

Industrial and Commercial Bank of China (Malaysia) Berhad

(Registration No. 201001000001 (839839 M))

(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

30 JUNE 2023

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 2023 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 2023

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 2023

	Note	30 Jun 2023	31 Dec 2022
		RM'000	RM'000
ASSETS			
Cash and short-term funds	10	582,468	215,359
Deposits and placements with banks and other financial institutions	11	62,180	123,070
Financial investments measured at fair value through other comprehensive income ("FVOCI")	12	816,780	802,808
Financial investments measured at amortised cost	13	346,932	423,892
Loans, advances and financing	14	2,607,338	2,445,778
Derivative financial assets	15	12,269	17,620
Other assets	16	18,851	18,637
Statutory deposits with Bank Negara Malaysia		29,959	33,093
Tax recoverable		-	1,819
Property and equipment		3,368	3,509
Right-of-use assets		3,830	5,770
Intangible asset		-	-
Deferred tax assets		9,391	10,051
TOTAL ASSETS		4,493,366	4,101,406
LIABILITIES			
Deposits from customers	17	2,478,920	2,292,568
Deposits and placements of banks and other financial institutions	18	592,223	440,257
Derivative financial liabilities	15	12,637	14,147
Other liabilities	19	53,192	42,049
Lease liabilities		3,778	5,687
Provision for commitments and contingencies	20	2,717	2,293
Provision for taxation		3,749	113
TOTAL LIABILITIES		3,147,216	2,797,114
EQUITY			
Share capital		832,609	832,609
Reserves		513,541	471,683
EQUITY ATTRIBUTABLE TO OWNER OF THE BANK		1,346,150	1,304,292
TOTAL LIABILITIES AND EQUITY		4,493,366	4,101,406
COMMITMENTS AND CONTINGENCIES	27	3,020,539	2,654,061

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 2022 and accompanying explanatory notes on pages 7 to 26 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 27 July 2023.

**UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD 30 JUNE 2023**

	Note	2nd quarter ended		Year-To-Date ended	
		30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
		RM'000	RM'000	RM'000	RM'000
Interest income	21	49,130	28,922	91,706	55,250
Interest expense	21	(16,363)	(7,747)	(28,058)	(15,777)
Net interest income	21	32,767	21,175	63,648	39,473
Net non-interest income	22	11,940	8,714	22,651	16,762
Net operating income		44,707	29,889	86,299	56,235
Other operating expenses	23	(18,088)	(17,980)	(38,462)	(35,285)
Operating profit		26,619	11,909	47,837	20,950
(Allowance for)/Write-back of impairment on loans, advances and financing	24	(2,646)	1,495	(2,982)	3,103
Write-back of/(Allowance for) impairment on other financial assets	25	244	(1,823)	1,184	(1,847)
Profit before taxation		24,217	11,581	46,039	22,206
Tax expense		(5,292)	(3,846)	(10,475)	(6,378)
Profit for the financial period		18,925	7,735	35,564	15,828
Other comprehensive (expense)/income, 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		2,500	1,896	2,766	2,279
Fair value reserve					
- Changes in fair value		(2,148)	(5,370)	4,642	(6,403)
- Deferred tax adjustment		516	1,289	(1,114)	1,537
		(1,632)	(4,081)	3,528	(4,866)
Total other comprehensive income/ (expense) for the financial period		868	(2,185)	6,294	(2,587)
Total comprehensive income for the financial period		19,793	5,550	41,858	13,241
Basic earnings per ordinary share (sen):		2.27	0.93	4.27	1.90

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 2022 and accompanying explanatory notes on pages 7 to 26 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 2023

	← 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

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (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 2023	832,609	3,379	3,206	17,644	447,454	1,304,292
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	-	2,766	-	-	-	2,766
Fair value reserve						
- Changes in fair value	-	-	4,642	-	-	4,642
- Deferred tax adjustment	-	-	(1,114)	-	-	(1,114)
	-	-	3,528	-	-	3,528
Total other comprehensive income for the financial period	-	2,766	3,528	-	-	6,294
Profit for the financial period	-	-	-	-	35,564	35,564
Total comprehensive income for the financial period	-	2,766	3,528	-	35,564	41,858
At 30 June 2023	832,609	6,145	6,734	17,644	483,018	1,346,150

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 2022 and accompanying explanatory notes on pages 7 to 26 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 27 July 2023.

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE
FINANCIAL PERIOD ENDED 30 JUNE 2023**

	30 Jun 2023	30 Jun 2022
	RM'000	RM'000
Cash flows from/(used in) operating activities		
Profit before taxation	46,039	22,206
Adjustments for:		
Depreciation of property and equipment	841	1,012
Depreciation of right-of-use assets	2,275	2,312
Interest expense on lease liabilities	47	64
Property and equipment written off	-	-
Gain on derecognition of right-of-use assets	(6)	(5)
Allowance for/(Write-back of) impairment on loans, advances and financing	2,982	(3,103)
(Write-back of)/Allowance for impairment on other financial assets	(1,184)	1,847
Net unrealised losses arising from derivative trading	3,840	1,952
Transfer to foreign currency translation reserve	2,766	2,279
Accretion of discounts net of amortisation of premiums of financial investments measured at FVOCI	603	766
Accretion of discounts net of amortisation of premiums of financial investments measured at amortised cost	2,072	2,864
Operating profit before working capital changes	<u>60,275</u>	<u>32,194</u>
Changes in operating assets		
Deposits and placements with banks and other financial institutions	61,712	82,732
Loans, advances and financing	(164,118)	14,097
Other assets	(214)	457
Statutory deposits with Bank Negara Malaysia	3,134	1,577
Changes in operating liabilities		
Deposits from customers	186,352	261,243
Deposits and placements of banks and other financial institutions	151,966	(400,015)
Other liabilities	11,143	(2,489)
Cash from/(used in) operations	<u>310,250</u>	<u>10,204</u>
Income taxes paid	<u>(5,475)</u>	<u>(5,666)</u>
Net cash from/(used in) operating activities	<u>304,775</u>	<u>(15,870)</u>
Cash flows from/(used in) investing activities		
Purchase of property and equipment	(700)	(34)
Net purchase of from financial investments measured at FVOCI	(9,933)	(101,117)
Net proceeds/(purchase of) financial investments measured at amortised cost	<u>75,000</u>	<u>(105,037)</u>
Net cash from/(used in) investing activities	<u>64,367</u>	<u>(206,188)</u>
Cash flows used in financing activity		
Net payment of lease liabilities	<u>(2,283)</u>	<u>(2,330)</u>
Net cash used in financing activity	<u>(2,283)</u>	<u>(2,330)</u>

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE
FINANCIAL PERIOD ENDED 30 JUNE 2023 (continued)**

	Note	30 Jun 2023 RM'000	30 Jun 2022 RM'000
Net increase/(decrease) in cash and cash equivalents		366,859	(224,388)
Cash and cash equivalents at beginning of the financial period		215,359	736,272
		<u>582,218</u>	<u>511,884</u>
Add: (Allowance for)/write-back of credit loss for the financial period		250	4
		<u>582,468</u>	<u>511,888</u>
Cash and cash equivalents at end of the financial period		<u>582,468</u>	<u>511,888</u>
Cash and cash equivalents comprise:			
Cash and short-term funds	10	<u>582,468</u>	<u>511,888</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 2022 and accompanying explanatory notes on pages 7 to 26 attached to the unaudited condensed interim financial statements.

The financial statements were approved by the Board of Directors on 27 July 2023.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

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 2023 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 2022. 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 2022.

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 2022, except for the adoption of the following Amendments by the Bank from 1 January 2023:

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

The initial applications of the above amendments do not have any material financial impact to the current period and prior period financial statements of the Bank.

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

MFRSs and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 7, *Financial Instruments: Disclosures - Supplier Finance Arrangements*
- Amendments to MFRS 16, *Leases - Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants*
- Amendments to MFRS 107, *Statement of Cash Flows – Supplier Finance Arrangements*

2. Basis of preparation (continued)***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*

The Bank plans to adopt the abovementioned accounting standards and amendments when they become effective in the respective financial periods. The initial applications of these 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 2022 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 2023.

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 2023.

7. Issue of Shares and Debentures

There were no issuance of shares and debentures during the half year ended 30 June 2023.

8. Dividend Paid

No dividend was paid during the half year ended 30 June 2023.

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 2023	31 Dec 2022
	RM'000	RM'000
Cash and balances with banks and other financial institutions	40,452	38,060
Money at call and deposit placements maturing within one month	542,181	177,715
	<u>582,633</u>	<u>215,775</u>
Less: Allowance for credit loss	(165)	(416)
	<u>582,468</u>	<u>215,359</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
Allowance for credit loss				
At 1 January 2023	416	-	-	416
New assets originated	166	-	-	166
Assets derecognised or repaid	(416)	-	-	(416)
Foreign exchange adjustments	(1)	-	-	(1)
At 30 June 2023	<u>165</u>	<u>-</u>	<u>-</u>	<u>165</u>
At 1 January 2022	72	-	-	72
New assets originated	457	-	-	457
Assets derecognised or repaid	(118)	-	-	(118)
Foreign exchange adjustments	5	-	-	5
At 31 December 2022	<u>416</u>	<u>-</u>	<u>-</u>	<u>416</u>

11. Deposits and placements with banks and other financial institutions

	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
Foreign banks	46,695	115,712
Licensed Malaysian banks	16,035	8,730
	<u>62,730</u>	<u>124,442</u>
Less: Allowance for credit loss	(550)	(1,372)
	<u><u>62,180</u></u>	<u><u>123,070</u></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
Allowance for credit loss				
At 1 January 2023	1,372	-	-	1,372
New assets originated	-	-	-	-
Assets derecognised or repaid	(822)	-	-	(822)
At 30 June 2023	<u>550</u>	<u>-</u>	<u>-</u>	<u>550</u>
At 1 January 2022	-	-	-	-
New assets originated	1,372	-	-	1,372
At 31 December 2022	<u>1,372</u>	<u>-</u>	<u>-</u>	<u>1,372</u>

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

	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
Malaysian Government Securities	371,748	369,755
Malaysian Government Investment Issues	445,032	433,053
	<u>816,780</u>	<u>802,808</u>

(ii) By maturity structure

	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
Within one year	203,277	153,735
More than one year to three years	229,797	266,791
More than three years to five years	229,638	210,644
More than five years	154,068	171,638
	<u>816,780</u>	<u>802,808</u>

12. Financial investments measured at fair value through other comprehensive income (continued)**(iii) Movement of gross carrying amount and 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 2023	802,808	-	-	802,808
New assets originated	10,323	-	-	10,323
Assets derecognised or repaid	(993)	-	-	(993)
Changes in fair value	4,642	-	-	4,642
At 30 June 2023	<u>816,780</u>	<u>-</u>	<u>-</u>	<u>816,780</u>
At 1 January 2022	465,085	-	-	465,085
New assets originated or purchased	382,921	-	-	382,921
Assets derecognised or repaid	(40,933)	-	-	(40,933)
Changes in fair value	(4,265)	-	-	(4,265)
At 31 December 2022	<u>802,808</u>	<u>-</u>	<u>-</u>	<u>802,808</u>
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Allowance for credit loss				
At 1 January/30 June 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 1 January 2022	125	-	-	125
Assets derecognised or repaid	(125)	-	-	(125)
At 31 December 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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 2023 RM'000	31 Dec 2022 RM'000
Financial institutions' securities	45,702	61,156
Corporate bonds	262,587	264,118
Other debt securities		
- Cagamas bonds	40,018	100,105
	<u>348,307</u>	<u>425,379</u>
Less: Allowance for credit loss	(1,375)	(1,487)
	<u>346,932</u>	<u>423,892</u>

13. Financial investments measured at amortised cost (continued)**(ii) By maturity structure**

	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
Within one year	223,254	75,155
More than one year to three years	105,053	310,224
More than three year to five years	20,000	40,000
	<u>348,307</u>	<u>425,379</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 2023	425,379	-	-	425,379
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid	(77,072)	-	-	(77,072)
At 30 June 2023	<u>348,307</u>	-	-	<u>348,307</u>
At 1 January 2022	452,555	-	-	452,555
New assets originated or purchased	125,066	-	-	125,066
Assets derecognised or repaid	(152,242)	-	-	(152,242)
At 31 December 2022	<u>425,379</u>	-	-	<u>425,379</u>

	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Allowance for credit loss				
At 1 January 2023	1,487	-	-	1,487
New assets originated	-	-	-	-
Assets derecognised or repaid	(114)	-	-	(114)
Changes due to change in credit risk	2	-	-	2
At 30 June 2023	<u>1,375</u>	-	-	<u>1,375</u>
At 1 January 2022	1,231	-	-	1,231
New assets originated	891	-	-	891
Assets derecognised or repaid	(196)	-	-	(196)
Changes due to change in credit risk	(209)	-	-	(209)
Changes in model/risk parameter	(230)	-	-	(230)
At 31 December 2022	<u>1,487</u>	-	-	<u>1,487</u>

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

	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
Overdrafts	16,601	24,049
Term loans		
- Housing loans	110,171	109,794
- Syndicated term loans	722,339	472,545
- Other term loans	459,735	457,564
Bills receivable	275,254	414,488
Revolving credits	968,794	800,522
Bankers' acceptances	77,863	187,782
Staff loans	871	1,541
Credit card loans	2,771	1,821
	<hr/>	<hr/>
Gross loans, advances and financing	2,634,399	2,470,106
Less: Allowance for credit loss		
- Stage 1 (12-month ECL)	(19,066)	(18,871)
- Stage 2 (Lifetime ECL - non-credit impaired)	(6,639)	(4,178)
- Stage 3 (Lifetime ECL - credit impaired)	(1,356)	(1,279)
	<hr/>	<hr/>
	(27,061)	(24,328)
	<hr/>	<hr/>
Net loans, advances and financing	2,607,338	2,445,778

(ii) By type of customer

	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
Domestic banking institutions	2,400	8,002
Domestic non-bank financial institutions		
- Others	100,090	100,097
Domestic business enterprises		
- Small medium enterprises	129,440	135,637
- Others	1,936,957	1,976,712
Individuals	39,967	40,370
Foreign entities	425,545	209,288
	<hr/>	<hr/>
	2,634,399	2,470,106

(iii) By interest rate sensitivity

	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
Fixed rate loan	3,641	3,362
Variable rate		
- Base rate/base lending rate plus	95,027	101,649
- Cost plus	2,468,935	2,295,765
- Other variable rates	66,796	69,330
	<hr/>	<hr/>
	2,634,399	2,470,106

14. Loans, advances and financing (continued)**(iv) By sector**

	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
Agriculture, forestry and fishing	7,516	7,513
Manufacturing	432,899	346,573
Electricity, gas and water	48,211	150,582
Construction	271,451	267,449
Mining and quarrying	90,449	70,177
Real estate activities	114,213	136,800
Wholesale and retail trade; repair of motor vehicles and motorcycles	246,760	372,086
Information and communication	130,015	205,296
Finance and insurance	938,224	560,525
Education	199,625	199,540
Household	122,486	122,791
Others	32,550	30,774
	<u>2,634,399</u>	<u>2,470,106</u>

(v) By purpose

	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
Purchase of properties		
- Non-residential	146,158	178,191
- Residential	110,832	111,106
Construction	30,378	31,716
Credit card	2,771	1,821
Personal use	725	829
Working capital	1,665,629	1,824,839
Other purpose	677,906	321,604
	<u>2,634,399</u>	<u>2,470,106</u>

(vi) By geographical distribution

	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
Within Malaysia	2,285,183	2,342,047
Outside Malaysia	349,216	128,059
	<u>2,634,399</u>	<u>2,470,106</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 2023	31 Dec 2022
	RM'000	RM'000
Maturity within one year	1,492,786	1,506,400
More than one year to three years	411,292	234,327
More than three years to five years	307,715	218,056
More than five years	422,606	511,323
	<u>2,634,399</u>	<u>2,470,106</u>

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

	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
At 1 January 2023/1 January 2022	1,279	1,212
Impaired during the financial period	88	63
Reclassified as performing during the financial period	(36)	(59)
Write-off	(48)	-
Exchange differences	73	63
At 30 June 2023/31 December 2022	<u>1,356</u>	<u>1,279</u>
As % of gross loans, advances and financing	<u>0.05%</u>	<u>0.05%</u>

(b) By sector

	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
Wholesale and retail trade; repair of motor vehicles and motorcycles	1,258	1,186
Household	98	93
	<u>1,356</u>	<u>1,279</u>

(c) By purpose

	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
Working capital	1,258	1,186
Credit card	98	93
	<u>1,356</u>	<u>1,279</u>

(d) By geographical distribution

	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
Within Malaysia	98	93
Outside Malaysia	1,258	1,186
	<u>1,356</u>	<u>1,279</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 2023	2,190,753	278,074	1,279	2,470,106
New assets originated	738,958	17,125	5	756,088
Assets derecognised or repaid	(578,405)	(13,415)	-	(591,820)
Transfer to Stage 1	479	(443)	(36)	-
Transfer to Stage 2	(98,371)	98,371	-	-
Transfer to Stage 3	-	(83)	83	-
Write-off	-	-	(48)	(48)
Foreign exchange adjustments	-	-	73	73
At 30 June 2023	<u>2,253,414</u>	<u>379,629</u>	<u>1,356</u>	<u>2,634,399</u>
At 1 January 2022	1,916,536	364,144	1,212	2,281,892
New assets originated	1,254,198	22,302	5	1,276,505
Assets derecognised or repaid	(998,681)	(89,674)	-	(1,088,355)
Transfer to Stage 1	20,400	(20,361)	(39)	-
Transfer to Stage 2	(1,700)	1,720	(20)	-
Transfer to Stage 3	-	(57)	57	-
Foreign exchange adjustments	-	-	64	64
At 31 December 2022	<u>2,190,753</u>	<u>278,074</u>	<u>1,279</u>	<u>2,470,106</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 2023	18,871	4,178	1,279	24,328
New assets originated	4,211	843	5	5,059
Assets derecognised or repaid	(3,091)	(523)	-	(3,614)
Transfer to Stage 1	38	(2)	(36)	-
Transfer to Stage 2	(1,008)	1,008	-	-
Transfer to Stage 3	-	(1)	1	-
Write-off	-	-	(48)	(48)
Changes due to change in credit risk	(105)	1,136	82	1,113
Foreign exchange adjustments	150	-	73	223
At 30 June 2023	<u>19,066</u>	<u>6,639</u>	<u>1,356</u>	<u>27,061</u>
At 1 January 2022	24,251	11,221	1,212	36,684
New assets originated	8,895	548	7	9,450
Assets derecognised or repaid	(8,677)	(4,836)	-	(13,513)
Transfer to Stage 1	924	(885)	(39)	-
Transfer to Stage 2	(39)	59	(20)	-
Transfer to Stage 3	-	(1)	1	-
Changes due to change in credit risk	(3,667)	(1,322)	54	(4,935)
Changes in model/risk parameter	(2,996)	(606)	-	(3,602)
Foreign exchange adjustments	180	-	64	244
At 31 December 2022	<u>18,871</u>	<u>4,178</u>	<u>1,279</u>	<u>24,328</u>

15. Derivative financial assets/liabilities

	30 Jun 2023		
	Contract/ Nominal value RM'000	Assets RM'000	Liabilities RM'000
Foreign exchange contracts			
- Currency forwards and spots	243,621	2,526	1,826
- Currency swaps	194,852	3,634	4,767
Interest rate contracts			
- Cross currency interest rate swaps	154,832	4,729	4,664
- Interest rate swaps	200,000	1,380	1,380
Total recognised derivative assets/liabilities (Note 27)	<u>793,305</u>	<u>12,269</u>	<u>12,637</u>

	31 Dec 2022		
	Contract/ Nominal value RM'000	Assets RM'000	Liabilities RM'000
Foreign exchange contracts			
- Currency forwards and spots	617,844	8,700	5,377
- Currency swaps	202,813	2,685	2,685
Interest rate contracts			
- Cross currency interest rate swaps	150,140	4,244	4,094
- Interest rate swaps	200,000	1,991	1,991
Total recognised derivative assets/liabilities (Note 27)	<u>1,170,797</u>	<u>17,620</u>	<u>14,147</u>

16. Other assets

	30 Jun 2023 RM'000	31 Dec 2022 RM'000
Interest receivable	13,396	15,316
Deposits	1,488	1,471
Other receivables and prepayments	3,967	1,850
	<u>18,851</u>	<u>18,637</u>

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

	30 Jun 2023 RM'000	31 Dec 2022 RM'000
Demand deposits	653,619	695,024
Fixed deposits	1,205,680	1,104,358
Savings deposits	160,703	144,510
Money market deposits	292,157	190,846
Others	166,761	157,830
	<u>2,478,920</u>	<u>2,292,568</u>

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

	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
Business enterprises	1,383,977	1,289,634
Individuals	346,334	340,379
Foreign entities	748,322	662,282
Others	287	273
	<u>2,478,920</u>	<u>2,292,568</u>

(iii) By maturity structure of term deposits

	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
Due within six months	954,864	1,033,377
More than six months to one year	542,973	260,707
More than one year to three years	-	1,120
	<u>1,497,837</u>	<u>1,295,204</u>

18. Deposits and placements of banks and other financial institutions

	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
Licensed Malaysian banks	167,324	197,932
Licensed investment banks	50,340	50,188
Licensed Islamic banks	5,354	12,946
Other financial institutions	31,989	117,389
Foreign banks	337,216	61,802
	<u>592,223</u>	<u>440,257</u>

19. Other liabilities

	30 Jun 2023	31 Dec 2022
	RM'000	RM'000
Interest payable	12,453	10,161
Other payables and accruals	40,739	31,888
	<u>53,192</u>	<u>42,049</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 2023	1,719	574	-	2,293
New commitments originated	1,209	111	-	1,320
Commitments derecognised	(729)	(36)	-	(765)
Transfer to Stage 1	1	(1)	-	-
Transfer to Stage 2	(1)	1	-	-
Changes due to change in credit risk	(131)	-	-	(131)
At 30 June 2023	<u>2,068</u>	<u>649</u>	<u>-</u>	<u>2,717</u>
At 1 January 2022	2,378	368	-	2,746
New commitments originated	2,081	175	-	2,256
Commitments derecognised	(1,982)	(100)	-	(2,082)
Transfer to Stage 1	2	(2)	-	-
Transfer to Stage 2	(50)	50	-	-
Changes due to change in credit risk	(449)	183	-	(266)
Changes in model/risk parameter	(261)	(100)	-	(361)
At 31 December 2022	<u>1,719</u>	<u>574</u>	<u>-</u>	<u>2,293</u>

21. Net Interest income

	2nd quarter ended		Year-To-Date ended	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	RM'000	RM'000	RM'000	RM'000
Interest income				
Loans, advances and financing	34,134	18,181	63,039	35,500
Money at call and deposits and placements with financial institutions	4,068	2,988	6,683	4,592
Financial investments measured at fair value through other comprehensive income	7,808	4,535	15,513	8,728
Financial investments measured at amortised cost	3,120	3,218	6,471	6,430
	<u>49,130</u>	<u>28,922</u>	<u>91,706</u>	<u>55,250</u>
Interest expense				
Deposits and placements of banks and other financial institutions	(4,060)	(1,574)	(5,638)	(4,263)
Deposits from customers	(12,303)	(6,173)	(22,420)	(11,514)
	<u>(16,363)</u>	<u>(7,747)</u>	<u>(28,058)</u>	<u>(15,777)</u>
Net interest income	<u>32,767</u>	<u>21,175</u>	<u>63,648</u>	<u>39,473</u>

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

	2nd quarter ended		Year-To-Date ended	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	RM'000	RM'000	RM'000	RM'000
Fee income:				
- Commission	10	23	14	25
- Service charges and fees	1,676	749	2,991	1,771
- Loan processing fees	207	133	678	319
- Syndication fees	1,786	1,249	1,786	1,323
- Guarantee fees	1,691	1,584	2,961	2,698
- Commitment fees	202	171	420	333
- Other loan related fee income	43	-	48	18
- Other fee income	2	52	5	54
	<u>5,617</u>	<u>3,961</u>	<u>8,903</u>	<u>6,541</u>
Fee expense:				
- Brokerage fees	(22)	(18)	(36)	(52)
- Other fee expense	(200)	(289)	(444)	(348)
	<u>(222)</u>	<u>(307)</u>	<u>(480)</u>	<u>(400)</u>
Net fee income	<u>5,395</u>	<u>3,654</u>	<u>8,423</u>	<u>6,141</u>

(ii) Net trading income

	2nd quarter ended		Year-To-Date ended	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	RM'000	RM'000	RM'000	RM'000
Net gains from dealing in foreign exchange	30,343	30,578	34,693	42,694
Net losses arising from derivative trading	(21,069)	(25,887)	(16,604)	(30,144)
Net unrealised revaluation losses in foreign exchange	(111)	(104)	(111)	(147)
Net unrealised (losses)/gains arising from derivative trading	(2,682)	324	(3,840)	(1,952)
	<u>6,481</u>	<u>4,911</u>	<u>14,138</u>	<u>10,451</u>

(iii) Other income

	2nd quarter ended		Year-To-Date ended	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	RM'000	RM'000	RM'000	RM'000
Other operating income	<u>64</u>	<u>149</u>	<u>90</u>	<u>170</u>
Total net non-interest income	<u>11,940</u>	<u>8,714</u>	<u>22,651</u>	<u>16,762</u>

23. Other operating expenses

	2nd quarter ended		Year-To-Date ended	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	RM'000	RM'000	RM'000	RM'000
Personnel costs:				
- Salaries, allowance and bonuses	10,638	10,971	24,108	21,851
- Pension fund contributions	1,140	1,195	2,674	2,418
- Other staff costs	1,459	1,498	3,091	2,599
Promotion and marketing related expenses:				
- Advertising and promotion	59	24	81	104
- Others	33	26	51	67
Establishment costs:				
- Depreciation of property and equipment	444	495	841	1,012
- Depreciation of right-of-use assets	1,136	1,157	2,275	2,312
- Interest expense on lease liabilities	21	30	47	64
- Expenses relating to leases of low-value assets	62	30	95	60
- Others	745	724	1,396	1,311
Administrative expenses:				
- Auditors' remuneration				
• statutory audit fees	65	81	128	144
• audit related services	3	4	7	7
- Professional fees	448	59	513	151
- Licence fee	87	89	171	174
- Membership fee	67	60	90	83
- Others	1,681	1,537	2,894	2,928
	<u>18,088</u>	<u>17,980</u>	<u>38,462</u>	<u>35,285</u>

24. Allowance for impairment on loans, advances and financing

	2nd quarter ended		Year-To-Date ended	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	RM'000	RM'000	RM'000	RM'000
Allowance for /(Write-back of) credit loss				
- Loans, advances and financing	2,725	(1,563)	2,558	(3,365)
- Provision for commitments and contingencies	(79)	68	424	262
	<u>2,646</u>	<u>(1,495)</u>	<u>2,982</u>	<u>(3,103)</u>

25. Write-back of impairment on other financial assets

	2nd quarter ended		Year-To-Date ended	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	RM'000	RM'000	RM'000	RM'000
(Write-back of)/Allowance for credit loss				
- Cash and short-term funds	(318)	(52)	(250)	(4)
- Deposits and placements with banks and other financial institutions	183	1,157	(822)	1,157
- Financial investments measured at FVOCI	-	-	-	-
- Financial investments measured at amortised cost	(109)	718	(112)	694
	<u>(244)</u>	<u>1,823</u>	<u>(1,184)</u>	<u>1,847</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 2023	30 Jun 2022
	RM'000	RM'000
Aggregate value of outstanding credit exposures to connected parties	<u>187,988</u>	<u>115,210</u>
As a percentage of total credit exposures	<u>3.60%</u>	<u>2.60%</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 2023			
	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	116,501	-	116,501	23,300
Transaction-related contingent items	443,342	-	221,671	96,459
Short-term self-liquidating trade-related contingencies	245,962	-	49,192	21,668
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- Exceeding one year	55,419	-	27,710	25,176
- Not exceeding one year	1,327,724	-	265,545	218,218
Unutilised credit card lines	38,286	-	7,657	5,743
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	438,473	6,160	10,929	4,654
Interest rate related contracts:				
- One year to five years	354,832	6,109	19,399	12,898
Total	3,020,539	12,269	718,604	408,116

Note 15

27. Commitments and contingencies (continued)

	31 Dec 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	408,229	-	204,114	92,439
Short-term self-liquidating trade-related contingencies	107,852	-	21,570	12,528
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- Exceeding one year	168,284	-	84,142	83,135
- Not exceeding one year	759,787	-	151,958	143,582
Unutilised credit card lines	39,112	-	7,823	5,867
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	820,657	11,385	22,116	9,838
Interest rate related contracts:				
- One year to five years	350,140	6,235	21,243	14,320
Total	<u>2,654,061</u>	<u>17,620</u>	<u>512,966</u>	<u>361,709</u>

Note 15

- ^ The foreign exchange related contracts are off-balance sheet derivative financial instruments whose values change in response to changes in prices or rates (such as foreign exchange rates and interest rates) of the underlying instruments. The underlying principal amounts of these derivative financial instruments and their corresponding gross positive fair values (derivative financial assets) as at respective reporting dates are as shown above.
- * The credit equivalent and risk-weighted amounts are computed using credit conversion factors and risk-weighting rules as per 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 2023	31 Dec 2022
	RM'000	RM'000
Common Equity Tier 1 (“CET1”) Capital/Tier 1 Capital		
Paid-up share capital	832,609	832,609
Retained earnings	447,454	447,454
Regulatory reserve	17,644	17,644
Foreign currency translation reserve	6,146	3,379
Unrealised gains on financial investments measured at FVOCI	6,733	3,206
	<u>1,310,586</u>	<u>1,304,292</u>
Less: Regulatory adjustments applied in calculation of CET1 Capital		
- Deferred tax assets	(9,391)	(10,051)
- 55% cumulative gains of financial investments measured at FVOCI	(3,703)	(1,762)
- Regulatory reserve attributable to loans, advances and financing	(17,644)	(17,644)
	<u>(30,738)</u>	<u>(29,457)</u>
Total CET1 Capital/Tier 1 Capital	<u>1,279,848</u>	<u>1,274,835</u>
Tier 2 Capital		
Allowance for credit loss	20,565	20,336
Regulatory reserve	17,644	17,644
Total Tier 2 Capital	<u>38,209</u>	<u>37,980</u>
Total Capital	<u>1,318,057</u>	<u>1,312,815</u>
CET1 capital ratio	38.520%	38.771%
Tier 1 capital ratio	38.520%	38.771%
Total capital ratio	39.670%	39.926%

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

	30 Jun 2023		31 Dec 2022	
	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	5,218,104	3,056,760	4,613,025	3,038,413
Total RWA for market risk	-	14,942	-	8,620
Total RWA for operational risk	-	250,877	-	241,056
	<u>5,218,104</u>	<u>3,322,579</u>	<u>4,613,025</u>	<u>3,288,089</u>

29. Performance Review

For the half year ended 30 June 2023, the Bank recorded a profit before tax of RM46.04 million, higher by RM23.83 million or 107.3% when compared with the previous corresponding period in 2022. The Bank's total operating income was made up of net interest income of RM63.65 million and net non-interest income of RM22.65 million (30 June 2022: RM39.47 million and RM16.76 million respectively).

Net Interest income which contributed 73.8% to the Bank's total net operating income increased by RM24.17 million or 61.2% when compared with the half year ended 30 June 2022 as a result of higher net interest margin earned. Net non-interest income which contributed 26.2% to the Bank's total net operating income, has increased by RM5.89 million or 35.1% due to higher net fee income of RM2.28 million or 37.2% and net trading income of RM3.69 million or 35.3%.

The Bank incurred other operating expenses of RM38.46 million, higher by RM3.18 million or 9.0% as compared with the previous corresponding period in 2022, attributable to higher personnel costs incurred. During the financial period, allowance for credit loss of RM2.98 million was made on loans, advances and financing due to loan growth while there was a write-back of provision for impairment on other financial assets of RM1.18 million mainly due to lower deposits and placements with banks and other financial institutions.

As at 30 June 2023, gross loans, advances and financing increased by RM164.29 million or 6.7% to RM2,634.40 million as compared with RM2,470.11 million as at 31 December 2022. Deposits from customers stood at RM2,478.92 million, which grew by RM186.35 million or 8.1% when compared with the balance of RM2,292.57 million as at 31 December 2022.