

Industrial and Commercial Bank of China (Malaysia) Berhad

(Registration No. 201001000001 (839839 M))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
30 JUNE 2022**

Industrial and Commercial Bank of China (Malaysia) Berhad

(Registration No. 201001000001 (839839 M))

(Incorporated in Malaysia)

MANAGEMENT'S CERTIFICATION

I hereby certify that the attached unaudited condensed financial statements for the half year ended 30 June 2022 have been prepared from the Bank's accounting records and that they are 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 ("BNM") on 29 April 2022.

Xie Shaoxiong
Managing Director/Chief Executive Officer

Date: 27 July 2022

Industrial and Commercial Bank of China (Malaysia) Berhad

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Registration No. 201001000001 (839839 M)

(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	30 Jun 2022	31 Dec 2021
		RM'000	RM'000
ASSETS			
Cash and short-term funds	10	511,888	736,272
Deposits and placements with banks and other financial institutions	11	61,920	145,809
Financial investments measured at fair value through other comprehensive income ("FVOCI")	12	559,033	465,085
Financial investments measured at amortised cost	13	552,803	451,324
Loans, advances and financing	14	2,234,476	2,245,208
Derivative financial assets	15	11,852	3,194
Other assets	16	17,153	17,610
Statutory deposits with Bank Negara Malaysia		17,229	18,806
Tax recoverable		6,182	5,843
Property and equipment		4,133	5,111
Right-of-use assets		6,269	8,163
Intangible asset		-	-
Deferred tax assets		10,996	10,485
TOTAL ASSETS		3,993,934	4,112,910
LIABILITIES			
Deposits from customers	17	2,185,136	1,923,893
Deposits and placements of banks and other financial institutions	18	488,479	888,494
Derivative financial liabilities	15	10,998	388
Other liabilities	19	37,937	40,426
Lease liabilities		6,168	8,021
Provision for commitments and contingencies	20	3,008	2,746
Provision for taxation		116	91
TOTAL LIABILITIES		2,731,842	2,864,059
EQUITY			
Share capital		832,609	832,609
Reserves		429,483	416,242
EQUITY ATTRIBUTABLE TO OWNER OF THE BANK		1,262,092	1,248,851
TOTAL LIABILITIES AND EQUITY		3,993,934	4,112,910
COMMITMENTS AND CONTINGENCIES	27	2,362,751	2,292,192

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 2021 and accompanying explanatory notes on pages 7 to 27 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 27 July 2022.

**UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD 30 JUNE 2022**

	Note	2nd quarter ended		Year-To-Date ended	
		30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
		RM'000	RM'000	RM'000	RM'000
Interest income	21	28,922	28,694	55,250	58,170
Interest expense	21	(7,747)	(8,231)	(15,777)	(15,885)
Net interest income	21	21,175	20,463	39,473	42,285
Net non-interest income	22	8,714	8,580	16,762	17,991
Net operating income		29,889	29,043	56,235	60,276
Other operating expenses	23	(17,980)	(15,619)	(35,285)	(32,321)
Operating profit		11,909	13,424	20,950	27,955
Write-back of impairment on loans, advances and financing	24	1,495	566	3,103	8,503
(Allowance for)/Write-back of impairment on other financial assets	25	(1,823)	67	(1,847)	36
Profit before taxation		11,581	14,057	22,206	36,494
Tax expense		(3,846)	(3,655)	(6,378)	(9,185)
Profit for the financial period		7,735	10,402	15,828	27,309
Other comprehensive expense, 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		1,896	50	2,279	1,190
Fair value reserve					
- Changes in fair value		(5,370)	(715)	(6,403)	(6,615)
- Amount transferred from profit or loss		-	(104)	-	(104)
- Deferred tax adjustment		1,289	196	1,537	1,613
		(4,081)	(623)	(4,866)	(5,106)
Total other comprehensive expense for the financial period		(2,185)	(573)	(2,587)	(3,916)
Total comprehensive income for the financial period		5,550	9,829	13,241	23,393
Basic earnings per ordinary share (sen):		0.93	1.25	1.90	3.28

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 2021 and accompanying explanatory notes on pages 7 to 27 attached to the unaudited condensed interim financial statements.

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	← 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 2021	832,609	(127)	18,739	17,644	344,991	1,213,856
Total comprehensive income/(expense) for the financial period						
Other comprehensive income/(expense), 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	-	1,190	-	-	-	1,190
Fair value reserve						
- Changes in fair value	-	-	(6,615)	-	-	(6,615)
- Amount transferred from profit or loss	-	-	(104)	-	-	(104)
- Deferred tax adjustment	-	-	1,613	-	-	1,613
	-	-	(5,106)	-	-	(5,106)
Total other comprehensive income/(expense) for the financial period	-	1,190	(5,106)	-	-	(3,916)
Profit for the financial period	-	-	-	-	27,309	27,309
Total comprehensive income/(expense) for the financial period	-	1,190	(5,106)	-	27,309	23,393
At 30 June 2021	832,609	1,063	13,633	17,644	372,300	1,237,249

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022 (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 2022	832,609	1,186	6,542	17,644	390,870	1,248,851
Total comprehensive income/(expense) for the financial period						
Other comprehensive income/(expense), 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	-	2,279	-	-	-	2,279
Fair value reserve						
- Changes in fair value	-	-	(6,403)	-	-	(6,403)
- Deferred tax adjustment	-	-	1,537	-	-	1,537
	-	-	(4,866)	-	-	(4,866)
Total other comprehensive income/(expense) for the financial period	-	2,279	(4,866)	-	-	(2,587)
Profit for the financial period	-	-	-	-	15,828	15,828
Total comprehensive income/(expense) for the financial period	-	2,279	(4,866)	-	15,828	13,241
At 30 June 2022	832,609	3,465	1,676	17,644	406,698	1,262,092

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 2021 and accompanying explanatory notes on pages 7 to 27 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 27 July 2022.

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE
FINANCIAL PERIOD ENDED 30 JUNE 2022**

	30 Jun 2022	30 Jun 2021
	RM'000	RM'000
Cash flows (used in)/from operating activities		
Profit before taxation	22,206	36,494
Adjustments for:		
Depreciation of property and equipment	1,012	707
Depreciation of right-of-use assets	2,312	2,417
Interest expense on lease liabilities	64	94
Property and equipment written off	-	1
Gain on derecognition of right-of-use assets	(5)	-
Write-back of impairment on loans, advances and financing	(3,103)	(8,503)
Allowance for/(Write-back of) impairment on other financial assets	1,847	(36)
Net unrealised losses/(gains) arising from derivative trading	1,952	(1,603)
Transfer to foreign currency translation reserve	2,279	1,190
Accretion of discounts net of amortisation of premiums of financial investments measured at FVOCI	766	327
Accretion of discounts net of amortisation of premiums of financial investments measured at amortised cost	2,864	855
Operating profit before working capital changes	<u>32,194</u>	<u>31,943</u>
Changes in operating assets		
Deposits and placements with banks and other financial institutions	82,732	(67,368)
Loans, advances and financing	14,097	126,799
Other assets	457	(76)
Statutory deposits with Bank Negara Malaysia	1,577	1,976
Changes in operating liabilities		
Deposits from customers	261,243	34,424
Deposits and placements of banks and other financial institutions	(400,015)	140,835
Other liabilities	(2,489)	(1,610)
Cash (used in)/ from operations	<u>(10,204)</u>	<u>266,923</u>
Income taxes paid	(5,666)	(4,814)
Income taxes refunded	-	484
Net cash (used in)/from operating activities	<u>(15,870)</u>	<u>262,593</u>
Cash flows used in investing activities		
Purchase of property and equipment	(34)	(1,954)
Net (purchase of)/proceeds from financial investments measured at FVOCI	(101,117)	50,120
Net purchase of financial investments measured at amortised cost	(105,037)	(104,794)
Net cash used in investing activities	<u>(206,188)</u>	<u>(56,628)</u>
Cash flows used in financing activity		
Net payment of lease liabilities	(2,330)	(2,447)
Net cash used in financing activity	<u>(2,330)</u>	<u>(2,447)</u>

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE
FINANCIAL PERIOD ENDED 30 JUNE 2022 (continued)**

	Note	30 Jun 2022	30 Jun 2021
		RM'000	RM'000
Net (decrease)/increase in cash and cash equivalents		(224,388)	203,518
Cash and cash equivalents at beginning of the financial period		736,272	744,489
		<u>511,884</u>	<u>948,007</u>
Add: Write-back of/(Allowance for) credit loss for the financial period		4	(9)
Cash and cash equivalents at end of the financial period		<u>511,888</u>	<u>947,998</u>
Cash and cash equivalents comprise:			
Cash and short-term funds	10	<u>511,888</u>	<u>947,998</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 2021 and accompanying explanatory notes on pages 7 to 27 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 27 July 2022.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022**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 half year ended 30 June 2022 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 (“BNM”) on 29 April 2022.

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 2021. 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 2021.

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 2021. The following are the accounting standards, interpretations and amendments that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Bank:-

MFRSs and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and 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 Venture*

2. Basis of preparation (continued)

The Bank plans to apply from the annual period beginning on 1 January 2023 the abovementioned accounting standards and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and Amendments to MFRS 101, insofar as the amendments relate to the *Classification of Liabilities as Current or Non-current*, which is not applicable to the Bank.

The initial applications of the accounting standards and amendments 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 2021 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 half year ended 30 June 2022.

6. Changes in Estimates

There was 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 half year ended 30 June 2022.

7. Issue of Shares and Debentures

There were no issuance of shares and debentures during the half year ended 30 June 2022.

8. Dividend Paid

No dividend was paid during the half year ended 30 June 2022.

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 Jun 2022	31 Dec 2021
	RM'000	RM'000
Cash and balances with banks and other financial institutions	80,590	87,802
Money at call and deposit placements maturing within one month	431,371	648,542
	<u>511,961</u>	<u>736,344</u>
Less: Allowance for credit loss	(73)	(72)
	<u>511,888</u>	<u>736,272</u>

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 2022	736,344	-	-	736,344
New assets originated	314,631	-	-	314,631
Assets derecognised or repaid	(539,014)	-	-	(539,014)
At 30 June 2022	<u>511,961</u>	-	-	<u>511,961</u>
At 1 January 2021	744,509	-	-	744,509
New assets originated	347,863	-	-	347,863
Assets derecognised or repaid	(356,028)	-	-	(356,028)
At 31 December 2021	<u>736,344</u>	-	-	<u>736,344</u>
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Allowance for credit loss				
At 1 January 2022	72	-	-	72
New assets originated	60	-	-	60
Assets derecognised or repaid	(64)	-	-	(64)
Foreign exchange adjustments	5	-	-	5
At 30 June 2022	<u>73</u>	-	-	<u>73</u>
At 1 January 2021	20	-	-	20
New assets originated	95	-	-	95
Assets derecognised or repaid	(46)	-	-	(46)
Foreign exchange adjustments	3	-	-	3
At 31 December 2021	<u>72</u>	-	-	<u>72</u>

11. Deposits and placements with banks and other financial institutions

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Foreign banks	58,522	-
Licensed Malaysian banks	4,554	145,809
	<u>63,076</u>	<u>145,809</u>
Less: Allowance for credit loss	(1,156)	-
	<u>61,920</u>	<u>145,809</u>

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 2022	145,809	-	-	145,809
New assets originated	63,076	-	-	63,076
Assets derecognised or repaid	(145,809)	-	-	(145,809)
At 30 June 2022	<u>63,076</u>	<u>-</u>	<u>-</u>	<u>63,076</u>
At 1 January 2021	129,834	-	-	129,834
New assets originated	145,809	-	-	145,809
Assets derecognised or repaid	(129,834)	-	-	(129,834)
At 31 December 2021	<u>145,809</u>	<u>-</u>	<u>-</u>	<u>145,809</u>
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Allowance for credit loss				
At 1 January 2022	-	-	-	-
New assets originated	1,157	-	-	1,157
Foreign exchange adjustments	(1)	-	-	(1)
At 30 June 2022	<u>1,156</u>	<u>-</u>	<u>-</u>	<u>1,156</u>
At 1 January/31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

12. Financial investments measured at fair value through other comprehensive income**(i) By type**

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Malaysian Government Securities	230,871	200,111
Malaysian Government Investment Issues	293,146	229,637
Malaysian Government Guaranteed Sukuk	30,012	30,276
Corporate bonds	5,004	5,061
	<u>559,033</u>	<u>465,085</u>

12. Financial investments measured at fair value through other comprehensive income (continued)**(ii) By maturity structure**

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Within one year	35,016	35,337
More than one year to three years	423,280	429,748
More than three years to five years	41,108	-
More than five years	59,629	-
	<u>559,033</u>	<u>465,085</u>

(iii) Movement of gross carrying amount and allowance for credit loss to other comprehensive income

	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Gross carrying amount				
At 1 January 2022	465,085	-	-	465,085
New assets originated	102,152	-	-	102,152
Assets derecognised or repaid	(1,801)	-	-	(1,801)
Changes in fair value	(6,403)	-	-	(6,403)
At 30 June 2022	<u>559,033</u>	<u>-</u>	<u>-</u>	<u>559,033</u>
At 1 January 2021	542,881	-	-	542,881
New assets originated or purchased	72,554	-	-	72,554
Assets derecognised or repaid	(135,904)	-	-	(135,904)
Changes in fair value	(14,446)	-	-	(14,446)
At 31 December 2021	<u>465,085</u>	<u>-</u>	<u>-</u>	<u>465,085</u>
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Allowance for credit loss				
At 1 January/30 June 2022	<u>125</u>	<u>-</u>	<u>-</u>	<u>125</u>
At 1 January 2021	1,728	-	-	1,728
Assets derecognised or repaid	(1,566)	-	-	(1,566)
Changes due to change in credit risk	(26)	-	-	(26)
Changes in model/risk parameter	(11)	-	-	(11)
At 31 December 2021	<u>125</u>	<u>-</u>	<u>-</u>	<u>125</u>

The carrying amounts of financial investments measured at FVOCI are their respective fair values. Accordingly, the recognition of allowance for credit loss does not affect the carrying amount of those assets, but is reflected as a debit to profit or loss and credit to other comprehensive income.

13. Financial investments measured at amortised cost**(i) By type**

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Malaysian Government Investment Issues	32,002	32,039
Financial institutions' securities	61,681	77,273
Corporate bonds	360,826	262,956
Other debt securities		
- Cagamas bonds	100,219	80,287
	<u>554,728</u>	<u>452,555</u>
Less: Allowance for credit loss	(1,925)	(1,231)
	<u>552,803</u>	<u>451,324</u>

(ii) By maturity structure

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Within one year	207,621	147,996
More than one year to three years	307,107	304,559
More than three year to five years	40,000	-
	<u>554,728</u>	<u>452,555</u>

(iii) Movement of gross carrying amount and allowance for credit loss to profit or loss

	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Gross carrying amount				
At 1 January 2022	452,555	-	-	452,555
New assets originated or purchased	120,032	-	-	120,032
Assets derecognised or repaid	(17,859)	-	-	(17,859)
At 30 June 2022	<u>554,728</u>	-	-	<u>554,728</u>
At 1 January 2021	224,194	-	-	224,194
New assets originated or purchased	344,630	-	-	344,630
Assets derecognised or repaid	(116,269)	-	-	(116,269)
At 31 December 2021	<u>452,555</u>	-	-	<u>452,555</u>

13. Financial investments measured at amortised cost (continued)**(iii) Movement of gross carrying amount and allowance for credit loss to profit or loss (continued)**

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Allowance for credit loss				
At 1 January 2022	1,231	-	-	1,231
New assets originated	885	-	-	885
Assets derecognised or repaid	(81)	-	-	(81)
Changes due to change in credit risk	(110)	-	-	(110)
At 30 June 2022	<u>1,925</u>	<u>-</u>	<u>-</u>	<u>1,925</u>
At 1 January 2021	515	-	-	515
New assets originated	880	-	-	880
Assets derecognised or repaid	(390)	-	-	(390)
Changes due to change in credit risk	286	-	-	286
Changes in model/risk parameter	(60)	-	-	(60)
At 31 December 2021	<u>1,231</u>	<u>-</u>	<u>-</u>	<u>1,231</u>

14. Loans, advances and financing**(i) By type**

	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Overdrafts	28,177	21,687
Term loans		
- Housing loans	114,183	112,281
- Syndicated term loans	484,814	450,378
- Other term loans	365,708	393,162
Bills receivable	245,694	354,313
Revolving credits	816,164	828,705
Bankers' acceptances	209,948	117,880
Staff loans	1,591	1,641
Credit card loans	1,777	1,845
Gross loans, advances and financing	<u>2,268,056</u>	<u>2,281,892</u>
Less: Allowance for credit loss		
- Stage 1 (12-month ECL)	(23,922)	(24,251)
- Stage 2 (Lifetime ECL - non-credit impaired)	(8,384)	(11,221)
- Stage 3 (Lifetime ECL - credit impaired)	(1,274)	(1,212)
	<u>(33,580)</u>	<u>(36,684)</u>
Net loans, advances and financing	<u>2,234,476</u>	<u>2,245,208</u>

14. Loans, advances and financing (continued)**(ii) By type of customer**

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Domestic banking institutions	13,601	19,201
Domestic non-bank financial institutions		
- Others	60,037	60,036
Domestic business enterprises		
- Small medium enterprises	111,585	97,297
- Others	1,828,050	1,743,979
Individuals	46,542	48,590
Foreign entities	208,241	312,789
	<u>2,268,056</u>	<u>2,281,892</u>

(iii) By interest rate sensitivity

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Fixed rate loan	3,368	3,485
Variable rate		
- Base rate/base lending rate plus	105,116	91,674
- Cost plus	2,083,112	2,101,899
- Other variable rates	76,460	84,834
	<u>2,268,056</u>	<u>2,281,892</u>

(iv) By sector

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Primary agriculture	22,068	30,850
Manufacturing	306,627	269,056
Electricity, gas and water	155,573	57,307
Construction	281,129	226,158
Real estate	194,248	235,896
Wholesale & retail trade and restaurants & hotels	291,069	296,255
Transport, storage and communication	179,073	199,031
Finance, insurance and business services	511,025	639,845
Education, health and others	199,121	199,081
Household	128,123	128,413
	<u>2,268,056</u>	<u>2,281,892</u>

14. Loans, advances and financing (continued)**(v) By purpose**

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Purchase of properties		
- Non-residential	203,213	181,956
- Residential	115,540	113,625
Construction	59,872	63,273
Credit card	1,777	1,845
Personal use	952	1,048
Working capital	1,701,085	1,724,325
Other purpose	185,617	195,820
	<u>2,268,056</u>	<u>2,281,892</u>

(vi) By geographical distribution

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Within Malaysia	2,080,352	1,991,461
Outside Malaysia	187,704	290,431
	<u>2,268,056</u>	<u>2,281,892</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

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Maturity within one year	1,421,705	1,444,180
More than one year to three years	270,595	373,711
More than three years to five years	190,572	107,697
More than five years	385,184	356,304
	<u>2,268,056</u>	<u>2,281,892</u>

14. Loans, advances and financing (continued)**(viii) Impaired loans, advances and financing****(a) Movement in impaired loans, advances and financing**

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
At 1 January 2022/1 January 2021	1,212	1,133
Impaired during the financial period	36	93
Reclassified as performing during the financial period	(42)	(54)
Exchange differences	68	40
At 30 June 2022/31 December 2021	<u>1,274</u>	<u>1,212</u>
As % of gross loans, advances and financing	0.06%	0.05%

(b) By sector

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Wholesale & retail trade and restaurants & hotels	1,190	1,125
Household	84	87
	<u>1,274</u>	<u>1,212</u>

(c) By purpose

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Working capital	1,190	1,125
Credit card	84	87
	<u>1,274</u>	<u>1,212</u>

(d) By geographical distribution

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Within Malaysia	84	87
Outside Malaysia	1,190	1,125
	<u>1,274</u>	<u>1,212</u>

Concentration by location for impaired loans, advances and financing is based on the geographical location where the credit risk resides.

14. Loans, advances and financing (continued)**(ix) Movements in gross loans, advances and financing**

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2022	1,916,536	364,144	1,212	2,281,892
New assets originated	563,201	5,472	1	568,674
Assets derecognised or repaid	(536,044)	(46,534)	-	(582,578)
Transfer to Stage 1	221	(199)	(22)	-
Transfer to Stage 2	(79)	99	(20)	-
Transfer to Stage 3	-	(35)	35	-
Foreign exchange adjustments	-	-	68	68
At 30 June 2022	<u>1,943,835</u>	<u>322,947</u>	<u>1,274</u>	<u>2,268,056</u>
At 1 January 2021	1,837,621	594,391	1,133	2,433,145
New assets originated	1,251,027	121,249	7	1,372,283
Assets derecognised or repaid	(1,158,384)	(365,191)	(1)	(1,523,576)
Transfer to Stage 1	112,310	(112,257)	(53)	-
Transfer to Stage 2	(126,038)	126,038	-	-
Transfer to Stage 3	-	(86)	86	-
Foreign exchange adjustments	-	-	40	40
At 31 December 2021	<u>1,916,536</u>	<u>364,144</u>	<u>1,212</u>	<u>2,281,892</u>

(x) Movements in allowance for credit loss on loans, advances and financing

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2022	24,251	11,221	1,212	36,684
New assets originated	3,933	94	3	4,030
Assets derecognised or repaid	(4,291)	(2,925)	-	(7,216)
Transfer to Stage 1	28	(6)	(22)	-
Transfer to Stage 2	-	20	(20)	-
Transfer to Stage 3	-	(1)	1	-
Changes due to change in credit risk	(192)	(19)	32	(179)
Foreign exchange adjustments	193	-	68	261
At 30 June 2022	<u>23,922</u>	<u>8,384</u>	<u>1,274</u>	<u>33,580</u>
At 1 January 2021	35,616	17,070	1,133	53,819
New assets originated	12,332	3,038	7	15,377
Assets derecognised or repaid	(13,300)	(8,145)	(1)	(21,446)
Transfer to Stage 1	2,862	(2,809)	(53)	-
Transfer to Stage 2	(4,002)	4,002	-	-
Transfer to Stage 3	-	(2)	2	-
Changes due to change in credit risk	(7,434)	(1,459)	84	(8,809)
Changes in model/risk parameter	(1,997)	(474)	-	(2,471)
Foreign exchange adjustments	174	-	40	214
At 31 December 2021	<u>24,251</u>	<u>11,221</u>	<u>1,212</u>	<u>36,684</u>

15. Derivative financial assets/liabilities

	30 Jun 2022		
	Contract/ Nominal value RM'000	Assets RM'000	Liabilities RM'000
Foreign exchange contracts			
- Currency forwards and spots	289,623	1,314	2,994
- Currency swaps	110,640	2,364	49
Interest rate contracts			
- Cross currency interest rate swaps	214,873	6,174	5,955
- Interest rate swaps	200,000	2,000	2,000
Total recognised derivative assets/liabilities (Note 27)	<u>815,136</u>	<u>11,852</u>	<u>10,998</u>
	31 Dec 2021		
	Contract/ Nominal value RM'000	Assets RM'000	Liabilities RM'000
Foreign exchange contracts			
- Currency forwards and spots	233,217	1,766	-
- Currency swaps	159,847	1,012	273
Interest rate contracts			
- Cross currency interest rate swaps	208,837	301	-
- Interest rate swaps	200,000	115	115
Total recognised derivative assets/liabilities (Note 27)	<u>801,901</u>	<u>3,194</u>	<u>388</u>

16. Other assets

	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Interest receivable	12,851	11,515
Deposits	1,488	1,569
Other receivables and prepayments	2,814	1,936
Collateral pledged for derivative transactions	-	2,590
	<u>17,153</u>	<u>17,610</u>

17. Deposits from customers**(i) By type of deposits**

	30 Jun 2022 RM'000	31 Dec 2021 RM'000
Demand deposits	514,568	560,914
Fixed deposits	1,127,523	1,022,251
Savings deposits	158,414	160,078
Money market deposits	236,775	39,886
Others	147,856	140,764
	<u>2,185,136</u>	<u>1,923,893</u>

17. Deposits from customers (continued)**(ii) By type of customers**

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Business enterprises	1,169,639	936,864
Individuals	345,577	325,906
Foreign entities	669,642	660,847
Others	278	276
	<u>2,185,136</u>	<u>1,923,893</u>

(iii) By maturity structure of term deposits

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Due within six months	1,028,579	727,910
More than six months to one year	335,719	333,003
More than one year to three years	-	1,224
	<u>1,364,298</u>	<u>1,062,137</u>

18. Deposits and placements of banks and other financial institutions

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Licensed Malaysian banks	251,607	20,318
Licensed investment banks	50,193	50,087
Licensed Islamic banks	17,727	13,854
Other financial institutions	145,376	113,922
Foreign banks	23,576	690,313
	<u>488,479</u>	<u>888,494</u>

19. Other liabilities

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Interest payable	8,833	10,483
Other payables and accruals	29,104	29,943
	<u>37,937</u>	<u>40,426</u>

20. Provision for commitments and contingencies

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2022	2,378	368	-	2,746
New commitments originated	709	113	-	822
Commitments derecognised	(702)	(35)	-	(737)
Transfer to Stage 1	1	(1)	-	-
Transfer to Stage 2	(49)	49	-	-
Changes due to change in credit risk	(5)	182	-	177
At 30 June 2022	<u>2,332</u>	<u>676</u>	<u>-</u>	<u>3,008</u>
At 1 January 2021	4,236	1,217	-	5,453
New commitments originated	1,028	146	-	1,174
Commitments derecognised	(2,329)	(666)	-	(2,995)
Transfer to Stage 1	662	(662)	-	-
Transfer to Stage 2	(77)	77	-	-
Changes due to change in credit risk	(947)	271	-	(676)
Changes in model/risk parameter	(195)	(15)	-	(210)
At 31 December 2021	<u>2,378</u>	<u>368</u>	<u>-</u>	<u>2,746</u>

21. Net Interest income

	2nd quarter ended		Year-To-Date ended	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	RM'000	RM'000	RM'000	RM'000
Interest income				
Loans, advances and financing	18,181	19,938	35,500	40,308
Money at call and deposits and placements with financial institutions	2,988	1,647	4,592	3,494
Financial investments measured at fair value through other comprehensive income	4,535	4,963	8,728	10,153
Financial investments measured at amortised cost	3,218	2,146	6,430	4,215
	<u>28,922</u>	<u>28,694</u>	<u>55,250</u>	<u>58,170</u>
Interest expense				
Deposits and placements of banks and other financial institutions	(1,574)	(3,086)	(4,263)	(5,665)
Deposits from customers	(6,173)	(5,145)	(11,514)	(10,220)
	<u>(7,747)</u>	<u>(8,231)</u>	<u>(15,777)</u>	<u>(15,885)</u>
Net interest income	<u>21,175</u>	<u>20,463</u>	<u>39,473</u>	<u>42,285</u>

22. Net Non-interest income**(i) Net fee income**

	2nd quarter ended		Year-To-Date ended	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	RM'000	RM'000	RM'000	RM'000
Fee income:				
- Commission	23	27	25	29
- Service charges and fees	749	745	1,771	1,854
- Loan processing fees	133	177	319	320
- Syndication fees	1,249	300	1,323	300
- Guarantee fees	1,584	1,159	2,698	2,582
- Commitment fees	171	171	333	325
- Other loan related fee income	-	2	18	2
- Other fee income	52	8	54	33
	<u>3,961</u>	<u>2,589</u>	<u>6,541</u>	<u>5,445</u>
Fee expense:				
- Brokerage fees	(18)	(41)	(52)	(81)
- Other fee expense	(289)	(15)	(348)	(526)
	<u>(307)</u>	<u>(56)</u>	<u>(400)</u>	<u>(607)</u>
Net fee income	<u>3,654</u>	<u>2,533</u>	<u>6,141</u>	<u>4,838</u>

(ii) Net trading income

	2nd quarter ended		Year-To-Date ended	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	RM'000	RM'000	RM'000	RM'000
Net gains from dealing in foreign exchange	30,578	2,038	42,694	12,324
Net (losses)/gains arising from derivative trading	(25,887)	1,279	(30,144)	(2,131)
Net unrealised revaluation (losses)/gains in foreign exchange	(104)	543	(147)	165
Net unrealised gains/(losses) arising from derivative trading	324	1,043	(1,952)	1,603
	<u>4,911</u>	<u>4,903</u>	<u>10,451</u>	<u>11,961</u>

(iii) Net investment income

	2nd quarter ended		Year-To-Date ended	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	RM'000	RM'000	RM'000	RM'000
Net gains on redemption on financial investments at FVOCI	-	459	-	459
Net gains on redemption on financial investments at amortised cost	-	683	-	683
	<u>-</u>	<u>1,142</u>	<u>-</u>	<u>1,142</u>

22. Net non-interest income (continued)**(iv) Other income**

	2nd quarter ended		Year-To-Date ended	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	RM'000	RM'000	RM'000	RM'000
Other operating income	149	2	170	50
Total net non-interest income	8,714	8,580	16,762	17,991

23. Other operating expenses

	2nd quarter ended		Year-To-Date ended	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	RM'000	RM'000	RM'000	RM'000
Personnel costs:				
- Salaries, allowance and bonuses	10,971	9,108	21,851	19,833
- Pension fund contributions	1,195	969	2,418	2,141
- Other staff costs	1,498	1,679	2,599	2,600
Promotion and marketing related expenses:				
- Advertising and promotion	24	46	104	156
- Others	26	9	67	46
Establishment costs:				
- Depreciation of property and equipment	495	338	1,012	707
- Depreciation of right-of-use assets	1,157	1,231	2,312	2,417
- Interest expense on lease liabilities	30	46	64	94
- Expenses relating to short-term leases	-	-	-	3
- Expenses relating to leases of low-value assets	30	30	60	56
- Property and equipment written off	-	-	-	1
- Others	724	451	1,311	905
Administrative expenses:				
- Auditors' remuneration				
• statutory audit fees	81	72	144	143
• audit related services	4	3	7	7
- Professional fees	59	115	151	186
- Licence fee	89	85	174	171
- Membership fee	60	111	83	182
- Others	1,537	1,326	2,928	2,673
	17,980	15,619	35,285	32,321

24. Write-back of impairment on loans, advances and financing

	2nd quarter ended		Year-To-Date ended	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	RM'000	RM'000	RM'000	RM'000
(Write-back of)/Allowance for credit loss				
- Loans, advances and financing	(1,563)	840	(3,365)	(6,988)
- Provision for commitments and contingencies	68	(1,406)	262	(1,515)
	<u>(1,495)</u>	<u>(566)</u>	<u>(3,103)</u>	<u>(8,503)</u>

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

	2nd quarter ended		Year-To-Date ended	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	RM'000	RM'000	RM'000	RM'000
(Write-back of)/Allowance for credit loss				
- Cash and short-term funds	(52)	22	(4)	9
- Deposits and placements with banks and other financial institutions	1,157	-	1,157	-
- Financial investments measured at FVOCI	-	(104)	-	(104)
- Financial investments measured at amortised cost	718	15	694	59
	<u>1,823</u>	<u>(67)</u>	<u>1,847</u>	<u>(36)</u>

26. Credit exposure to connected parties

The credit exposures of the Bank to connected parties, as defined by BNM's "Guidelines on Credit Transactions and Exposures with Connected Parties" are as follows:-

	30 Jun 2022	30 Jun 2021
	RM'000	RM'000
Aggregate value of outstanding credit exposures to connected parties	<u>115,210</u>	<u>106,052</u>
As a percentage of total credit exposures	<u>2.60%</u>	<u>2.18%</u>
Percentage of outstanding credit exposures to connected parties which are non-performing or in default	<u>0%</u>	<u>0%</u>

27. Commitments and contingencies

The commitments and contingencies comprise the following:-

	30 Jun 2022			
	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>				
Transaction-related contingent items	406,207	-	203,103	97,751
Short-term self-liquidating trade-related contingencies	252,137	-	50,427	37,673
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- Exceeding one year	34,585	-	17,292	16,066
- Not exceeding one year	815,065	-	163,013	162,144
Unutilised credit card lines	39,621	-	7,924	5,943
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	400,263	3,678	9,698	5,254
Interest rate related contracts:				
- One year to five years	414,873	8,174	33,513	22,967
Total	2,362,751	11,852	484,970	347,798

Note 15

27. Commitments and contingencies (continued)

	31 Dec 2021			
	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>				
Transaction-related contingent items	489,683	-	244,841	120,015
Short-term self-liquidating trade-related contingencies	202,929	-	40,586	29,384
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- Exceeding one year	56,359	-	28,179	26,446
- Not exceeding one year	701,349	-	140,270	137,968
Unutilised credit card lines	39,971	-	7,994	5,996
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	393,064	2,778	7,039	4,107
Interest rate related contracts:				
- One year to five years	408,837	416	27,211	20,323
Total	2,292,192	3,194	496,120	344,239

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:-

	30 Jun 2022	31 Dec 2021
	RM'000	RM'000
Common Equity Tier 1 (“CET1”) Capital/Tier 1 Capital		
Paid-up share capital	832,609	832,609
Retained earnings	390,870	390,870
Regulatory reserve	17,644	17,644
Foreign currency translation reserve	3,465	1,186
Unrealised gains on financial investments measured at FVOCI	1,551	6,416
	<u>1,246,139</u>	<u>1,248,725</u>
Less: Regulatory adjustments applied in calculation of CET1 Capital		
- Deferred tax assets	(10,996)	(10,485)
- 55% cumulative gains of financial investments measured at FVOCI	(853)	(3,529)
- Regulatory reserve attributable to loans, advances and financing	(17,644)	(17,644)
	<u>(29,493)</u>	<u>(31,658)</u>
Total CET1 Capital/Tier 1 Capital	<u>1,216,646</u>	<u>1,217,067</u>
Tier 2 Capital		
Allowance for credit loss	18,571	17,612
Regulatory reserve	17,644	17,644
Total Tier 2 Capital	<u>36,215</u>	<u>35,256</u>
Total Capital	<u>1,252,861</u>	<u>1,252,323</u>
CET1 capital ratio	38.674%	39.521%
Tier 1 capital ratio	38.674%	39.521%
Total capital ratio	39.825%	40.665%

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

	30 Jun 2022		31 Dec 2021	
	Exposures	Risk-weighted	Exposures	Risk-weighted
	RM'000	Assets	RM'000	Assets
	RM'000	RM'000	RM'000	RM'000
Total RWA for credit risk	4,491,517	2,897,173	4,632,127	2,820,491
Total RWA for market risk	-	9,713	-	10,409
Total RWA for operational risk	-	239,033	-	248,676
	<u>4,491,517</u>	<u>3,145,919</u>	<u>4,632,127</u>	<u>3,079,576</u>

29. Performance Review

For the half year ended 30 June 2022, the Bank recorded profit before tax of RM22.21 million, lower by RM14.29 million or 39.1% when compared with the previous corresponding period in 2021. The Bank's total operating income was made up of net interest income of RM39.47 million and net non-interest income of RM16.76 million (30 June 2021: RM42.29 million and RM17.99 million respectively).

Net Interest income which contributed 70.2% to the Bank's total operating income decreased by RM2.81 million or 6.7% when compared with the half year ended 30 June 2021 as a result of lower average loans, advances and financing balances. Net non-interest income which contributed 29.8% to the Bank's total operating income, has decreased by RM1.23 million or 6.8% was due to higher net investment income of RM1.14 million in 2021.

The Bank incurred other operating expenses of RM35.29 million for the financial period, RM2.96 million or 9.2% higher as compared to the operating expenses for the half year ended 30 June 2021 attributable to higher personnel cost incurred. During the financial period, a write-back of impairment of RM3.10 million was made on loans, advances and financing due to repayments from borrowers while an allowance for impairment on other financial assets of RM1.85 million was made for new financial investments.

As at 30 June 2022, gross loans, advances and financing decreased by RM13.84 million or 0.6% to RM2,268.06 million as compared with RM2,281.89 million as at 31 December 2021. Deposits from customers stood at RM2,185.14 million, which grew by RM261.25 million or 13.6% when compared with balance of RM1,923.89 million as at 31 December 2021.