039,773	243,181
<u>Off-Balance Sheet Exposures</u>				
Credit-related off-balance sheet exposures	798,690	798,690	572,226	45,778
OTC derivatives	9,580	9,580	4,442	355
Total Off-Balance Sheet Exposures	808,270	808,270	576,668	46,133
Total On and Off-Balance Sheet Exposures	5,572,699	5,572,699	3,616,441	289,314
Large exposure risk requirement*	-	-	-	-
<i>Market Risk</i>				
	<u>Long</u>	<u>Short</u>		
	<u>Position</u>	<u>Position</u>		
Foreign currency risk	12,659	270	12,659	1,013
<i>Operational Risk</i>	-	-	322,742	25,819
Total RWA and Capital Requirements			3,951,842	316,146

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").

29. 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>				
Total RWA and Capital Requirements	-	-	<u>305,504</u>	<u>24,440</u>
			<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.

29. Capital adequacy (continued)

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

30 Sep 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%	597,366	-	263,639	7,216	704	8,381	877,306	-
20%	-	851,455	220,509	-	-	1,879	1,073,843	214,769
35%	-	-	-	-	61,340	-	61,340	21,469
50%	-	82,578	241,242	3,355	11,704	7,269	346,148	173,073
75%	-	-	-	27,727	-	-	27,727	20,795
100%	-	-	3,019,802	131,053	595	34,885	3,186,335	3,186,335
Total Exposures	597,366	934,033	3,745,192	169,351	74,343	52,414	5,572,699	3,616,441
Risk-Weighted Assets by Exposures	-	211,580	3,184,525	153,525	27,916	38,895	3,616,441	
Average Risk Weight	0.0%	22.7%	85.0%	90.7%	37.6%	74.2%	64.9%	
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. 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

30. Performance review

The Bank recorded a profit before tax of RM38.21 million for the nine months ended 30 September 2019, lower by RM44.18 million when compared against the corresponding period in 2018. The Bank's total operating income was made up of net interest income of RM88.22 million, net trading income of RM11.88 million and net fee income of RM8.37 million (30 September 2018: RM91.23 million, RM27.93 million and RM23.39 million respectively). Net interest income contributed 81.3% to the Bank's total operating income and reduced by RM3.01 million or 3.3% when compared with the corresponding period of year 2018. Whereas, net trading income and net fee income which contributed 10.9% and 7.7% of total operating income respectively, decreased by RM16.05 million and RM15.02 million respectively as a result of lower fee income received and lower volume of foreign exchange transactions during the financial period.

When compared with the prior corresponding period, the Bank's other operating expenses decreased by RM7.36 million or 12.4% to RM51.92 million as a result of lower personnel, administrative and establishment costs. During the nine months ended 30 September 2019, allowance for impairment loss on loans, advances and financing was RM17.86 million as compared to RM0.69 million for the last corresponding period. The higher impairment allowance was mainly due to loans growth and downgrade of certain borrowers' credit grading.

The Bank's total assets as at 30 September 2019 stood at RM4.73 billion, a minor decrease of RM0.10 billion or 2.0% when compared to the total assets as at 31 December 2018. Gross loans, advances and financing recorded a growth of RM0.11 billion or 3.5% and stood at RM3.14 billion while financial investments improved by RM9.90 million or 1.4% to RM0.72 billion since the end of year 2018. However, deposits from customers reduced by RM0.32 billion or 12.7% to RM2.19 billion during the nine months ended 30 September 2018.