

Industrial and Commercial Bank of China (Malaysia) Berhad

Registration No. 201001000001 (839839 M)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
30 SEPTEMBER 2020**

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 nine months ended 30 September 2020 have been prepared from the Bank's accounting records and that they are in accordance with the requirements of Malaysian Financial Reporting Standard ("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 27 September 2019.

Wang Qiang
Chief Executive Officer/Managing Director

Date: 27 October 2020

Industrial and Commercial Bank of China (Malaysia) Berhad

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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

	Note	30 Sep 2020 RM'000	31 Dec 2019 RM'000
ASSETS			
Cash and short-term funds	10	765,655	1,177,767
Deposits and placements with banks and other financial institutions	11	40,884	171,563
Financial investments measured at fair value through other comprehensive income ("FVOCI")	12	558,824	594,788
Financial investments measured at amortised cost	13	223,727	117,163
Loans, advances and financing	14	2,549,681	2,914,539
Derivative financial assets	15	4,114	2,014
Other assets	16	9,189	15,980
Statutory deposits with Bank Negara Malaysia		23,245	41,317
Tax recoverable		11,341	5,850
Property and equipment		4,054	6,196
Right-of-use assets		7,988	9,936
Intangible asset		-	-
Deferred tax assets		11,200	11,905
TOTAL ASSETS		4,209,902	5,069,018
LIABILITIES			
Deposits from customers	17	2,029,868	2,868,356
Deposits and placements of banks and other financial institutions	18	900,805	933,714
Derivative financial liabilities	15	3,866	2,639
Other liabilities	19	54,931	81,268
Lease liabilities		8,121	9,918
Provision for commitments and contingencies	20	5,142	7,004
Provision for taxation		231	345
TOTAL LIABILITIES		3,002,964	3,903,244
EQUITY			
Share capital		832,609	832,609
Reserves		374,329	333,165
EQUITY ATTRIBUTABLE TO OWNER OF THE BANK		1,206,938	1,165,774
TOTAL LIABILITIES AND EQUITY		4,209,902	5,069,018
COMMITMENTS AND CONTINGENCIES			
	28	2,651,825	2,646,461

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 2019 and the accompanying explanatory notes on pages 7 to 33 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 27 October 2020.

**UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020**

	Note	3rd quarter ended		Year-To-Date ended	
		30 Sep 2020 RM'000	30 Sep 2019 RM'000	30 Sep 2020 RM'000	30 Sep 2019 RM'000
Interest income	21	33,837	50,982	120,475	152,851
Interest expense	21	(10,121)	(21,165)	(39,575)	(64,630)
Net interest income	21	23,716	29,817	80,900	88,221
Net fee income	22	2,458	3,067	7,272	8,369
Net trading income	23	6,564	3,974	15,086	11,875
Other operating income		2	22	66	78
Net operating income		32,740	36,880	103,324	108,543
Other operating expenses	24	(18,698)	(16,905)	(52,465)	(51,922)
Operating profit		14,042	19,975	50,859	56,621
Allowance for impairment on loans, advances and financing	25	(2,669)	(14,966)	(8,405)	(17,862)
Allowance for impairment on other financial assets	26	(366)	(441)	(461)	(545)
Profit before taxation		11,007	4,568	41,993	38,214
Tax (expense)/credit	27	(3,083)	5,200	(9,369)	(2,157)
Profit for the financial period		7,924	9,768	32,624	36,057
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		(585)	(1)	685	(158)
Fair value reserve					
- Changes in fair value		1,500	3,009	10,212	11,341
- Amount transferred to profit or loss		124	-	124	162
- Deferred tax adjustment		(391)	(722)	(2,481)	(2,722)
		1,233	2,287	7,855	8,781
Total other comprehensive income for the financial period		648	2,286	8,540	8,623
Total comprehensive income for the financial period		8,572	12,054	41,164	44,680
Basic earnings per ordinary share (sen):		0.95	1.17	3.92	4.33

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

	← 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 (expense)/income for the financial period						
Other comprehensive (expense)/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

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (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 2020	832,609	(261)	11,383	17,644	304,399	1,165,774
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 to profit or loss						
Foreign currency translation reserve						
- Currency translation differences in respect of foreign operations	-	685	-	-	-	685
Fair value reserve						
- Changes in fair value	-	-	10,212	-	-	10,212
- Amount transferred to profit or loss	-	-	124	-	-	124
- Deferred tax adjustment	-	-	(2,481)	-	-	(2,481)
	-	-	7,855	-	-	7,855
Total other comprehensive income for the financial period	-	685	7,855	-	-	8,540
Profit for the financial period	-	-	-	-	32,624	32,624
Total comprehensive income for the financial period	-	685	7,855	-	32,624	41,164
At 30 September 2020	832,609	424	19,238	17,644	337,023	1,206,938

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 2019 and the accompanying explanatory notes on pages 7 to 33 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 2020

	Note	30 Sep 2020 RM'000	30 Sep 2019 RM'000
Cash flows used in operating activities			
Profit before taxation		41,993	38,214
Adjustments for:			
Depreciation of property and equipment		2,671	2,667
Depreciation of right-of-use assets		3,541	3,080
Interest expense on lease liabilities		208	341
Property and equipment written off		4	-
Allowance for impairment on loans, advances and financing		8,405	17,862
Allowance for impairment on other financial assets		461	545
Net unrealised (gains)/losses arising from derivative trading		(873)	425
Transfer to/(from) foreign currency translation reserve		685	(158)
Accretion of discounts net of amortisation of premiums of financial investments measured at FVOCI		567	1,332
Accretion of discounts net of amortisation of premiums of financial investments measured at amortised cost		247	80
Operating profit before working capital changes		57,909	64,388
Changes in operating assets			
Deposits and placements with banks and other financial institutions		130,679	(88,478)
Loans, advances and financing		354,591	(106,175)
Other assets		6,791	4,605
Statutory deposits with Bank Negara Malaysia		18,072	(7,232)
Changes in operating liabilities			
Deposits from customers		(838,488)	(317,182)
Deposits and placements of banks and other financial institutions		(32,909)	140,759
Other liabilities		(26,337)	32,143
Provision for commitments and contingencies		-	2
Cash used in operations		(329,692)	(277,170)
Income taxes paid		(16,750)	(15,736)
Net cash used in operating activities		(346,442)	(292,906)
Cash flows used in investing activities			
Purchase of property and equipment		(533)	(811)
Net proceeds from disposal of financial investments measured at FVOCI		45,609	-
Net purchase of financial investments measured at amortised cost		(107,217)	-
Net cash used in investing activities		(62,141)	(811)

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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (continued)

	Note	30 Sep 2020 RM'000	30 Sep 2019 RM'000
Cash flows used in financing activity			
Payment of lease liabilities		<u>(3,598)</u>	<u>(3,637)</u>
Net cash used in financing activity		<u>(3,598)</u>	<u>(3,637)</u>
Net decrease in cash and cash equivalents		(412,181)	(297,354)
Cash and cash equivalents at beginning of the financial period		<u>1,177,767</u>	<u>1,017,586</u>
		765,586	720,232
Add: Write-back of/(Allowance of) credit loss for the financial period		<u>69</u>	<u>(359)</u>
Cash and cash equivalents at end of the financial period		<u><u>765,655</u></u>	<u><u>719,873</u></u>
Cash and cash equivalents comprise:			
Cash and short-term funds	10	<u><u>765,655</u></u>	<u><u>719,873</u></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 2019 and the accompanying explanatory notes on pages 7 to 33 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 27 October 2020.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020

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 nine months ended 30 September 2020 have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“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 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 2019. 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 2019.

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 2019, except for the adoption of the following Amendments during the financial period:-

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* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures - Interest Rate Benchmark Reform*

Amendment effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases - Covid-19-Related Rent Concessions*

2. Basis of Preparation (*continued*)

The following are the accounting standards and amendments that have been issued by the MASB but have not been adopted by the Bank.

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

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases - Interest Rate Benchmark Reform-Phase 2*

Amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts-Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

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

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*

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*

The Bank plans to apply from the annual period beginning on 1 January 2021, the abovementioned amendments that are effective for annual periods beginning on or after 1 January 2021, except for Amendments to MFRS 4 which is not applicable to the Bank.

The Bank plans to apply from the annual period beginning on 1 January 2022, the abovementioned amendments that are effective for annual periods beginning on or after 1 January 2022, except for Amendments to MFRS 1, Amendments to MFRS 3, Amendments to MFRS 116, Amendments to MFRS 137 and Amendments to MFRS 141 which are not applicable to the Bank.

The Bank does not plan to apply the abovementioned accounting standard and amendments that are effective for annual period beginning on 1 January 2023 as they are not applicable to the Bank.

The initial applications of the abovementioned 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 2019 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 nine months ended 30 September 2020.

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 nine months ended 30 September 2020.

7. Issue of Shares and Debentures

There were no issuance of shares and debentures during the nine months ended 30 September 2020.

8. Dividend Paid

No dividend was paid during the nine months ended 30 September 2020.

9. Significant Events

Since the beginning of the 2020, novel coronavirus (“COVID-19”) has begun to spread across the world and has remained ever present to date. Economic turmoil associated with the COVID-19 pandemic has caused wide-ranging and severe impact upon the supply and demand chain of various sectors. In Malaysia, the Federal Government had proactively taken precautionary and preventive measures in response to the COVID-19 pandemic including implementing various phases of Movement Control Order (“MCO”) and business closure. As a result, the Malaysian economy has been impacted by this challenging macro-economic environment despite the gradual easing of the MCO.

To support economic activities and cushion them from the COVID-19 pandemic fallout, the Government has in the first half of 2020 announced stimulus packages while BNM implemented financial relief measures aimed to ride over this difficult time. In addition, BNM further reduced the Overnight Policy Rate (“OPR”) by 25 basis points to 1.75% (cumulative cuts to date of 125 basis points of OPR in 2020) on 7 July 2020, in order to provide additional policy stimulus to accelerate the pace of economic recovery.

Based on the significant events above, the Bank has reviewed and carried out an impact analysis to ensure the expected credit loss (“ECL”) level remains reflective of prevailing market developments and business operating environment, which has been incorporated in the unaudited condensed interim financial statements. In addition, the Bank will continuously monitor the domestic and global economy development to timely identify and assess the potential risk impact to the bank.

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

10. Cash and short-term funds

	30 Sep 2020	31 Dec 2019
	RM'000	RM'000
Cash and balances with banks and other financial institutions	39,368	92,623
Money at call and deposits and placements maturing within one month	726,318	1,085,244
	765,686	1,177,867
Less: Allowance for credit loss	(31)	(100)
	765,655	1,177,767

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 2019	1,017,713	-	-	1,017,713
New assets originated	883,875	-	-	883,875
Assets derecognised or repaid	(723,721)	-	-	(723,721)
At 31 December 2019	1,177,867	-	-	1,177,867
At 1 January 2020	1,177,867	-	-	1,177,867
New assets originated	346,474	-	-	346,474
Assets derecognised or repaid	(758,655)	-	-	(758,655)
At 30 September 2020	765,686	-	-	765,686
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Allowance for credit loss				
At 1 January 2019	127	-	-	127
New assets originated	139	-	-	139
Assets derecognised or repaid	(203)	-	-	(203)
Changes in model/risk parameter	37	-	-	37
At 31 December 2019	100	-	-	100
At 1 January 2020	100	-	-	100
New assets originated	33	-	-	33
Assets derecognised or repaid	(114)	-	-	(114)
Changes in model/risk parameter	12	-	-	12
At 30 September 2020	31	-	-	31

11. Deposits and placements with banks and other financial institutions

	30 Sep 2020	31 Dec 2019
	RM'000	RM'000
Licensed Malaysian banks	40,884	171,563
Less: Allowance for credit loss	-	-
	<u>40,884</u>	<u>171,563</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 2019	12,473	-	-	12,473
New assets originated	171,563	-	-	171,563
Assets derecognised or repaid	(12,473)	-	-	(12,473)
At 31 December 2019	<u>171,563</u>	<u>-</u>	<u>-</u>	<u>171,563</u>
At 1 January 2020	171,563	-	-	171,563
New assets originated	11,796	-	-	11,796
Assets derecognised or repaid	(142,475)	-	-	(142,475)
At 30 September 2020	<u>40,884</u>	<u>-</u>	<u>-</u>	<u>40,884</u>

	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Allowance for credit loss				
At 1 January 2019	6	-	-	6
New assets originated	4	-	-	4
Assets derecognised or repaid	(6)	-	-	(6)
Foreign exchange adjustments	(4)	-	-	(4)
At 31 December 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 1 January 2020	-	-	-	-
New assets originated	-	-	-	-
Assets derecognised or repaid	(2)	-	-	(2)
Foreign exchange adjustments	2	-	-	2
At 30 September 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

(i) By type	30 Sep 2020 RM'000	31 Dec 2019 RM'000
Malaysian Government Securities	195,922	210,942
Malaysian Government Investment Issues	245,707	227,266
Malaysian Government Guaranteed Sukuk	30,876	30,366
Financial institutions' securities	-	29,638
Corporate bonds	71,278	81,463
Other debt securities		
- Cagamas bonds	15,041	15,113
	<u>558,824</u>	<u>594,788</u>

(ii) By maturity structure	30 Sep 2020 RM'000	31 Dec 2019 RM'000
Within one year	131,896	74,850
More than one year to three years	218,184	172,775
More than three years to five years	208,744	347,163
	<u>558,824</u>	<u>594,788</u>

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

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount				
At 1 January 2019	589,715	-	-	589,715
New assets originated	476	-	-	476
Assets derecognised or repaid	(6,886)	-	-	(6,886)
Changes in fair value	11,483	-	-	11,483
At 31 December 2019	<u>594,788</u>	-	-	<u>594,788</u>
At 1 January 2020	594,788	-	-	594,788
New assets originated or purchased	14,193	-	-	14,193
Changes in fair value	10,212	-	-	10,212
Assets derecognised or repaid	(60,369)	-	-	(60,369)
At 30 September 2020	<u>558,824</u>	-	-	<u>558,824</u>

12. Financial investments measured at fair value through other comprehensive income (continued)**(iii) Movement of gross carrying amount and the allowance for credit loss to other comprehensive income (continued)**

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Allowance for credit loss				
At 1 January 2019	693	-	-	693
New assets originated	507	-	-	507
Assets derecognised or repaid	(28)	-	-	(28)
Changes in model/risk parameter	370	-	-	370
At 31 December 2019	<u>1,542</u>	<u>-</u>	<u>-</u>	<u>1,542</u>
At 1 January 2020	1,542	-	-	1,542
Assets derecognised or repaid	(264)	-	-	(264)
Changes in model/risk parameter	388	-	-	388
At 30 September 2020	<u>1,666</u>	<u>-</u>	<u>-</u>	<u>1,666</u>

The carrying amount of financial investments measured at FVOCI is their 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 Sep 2020	31 Dec 2019
	RM'000	RM'000
Malaysian Government Investment Issues	32,146	32,207
Financial institutions' securities	45,795	-
Corporate bonds	126,286	65,049
Other debt securities		
- Cagamas bonds	20,000	20,000
	<u>224,227</u>	<u>117,256</u>
Less: Allowance for credit loss	(500)	(93)
	<u>223,727</u>	<u>117,163</u>
(ii) By maturity structure	30 Sep 2020	31 Dec 2019
	RM'000	RM'000
Within one year	50,436	-
More than one year to three years	173,791	82,256
More than three years to five years	-	35,000
	<u>224,227</u>	<u>117,256</u>

13. Financial investments measured at amortised cost (continued)**(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 2019	117,362	-	-	117,362
Assets derecognised or repaid	(106)	-	-	(106)
At 31 December 2019	<u>117,256</u>	<u>-</u>	<u>-</u>	<u>117,256</u>
At 1 January 2020	117,256	-	-	117,256
New assets originated or purchased	107,109	-	-	107,109
Assets derecognised or repaid	(138)	-	-	(138)
At 30 September 2020	<u>224,227</u>	<u>-</u>	<u>-</u>	<u>224,227</u>
Allowance for credit loss				
At 1 January 2019	93	-	-	93
New assets originated	45	-	-	45
Assets derecognised or repaid	(12)	-	-	(12)
Changes in model/risk parameter	(33)	-	-	(33)
At 31 December 2019	<u>93</u>	<u>-</u>	<u>-</u>	<u>93</u>
At 1 January 2020	93	-	-	93
New assets originated or purchased	366	-	-	366
Changes in model/risk parameter	40	-	-	40
Foreign exchange adjustments	1	-	-	1
At 30 September 2020	<u>500</u>	<u>-</u>	<u>-</u>	<u>500</u>

14. Loans, advances and financing

(i) By type	30 Sep 2020	31 Dec 2019
	RM'000	RM'000
Overdrafts	32,506	32,663
Term loans		
- Housing loans	100,618	92,228
- Syndicated term loans	524,058	871,854
- Other term loans	301,928	468,032
Bridging loans	150,275	150,360
Bills receivable	139,618	45,217
Revolving credits	1,215,775	1,163,572
Bankers' acceptances	134,456	129,072
Staff loans	1,806	1,881
Credit card loans	1,706	2,341
Gross loans, advances and financing	2,602,746	2,957,220
Less: Allowance for credit loss		
- Stage 1 (12-month ECL)	(33,292)	(27,460)
- Stage 2 (Lifetime ECL - non-credit impaired)	(18,600)	(14,104)
- Stage 3 (Lifetime ECL - credit impaired)	(1,173)	(1,117)
	(53,065)	(42,681)
Net loans, advances and financing	2,549,681	2,914,539
(ii) By type of customer	30 Sep 2020	31 Dec 2019
	RM'000	RM'000
Domestic banking institutions	33,202	41,605
Domestic non-bank financial institutions		
- Others	50,021	50,011
Domestic business enterprises		
- Small medium enterprises	116,583	159,574
- Others	1,913,240	1,760,138
Individuals	49,229	49,707
Foreign entities	440,471	896,185
	2,602,746	2,957,220
(iii) By interest rate sensitivity	30 Sep 2020	31 Dec 2019
	RM'000	RM'000
Fixed rate loans	3,512	4,221
Variable rate		
- Base rate/base lending rate plus	87,545	79,142
- Cost plus	2,411,763	2,770,958
- Other variable rates	99,926	102,899
	2,602,746	2,957,220

14. Loans, advances and financing (continued)

(iv) By sector	30 Sep 2020	31 Dec 2019
	RM'000	RM'000
Primary agriculture	-	52,700
Manufacturing	277,540	287,228
Construction	129,778	188,240
Real estate	428,132	465,811
Wholesale & retail trade and restaurants & hotels	406,907	672,883
Transport, storage and communication	150,337	127,928
Finance, insurance and business services	596,747	609,356
Education, health and others	494,350	440,940
Household	118,955	112,134
	<u>2,602,746</u>	<u>2,957,220</u>
(v) By purpose	30 Sep 2020	31 Dec 2019
	RM'000	RM'000
Purchase of properties		
- Non residential	144,450	154,884
- Residential	102,097	93,762
Purchase of fixed assets (excluding properties)	-	174,162
Construction	179,865	218,733
Credit card	1,706	2,341
Personal use	1,114	1,172
Mergers and acquisitions	150,275	150,360
Working capital	1,770,594	1,838,404
Other purpose	252,645	323,402
	<u>2,602,746</u>	<u>2,957,220</u>
(vi) By geographical distribution	30 Sep 2020	31 Dec 2019
	RM'000	RM'000
Within Malaysia	2,230,877	2,300,064
Outside Malaysia	371,869	657,156
	<u>2,602,746</u>	<u>2,957,220</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 Sep 2020	31 Dec 2019
	RM'000	RM'000
Maturity within one year	1,964,278	1,757,675
More than one year to three years	321,655	781,213
More than three years to five years	100,268	209,336
More than five years	216,545	208,996
	<u>2,602,746</u>	<u>2,957,220</u>

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

(a) Movement in impaired loans, advances and financing	30 Sep 2020	31 Dec 2019
	RM'000	RM'000
At beginning of the financial period	1,117	1,188
Impaired during the financial period	76	41
Reclassified as non-impaired during the financial period	(41)	(22)
Amount written off during the financial period	-	(73)
Exchange differences	21	(17)
At end of the financial period	1,173	1,117
As % of gross loans, advances and financing	0.05%	0.04%
(b) By sector	30 Sep 2020	31 Dec 2019
	RM'000	RM'000
Wholesale & retail trade and restaurants & hotels	1,122	1,105
Household	51	12
	1,173	1,117
(c) By purpose	30 Sep 2020	31 Dec 2019
	RM'000	RM'000
Working capital	1,122	1,105
Credit card	51	12
	1,173	1,117
(d) By geographical distribution	30 Sep 2020	31 Dec 2019
	RM'000	RM'000
Within Malaysia	51	12
Outside Malaysia	1,122	1,105
	1,173	1,117

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 2019	2,758,952	276,715	1,188	3,036,855
New assets originated	1,506,969	113,636	9	1,620,614
Assets derecognised or repaid	(1,417,642)	(282,459)	(1)	(1,700,102)
Transfer to Stage 1	1,868	(1,847)	(21)	-
Transfer to Stage 2	(678,415)	678,415	-	-
Transfer to Stage 3	-	(32)	32	-
Write-offs	-	-	(73)	(73)
Foreign exchange adjustments	(57)	-	(17)	(74)
At 31 December 2019	<u>2,171,675</u>	<u>784,428</u>	<u>1,117</u>	<u>2,957,220</u>
At 1 January 2020	2,171,675	784,428	1,117	2,957,220
New assets originated	599,821	184,268	6	784,095
Assets derecognised or repaid	(1,032,982)	(105,603)	(5)	(1,138,590)
Transfer to Stage 1	165,549	(165,513)	(36)	-
Transfer to Stage 2	(749)	749	-	-
Transfer to Stage 3	-	(70)	70	-
Foreign exchange adjustments	-	-	21	21
At 30 September 2020	<u>1,903,314</u>	<u>698,259</u>	<u>1,173</u>	<u>2,602,746</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 2019	15,954	11,640	1,188	28,782
New assets originated	21,171	1,859	9	23,039
Assets derecognised or repaid	(10,151)	(13,771)	(1)	(23,923)
Transfer to Stage 1	489	(468)	(21)	-
Transfer to Stage 2	(3,064)	3,064	-	-
Transfer to Stage 3	-	(1)	1	-
Changes due to change in credit risk	2,923	12,085	31	15,039
Changes in model/risk parameter	195	(304)	-	(109)
Write-offs	-	-	(73)	(73)
Foreign exchange adjustments	(57)	-	(17)	(74)
At 31 December 2019	<u>27,460</u>	<u>14,104</u>	<u>1,117</u>	<u>42,681</u>
At 1 January 2020	27,460	14,104	1,117	42,681
New assets originated	5,885	3,831	5	9,721
Assets derecognised or repaid	(6,281)	(3,179)	(5)	(9,465)
Transfer to Stage 1	2,813	(2,777)	(36)	-
Transfer to Stage 2	(3)	3	-	-
Transfer to Stage 3	-	(1)	1	-
Changes due to change in credit risk	349	5,369	70	5,788
Changes in model/risk parameter	2,973	1,250	-	4,223
Foreign exchange adjustments	96	-	21	117
At 30 September 2020	<u>33,292</u>	<u>18,600</u>	<u>1,173</u>	<u>53,065</u>

15. Derivatives financial assets/liabilities

	30 Sep 2020		
	Contract/ Nominal value RM'000	Assets RM'000	Liabilities RM'000
Foreign exchange contracts			
- Currency forwards and spots	514,705	3,502	2,897
- Currency swaps	484,409	612	969
Total recognised derivatives assets/liabilities (Note 28)	<u>999,114</u>	<u>4,114</u>	<u>3,866</u>
	31 Dec 2019		
	Contract/ Nominal value RM'000	Assets RM'000	Liabilities RM'000
Foreign exchange contracts			
- Currency forwards and spots	235,776	1,148	399
- Currency swaps	322,939	866	2,240
Total recognised derivatives assets/liabilities (Note 28)	<u>558,715</u>	<u>2,014</u>	<u>2,639</u>

16. Other assets

	30 Sep 2020 RM'000	31 Dec 2019 RM'000
Interest receivable	6,058	12,808
Deposits	1,738	1,742
Other receivables and prepayments	1,393	1,430
	<u>9,189</u>	<u>15,980</u>

17. Deposits from customers

(i) By type of deposit	30 Sep 2020 RM'000	31 Dec 2019 RM'000
Demand deposits	779,360	1,036,648
Fixed deposits	972,953	891,225
Savings deposits	150,459	121,515
Money market deposits	124,070	808,094
Other deposits	3,026	10,874
	<u>2,029,868</u>	<u>2,868,356</u>

17. Deposits from customers (continued)

(ii) By type of customer	30 Sep 2020	31 Dec 2019
	RM'000	RM'000
Business enterprises	1,125,724	1,312,581
Individuals	346,712	334,556
Foreign entities	557,154	1,220,908
Others	278	311
	<u>2,029,868</u>	<u>2,868,356</u>

(iii) By maturity structure of term deposit	30 Sep 2020	31 Dec 2019
	RM'000	RM'000
Due within six months	817,474	1,427,651
More than six months to one year	279,549	271,668
	<u>1,097,023</u>	<u>1,699,319</u>

18. Deposits and placements of banks and other financial institutions	30 Sep 2020	31 Dec 2019
	RM'000	RM'000
Licensed Malaysian banks	17,690	26,878
Licensed investment banks	50,530	50,528
Licensed Islamic banks	12,916	4,776
Other financial institutions	120,123	182,655
Foreign banks	699,546	668,877
	<u>900,805</u>	<u>933,714</u>

19. Other liabilities	30 Sep 2020	31 Dec 2019
	RM'000	RM'000
Interest payable	10,377	20,189
Other payables and accruals	44,554	61,079
	<u>54,931</u>	<u>81,268</u>

20. Provision for commitments and contingencies

	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
As at 1 January 2019	2,785	1,761	-	4,546
New assets originated	2,840	508	-	3,348
Assets derecognised or repaid	(2,042)	(706)	-	(2,748)
Transfer to Stage 1	291	(291)	-	-
Transfer to Stage 2	(1,101)	1,101	-	-
Changes due to change in credit risk	1,228	546	-	1,774
Changes in model/risk parameter	45	42	-	87
Foreign exchange adjustments	(3)	-	-	(3)
At 31 December 2019	<u>4,043</u>	<u>2,961</u>	<u>-</u>	<u>7,004</u>
As at 1 January 2020	4,043	2,961	-	7,004
New assets originated	989	496	-	1,485
Assets derecognised or repaid	(1,750)	(1,842)	-	(3,592)
Transfer to Stage 1	17	(17)	-	-
Transfer to Stage 2	(368)	368	-	-
Transfer to Stage 3	-	(2)	2	-
Changes due to change in credit risk	137	(345)	(2)	(210)
Changes in model/risk parameter	309	146	-	455
At 30 September 2020	<u>3,377</u>	<u>1,765</u>	<u>-</u>	<u>5,142</u>

21. Interest income	3rd quarter ended		Year-To-Date ended	
	30 Sep 2020 RM'000	30 Sep 2019 RM'000	30 Sep 2020 RM'000	30 Sep 2019 RM'000
Loans, advances and financing:				
- interest income other than from impaired loans	24,732	37,307	90,400	109,737
Money at call and deposit placements with financial institutions	1,565	6,272	7,919	21,031
Financial investments measured at FVOCI	5,534	6,081	17,332	18,148
Financial investments measured at amortised cost	2,006	1,322	4,824	3,935
	33,837	50,982	120,475	152,851
Interest expense				
Deposits and placements of banks and other financial institutions	(3,388)	(9,357)	(14,555)	(26,770)
Deposits from customers	(6,733)	(11,806)	(25,020)	(37,857)
Others	-	(2)	-	(3)
	(10,121)	(21,165)	(39,575)	(64,630)
Net interest income	23,716	29,817	80,900	88,221

22. Net fee income	3rd quarter ended		Year-To-Date ended	
	30 Sep 2020 RM'000	30 Sep 2019 RM'000	30 Sep 2020 RM'000	30 Sep 2019 RM'000
Fee income:				
- Commission	15	10	41	27
- Service charges and fees	715	609	2,087	1,995
- Loan processing fees	97	91	443	437
- Syndication fees	864	480	1,414	1,652
- Guarantee fees	547	1,492	2,380	3,192
- Commitment fees	176	255	763	799
- Other loans related fee income	19	52	54	110
- Other fees income	59	137	255	305
	2,492	3,126	7,437	8,517
Fee expense:				
- Brokerage fees	(16)	(32)	(83)	(86)
- Other fees expense	(18)	(27)	(82)	(62)
	(34)	(59)	(165)	(148)
Net fee income	2,458	3,067	7,272	8,369

23. Net trading income	3rd quarter ended		Year-To-Date ended	
	30 Sep 2020 RM'000	30 Sep 2019 RM'000	30 Sep 2020 RM'000	30 Sep 2019 RM'000
Net gains/(losses) from dealing in foreign exchange	12,126	616	(7,777)	9,894
Net (losses)/gains arising from derivative trading	(3,905)	3,245	19,744	2,466
Net unrealised revaluation gains/(losses) in foreign exchange	183	(30)	2,246	(60)
Net unrealised gains/(losses) arising from derivative trading	(1,840)	143	873	(425)
	6,564	3,974	15,086	11,875

24. Other operating expenses	3rd quarter ended		Year-To-Date ended	
	30 Sep 2020 RM'000	30 Sep 2019 RM'000	30 Sep 2020 RM'000	30 Sep 2019 RM'000
Personnel costs:				
- Salaries, allowances and bonuses	11,682	9,909	31,279	30,335
- Pension fund contributions	1,334	1,004	3,476	3,092
- Other staff costs	996	1,391	3,745	4,158
Promotion and marketing related expenses:				
- Advertising and promotion	21	79	238	311
- Others	11	113	164	378
Establishment costs:				
- Depreciation of property and equipment	891	866	2,671	2,667
- Depreciation of right-of-use assets	1,152	772	3,541	3,080
- Interest expense of lease liabilities	62	113	208	341
- Expenses relating to short-term leases	-	-	-	30
- Expenses relating to leases of low-value assets	9	11	26	32
- Property and equipment written off	-	-	4	-
- Others	526	539	1,593	1,559
Administrative expenses:				
- Auditors' remuneration				
• statutory audit fees	74	88	217	223
• audit related services	28	31	86	85
- Professional fees	225	89	538	358
- Licence fee	82	78	251	232
- Membership fee	140	141	322	210
- Others	1,465	1,681	4,106	4,831
	18,698	16,905	52,465	51,922

25. Allowance for impairment on loans, advances and financing

	3rd quarter ended		Year-To-Date ended	
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
	RM'000	RM'000	RM'000	RM'000
Allowance for credit loss/(Write-back of)				
- Loans, advances and financing	2,405	13,286	10,267	15,707
- Provision for commitments and contingencies	264	1,680	(1,862)	2,155
	2,669	14,966	8,405	17,862

26. Allowance for impairment on other financial assets

	3rd quarter ended		Year-To-Date ended	
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
	RM'000	RM'000	RM'000	RM'000
(Write-back of)/Allowance for credit loss				
- Cash and short-term funds	(56)	445	(69)	359
- Deposits and placements with banks and other financial institutions	2	(4)	-	(2)
- Financial investments measured at FVOCI	124	-	124	162
- Financial investments measured at amortised cost	296	-	406	26
	366	441	461	545

27. Tax (expense)/credit

Included in the tax charge for the period ended 30 September 2019 was 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 2020			
	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	74,798	-	74,798	14,959
Transaction-related contingent items	366,586		183,293	114,289
Short term self-liquidating trade-related contingencies	159,696	-	31,939	24,233
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- Exceeding one year	79,389	-	39,694	38,332
- Not exceeding one year	930,724	-	186,145	179,652
Unutilised credit card lines	41,518	-	8,304	6,228
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	999,114	4,114	11,035	3,968
Total	2,651,825	4,114	535,208	381,661

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 2019			
	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	73,674	-	73,674	14,735
Transaction-related contingent items	528,489	-	264,244	186,131
Short term self-liquidating trade-related contingencies	127,550	-	25,510	21,238
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- Exceeding one year	206,672	-	103,336	69,814
- Not exceeding one year	1,110,377	-	222,076	200,122
Unutilised credit card lines	40,984	-	8,197	6,148
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	558,715	2,014	6,643	2,741
Total	2,646,461	2,014	703,680	500,929

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 2020	31 Dec 2019
	RM'000	RM'000
Common Equity Tier 1 (“CET1”) Capital		
Paid-up share capital	832,609	832,609
Retained earnings	304,399	304,399
Regulatory reserve	17,644	17,644
Foreign currency translation reserve	424	(261)
Unrealised gains on financial investments measured at FVOCI	17,572	9,841
	1,172,648	1,164,232
Less: Regulatory adjustments applied in calculation of CET1 Capital		
- Deferred tax assets	(11,200)	(11,905)
- 55% cumulative gains of financial investments measured at FVOCI	(9,665)	(5,412)
- Regulatory reserve attributable to loans, advances and financing	(17,644)	(17,644)
	(38,509)	(34,961)
Total CET1 Capital	1,134,139	1,129,271
Tier 2 Capital		
Allowance for credit loss	17,709	25,223
Regulatory reserve	17,644	17,644
Total Tier 2 Capital	35,353	42,867
Total Capital	1,169,492	1,172,138
CET1 capital ratio	35.956%	29.937%
Tier 1 capital ratio	35.956%	29.937%
Total capital ratio	37.077%	31.073%

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

	30 Sep 2020		31 Dec 2019	
	Principal RM'000	Risk- Weighted RM'000	Principal RM'000	Risk- Weighted RM'000
Total RWA for credit risk	4,782,218	2,828,224	5,800,536	3,429,422
Total RWA for market risk	-	9,323	-	14,229
Total RWA for operational risk	-	316,718	-	328,538
	4,782,218	3,154,265	5,800,536	3,772,189

29. Capital adequacy (continued)

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

Risk Type	30 Sep 2020			
	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	650,364	650,364	-	-
Banks, Development Financial Institutions and MDBs	764,263	764,263	176,552	14,124
Corporates	2,515,643	2,515,643	2,025,671	162,054
Regulatory Retail	176,685	176,685	173,607	13,889
Residential Mortgages	99,395	99,395	38,161	3,053
Other Assets	40,660	40,660	32,572	2,606
Total On-Balance Sheet Exposures	4,247,010	4,247,010	2,446,563	195,726
<u>Off-Balance Sheet Exposures</u>				
Credit-related off-balance sheet exposures	524,173	524,173	377,693	30,215
OTC derivatives	11,035	11,035	3,968	317
Total Off-Balance Sheet Exposures	535,208	535,208	381,661	30,532
Total On and Off-Balance Sheet Exposures	4,782,218	4,782,218	2,828,224	226,258
Large exposure risk requirement*	-	-	-	-
<i>Market Risk</i>				
	<u>Long</u>	<u>Short</u>		
	<u>Position</u>	<u>Position</u>		
Foreign currency risk	9,323	162	9,323	746
<i>Operational Risk</i>	-	-	-	316,718
Total RWA and Capital Requirements			3,154,265	252,341

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 2019			
	Gross Exposures RM'000	Net Exposures RM'000	Risk-Weighted Assets RM'000	Capital Requirements RM'000
<i>Credit Risk</i>				
<u>On-Balance Sheet Exposures</u>				
Sovereigns/Central Banks	729,916	729,916	-	-
Banks, Development Financial Institutions and MDBs	1,233,265	1,233,265	268,026	21,442
Corporates	2,816,685	2,816,685	2,411,632	192,931
Regulatory Retail	179,250	179,250	175,888	14,071
Residential Mortgages	91,342	91,342	34,985	2,799
Other Assets	46,398	46,398	37,962	3,037
Total On-Balance Sheet Exposures	<u>5,096,856</u>	<u>5,096,856</u>	<u>2,928,493</u>	<u>234,280</u>
<u>Off-Balance Sheet Exposures</u>				
Credit-related off-balance sheet exposures	697,037	697,037	498,188	39,855
OTC derivatives	6,643	6,643	2,741	219
Total Off-Balance Sheet Exposures	<u>703,680</u>	<u>703,680</u>	<u>500,929</u>	<u>40,074</u>
Total On and Off-Balance Sheet Exposures	<u>5,800,536</u>	<u>5,800,536</u>	<u>3,429,422</u>	<u>274,354</u>
Large exposure risk requirement*	-	-	-	-
<i>Market Risk</i>				
	Long Position	Short Position		
Foreign currency risk	14,229	34	14,229	1,138
<i>Operational Risk</i>				
	-	-	-	328,538
Total RWA and Capital Requirements			<u>3,772,189</u>	<u>301,775</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 2020 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%	650,364	8,726	304,374	6,918	559	8,088	979,029	-
20%	-	760,064	242,586	-	-	8,672	1,011,322	202,264
35%	-	-	-	-	79,395	-	79,395	27,788
50%	-	78,997	122,012	-	18,135	258	219,402	109,701
75%	-	-	-	18,397	-	-	18,397	13,798
100%	-	-	2,232,792	205,898	1,306	34,677	2,474,673	2,474,673
Total Exposures	650,364	847,787	2,901,764	231,213	99,395	51,695	4,782,218	2,828,224
Risk-Weighted Assets by Exposures	-	191,511	2,342,315	219,696	38,162	36,540	2,828,224	
Average Risk Weight	0.0%	22.6%	80.7%	95.0%	38.4%	70.7%	59.1%	
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 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%	729,916	-	264,922	7,217	570	8,436	1,011,061	-
20%	-	1,235,696	206,850	-	-	4,542	1,447,088	289,418
35%	-	-	-	-	73,703	-	73,703	25,796
50%	-	79,838	203,974	-	15,760	537	300,109	150,054
75%	-	-	-	17,686	-	-	17,686	13,265
100%	-	-	2,701,932	208,122	1,309	39,526	2,950,889	2,950,889
Total Exposures	729,916	1,315,534	3,377,678	233,025	91,342	53,041	5,800,536	3,429,422
Risk-Weighted Assets by Exposures	-	287,058	2,845,289	221,387	34,985	40,703	3,429,422	
Average Risk Weight	0.0%	21.8%	84.2%	95.0%	38.3%	76.7%	59.1%	
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 RM41.99 million for the nine months ended 30 September 2020, higher by RM3.78 million or 9.9% when compared against the corresponding period in 2019. The Bank's total operating income was made up of net interest income of RM80.90 million, net trading income of RM15.09 million and net fee income of RM7.27 million, which contributed 78.3%, 14.6% and 7.0% to the Bank's total operating income respectively.

As a result of cumulative OPR cuts of 125 basis points during the current nine-month period, net interest income reduced by RM7.32 million or 8.3% when compared to the nine months ended 30 September 2019. In addition, net fee income decreased by RM1.10 million or 13.1% to RM7.27 million mainly due to lower guarantee fees and syndication fees earned in the financial period. However, the Bank's net trading income has improved by RM3.21 million or 27.0% to RM15.09 million. When compared to 30 September 2019, the Bank's allowance for impairment on financial assets was lower by RM9.54 million or 51.8% mainly attributed to greater loan repayments in 2020, while new loans and downgrade of certain borrowers' credit grading contributed to the higher allowance for impairment on financial assets in 2019.

As at 30 September 2020, the Bank's total assets reduced by RM859.12 million or 16.9% to RM4.21 billion resulted from lower funding available for lending and investments due to a decline in deposits from customers as compared to 31 December 2019. In addition, the Bank's gross loans, advances and financing reduced by RM354.47 million or 12.0% to RM2.60 billion as compared to RM2.96 billion as at 31 December 2019. Deposits from customers stood at RM2.03 billion, which has decreased by RM838.49 million or 29.2% when compared to the balances as at the end of financial year 2019.

Notwithstanding the challenging operating environment and impact of Covid-19 outbreak, the Bank will continue to uphold its commitments to grow with a view to sustaining business and enhancing profitability for the foreseeable future.