

Industrial and Commercial Bank of China (Malaysia) Berhad

(Registration No. 201001000001 (839839 M))

(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

30 JUNE 2024

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 2024 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: 26 July 2024

Industrial and Commercial Bank of China (Malaysia) Berhad

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(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Note	30 Jun 2024 RM'000	31 Dec 2023 RM'000
ASSETS			
Cash and short-term funds	10	1,079,059	581,663
Deposits and placements with banks and other financial institutions	11	68,291	126,716
Financial investments measured at fair value through other comprehensive income ("FVOCI")	12	1,221,317	683,548
Financial investments measured at amortised cost	13	184,284	405,107
Loans, advances and financing	14	3,105,016	3,054,830
Derivative financial assets	15	6,220	6,734
Other assets	16	25,597	16,131
Statutory deposits with Bank Negara Malaysia		35,843	30,266
Tax recoverable		4,748	3,961
Property and equipment		3,281	3,351
Right-of-use assets		9,620	10,620
Intangible asset		-	-
Deferred tax assets		10,419	10,586
TOTAL ASSETS		5,753,695	4,933,513
LIABILITIES			
Deposits from customers	17	3,436,189	2,509,680
Deposits and placements of banks and other financial institutions	18	800,917	968,042
Derivative financial liabilities	15	6,008	6,385
Other liabilities	19	79,733	58,298
Lease liabilities		9,466	10,385
Provision for commitments and contingencies	20	2,850	2,885
Provision for taxation		388	215
TOTAL LIABILITIES		4,335,551	3,555,890
EQUITY			
Share capital		832,609	832,609
Reserves		585,535	545,014
EQUITY ATTRIBUTABLE TO OWNER OF THE BANK		1,418,144	1,377,623
TOTAL LIABILITIES AND EQUITY		5,753,695	4,933,513
COMMITMENTS AND CONTINGENCIES	27	2,356,416	2,543,650

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 2023 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 26 July 2024.

**UNAUDITED CONDENSED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD 30 JUNE 2024**

		2nd quarter ended		Year-To-Date ended	
	Note	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
		RM'000	RM'000	RM'000	RM'000
Interest income	21	59,275	49,130	118,074	91,706
Interest expense	21	(23,840)	(16,363)	(48,254)	(28,058)
Net interest income	21	35,435	32,767	69,820	63,648
Net non-interest income	22	9,490	11,940	16,576	22,651
Net operating income		44,925	44,707	86,396	86,299
Other operating expenses	23	(19,826)	(18,088)	(36,981)	(38,462)
Operating profit		25,099	26,619	49,415	47,837
Write-back of/(Allowance for) impairment on loans, advances and financing	24	219	(2,646)	740	(2,982)
Write-back of impairment on other financial assets	25	352	244	857	1,184
Profit before taxation		25,670	24,217	51,012	46,039
Tax expense		(5,193)	(5,292)	(10,941)	(10,475)
Profit for the financial period		20,477	18,925	40,071	35,564
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		(4)	2,500	1,561	2,766
Fair value reserve					
- Changes in fair value		(314)	(2,148)	(1,462)	4,642
- Deferred tax adjustment		75	516	351	(1,114)
		(239)	(1,632)	(1,111)	3,528
Total other comprehensive income/ (expense) for the financial period		(243)	868	450	6,294
Total comprehensive income for the financial period		20,234	19,793	40,521	41,858
Basic earnings per ordinary share (sen):		2.46	2.27	4.81	4.27

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

	← 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 2024	832,609	5,571	6,495	17,644	515,304	1,377,623
Total comprehensive income/(expense) for the financial period						
Other comprehensive income/(expense), net of tax						
Items that are or may be reclassified subsequently to/(from) profit or loss						
Foreign currency translation reserve						
- Currency translation differences in respect of foreign operations	-	1,561	-	-	-	1,561
Fair value reserve						
- Changes in fair value	-	-	(1,462)	-	-	(1,462)
- Deferred tax adjustment	-	-	351	-	-	351
	-	-	(1,111)	-	-	(1,111)
Total other comprehensive income/(expense) for the financial period	-	1,561	(1,111)	-	-	450
Profit for the financial period	-	-	-	-	40,071	40,071
Total comprehensive income/(expense) for the financial period	-	1,561	(1,111)	-	40,071	40,521
At 30 June 2024	832,609	7,132	5,384	17,644	555,375	1,418,144

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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024 (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 2023 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 26 July 2024.

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE
FINANCIAL PERIOD ENDED 30 JUNE 2024**

	30 Jun 2024	30 Jun 2023
	RM'000	RM'000
Cash flows from/(used in) operating activities		
Profit before taxation	51,012	46,039
Adjustments for:		
Depreciation of property and equipment	734	841
Depreciation of right-of-use assets	2,209	2,275
Interest expense on lease liabilities	141	47
Gain on derecognition of right-of-use assets	-	(6)
(Write-back of)/Allowance for impairment on loans, advances and financing	(740)	2,982
Write-back of impairment on other financial assets	(857)	(1,184)
Net unrealised losses arising from derivative trading	138	3,840
Transfer to foreign currency translation reserve	1,561	2,766
Accretion of discounts net of amortisation of premiums of financial investments measured at FVOCI	927	603
Accretion of discounts net of amortisation of premiums of financial investments measured at amortised cost	1,298	2,072
Operating profit before working capital changes	<u>56,423</u>	<u>60,275</u>
Changes in operating assets		
Deposits and placements with banks and other financial institutions	58,688	61,712
Loans, advances and financing	(49,484)	(164,118)
Other assets	(9,466)	(214)
Statutory deposits with Bank Negara Malaysia	(5,577)	3,134
Changes in operating liabilities		
Deposits from customers	926,509	186,352
Deposits and placements of banks and other financial institutions	(167,125)	151,966
Other liabilities	21,435	11,143
Provision for credit commitments and contingencies	3	-
Cash from operations	<u>831,406</u>	<u>310,250</u>
Income taxes paid	<u>(11,038)</u>	<u>(5,475)</u>
Net cash from operating activities	<u>820,368</u>	<u>304,775</u>
Cash flows (used in)/from investing activities		
Purchase of property and equipment	(664)	(700)
Net purchase of financial investments measured at FVOCI	(540,158)	(9,933)
Net proceeds from financial investments measured at amortised cost	<u>220,000</u>	<u>75,000</u>
Net cash (used in)/from investing activities	<u>(320,822)</u>	<u>64,367</u>
Cash flows used in financing activity		
Net payment of lease liabilities	<u>(2,269)</u>	<u>(2,283)</u>
Net cash used in financing activity	<u>(2,269)</u>	<u>(2,283)</u>

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE
FINANCIAL PERIOD ENDED 30 JUNE 2024 (continued)**

	Note	30 Jun 2024 RM'000	30 Jun 2023 RM'000
Net increase in cash and cash equivalents		497,277	366,859
Cash and cash equivalents at beginning of the financial period		581,663	215,359
		<u>1,078,940</u>	<u>582,218</u>
Add: Write-back of credit loss for the financial period		119	250
Cash and cash equivalents at end of the financial period		<u>1,079,059</u>	<u>582,468</u>
Cash and cash equivalents comprise:			
Cash and short-term funds	10	<u>1,079,059</u>	<u>582,468</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 2023 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 26 July 2024.

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

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 2024 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 2023. 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 2023.

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 2023, except for the adoption of the following Amendments by the Bank from 1 January 2024:

- 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 and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments Disclosures – Supplier Finance Arrangements*

The initial application of the amendments to the above standards does not have any significant impact to the financial statements of the Bank.

The following are the accounting standards, interpretations and amendments that have been issued by MASB but have not been adopted by the Bank:-

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability* (effective for annual periods beginning on or after 1 January 2025)
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale of Contribution of Assets between an Investor and Its Associate or Joint Venture* (effective date yet to be determined)
- Amendments to MFRS 18, *Presentation and Disclosure in Financial Statements* (effective for annual periods beginning on or after 1 January 2027)

The initial applications of the amendments are not expected to have any significant 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 2023 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 2024.

6. Changes in Estimates

There were no material changes in estimates of amounts reported in the prior financial year that have a material effect on the financial results and position of the Bank for the half year ended 30 June 2024.

7. Issue of Shares and Debentures

There was no issuance of shares and debentures during the half year ended 30 June 2024.

8. Dividend Paid

No dividend was paid during the half year ended 30 June 2024.

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 2024	31 Dec 2023
	RM'000	RM'000
Cash and balances with banks and other financial institutions	63,366	85,924
Money at call and deposit placements maturing within one month	1,015,830	495,995
	<u>1,079,196</u>	<u>581,919</u>
Less: Allowance for credit loss	(137)	(256)
	<u><u>1,079,059</u></u>	<u><u>581,663</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 2024	256	-	-	256
New assets originated	5	-	-	5
Assets derecognised or repaid	(124)	-	-	(124)
At 30 June 2024	<u>137</u>	<u>-</u>	<u>-</u>	<u>137</u>
At 1 January 2023	416	-	-	416
New assets originated	252	-	-	252
Assets derecognised or repaid	(412)	-	-	(412)
At 31 December 2023	<u>256</u>	<u>-</u>	<u>-</u>	<u>256</u>

11. Deposits and placements with banks and other financial institutions

	30 Jun 2024	31 Dec 2023
	RM'000	RM'000
Foreign banks	18,436	75,000
Licensed Malaysian banks	50,000	52,124
	<u>68,436</u>	<u>127,124</u>
Less: Allowance for credit loss	(145)	(408)
	<u><u>68,291</u></u>	<u><u>126,716</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 2024	408	-	-	408
Assets derecognised or repaid	(263)	-	-	(263)
At 30 June 2024	<u>145</u>	<u>-</u>	<u>-</u>	<u>145</u>
At 1 January 2023	1,372	-	-	1,372
Assets derecognised or repaid	(964)	-	-	(964)
At 31 December 2023	<u>408</u>	<u>-</u>	<u>-</u>	<u>408</u>

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

	30 Jun 2024	31 Dec 2023
	RM'000	RM'000
Malaysian Government Securities	392,051	321,596
Malaysian Government Investment Issues	829,266	361,952
	<u>1,221,317</u>	<u>683,548</u>

(ii) By maturity structure

	30 Jun 2024	31 Dec 2023
	RM'000	RM'000
Within one year	215,130	266,112
More than one year to three years	132,292	112,395
More than three years to five years	455,935	233,376
More than five years	417,960	71,665
	<u>1,221,317</u>	<u>683,548</u>

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

	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Gross carrying amount				
At 1 January 2024	683,548	-	-	683,548
New assets originated	590,130	-	-	590,130
Assets derecognised or repaid	(50,899)	-	-	(50,899)
Changes in fair value	(1,462)	-	-	(1,462)
At 30 June 2024	<u>1,221,317</u>	-	-	<u>1,221,317</u>
At 1 January 2023	802,808	-	-	802,808
New assets originated or purchased	31,094	-	-	31,094
Assets derecognised or repaid	(154,682)	-	-	(154,682)
Changes in fair value	4,328	-	-	4,328
At 31 December 2023	<u>683,548</u>	-	-	<u>683,548</u>
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Allowance for credit loss				
At 1 January/30 June 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 1 January/30 June 2023	<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 2024	31 Dec 2023
	RM'000	RM'000
Financial institutions' securities	-	45,292
Corporate bonds	105,019	261,007
Other debt securities		
- Cagamas bonds	80,055	100,073
	<u>185,074</u>	<u>406,372</u>
Less: Allowance for credit loss	(790)	(1,265)
	<u>184,284</u>	<u>405,107</u>

(ii) By maturity structure

	30 Jun 2024	31 Dec 2023
	RM'000	RM'000
Within one year	85,006	241,284
More than one year to three years	100,068	145,088
More than three year to five years	-	20,000
	<u>185,074</u>	<u>406,372</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 2024	406,372	-	-	406,372
Assets derecognised or repaid	(221,298)	-	-	(221,298)
At 30 June 2024	<u>185,074</u>	<u>-</u>	<u>-</u>	<u>185,074</u>
At 1 January 2023	425,379	-	-	425,379
New assets originated or purchased	60,061	-	-	60,061
Assets derecognised or repaid	(79,068)	-	-	(79,068)
At 31 December 2023	<u>406,372</u>	<u>-</u>	<u>-</u>	<u>406,372</u>

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

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Allowance for credit loss				
At 1 January 2024	1,265	-	-	1,265
Assets derecognised or repaid	(479)	-	-	(479)
Changes due to change in credit risk	4	-	-	4
At 30 June 2024	<u>790</u>	<u>-</u>	<u>-</u>	<u>790</u>
At 1 January 2023	1,487	-	-	1,487
New assets originated	87	-	-	87
Assets derecognised or repaid	(118)	-	-	(118)
Changes due to change in credit risk	(40)	-	-	(40)
Changes in model/risk parameter	(151)	-	-	(151)
At 31 December 2023	<u>1,265</u>	<u>-</u>	<u>-</u>	<u>1,265</u>

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

	30 Jun 2024 RM'000	31 Dec 2023 RM'000
Overdrafts	5,768	7,570
Term loans		
- Housing loans	124,836	108,740
- Syndicated term loans	854,843	843,419
- Other term loans	782,002	846,649
Bills receivable	65,383	88,664
Revolving credits	1,176,230	1,093,156
Bankers' acceptances	125,340	96,298
Staff loans	1,776	1,835
Credit card loans	<u>2,839</u>	<u>3,020</u>
Gross loans, advances and financing	3,139,017	3,089,351
Less: Allowance for credit loss		
- Stage 1 (12-month ECL)	(26,327)	(26,145)
- Stage 2 (Lifetime ECL - non-credit impaired)	(6,249)	(7,020)
- Stage 3 (Lifetime ECL - credit impaired)	(1,425)	(1,356)
	<u>(34,001)</u>	<u>(34,521)</u>
Net loans, advances and financing	<u>3,105,016</u>	<u>3,054,830</u>

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

	30 Jun 2024	31 Dec 2023
	RM'000	RM'000
Domestic non-bank financial institutions		
- Others	356,833	236,237
Domestic business enterprises		
- Small medium enterprises	115,744	258,373
- Others	1,950,772	1,955,184
Individuals	40,160	37,751
Foreign entities	675,508	601,806
	<u>3,139,017</u>	<u>3,089,351</u>

(iii) By interest rate sensitivity

	30 Jun 2024	31 Dec 2023
	RM'000	RM'000
Fixed rate loan	232,406	231,199
Variable rate		
- Base rate/base lending rate plus	99,631	83,751
- Cost plus	2,744,892	2,705,285
- Other variable rates	62,088	69,116
	<u>3,139,017</u>	<u>3,089,351</u>

(iv) By sector

	30 Jun 2024	31 Dec 2023
	RM'000	RM'000
Agriculture, forestry and fishing	5,014	5,014
Manufacturing	647,380	739,292
Electricity, gas and water	37,723	42,110
Construction	170,425	258,181
Mining and quarrying	244,178	254,168
Real estate activities	445,264	467,769
Wholesale and retail trade; repair of motor vehicles and motorcycles	296,484	216,485
Information and communication	24,205	22,370
Finance and insurance	726,625	558,679
Education	199,670	199,668
Household	136,027	121,090
Transportation and storage	173,159	172,512
Administrative and support services	32,606	31,700
Accommodation and food services	257	313
	<u>3,139,017</u>	<u>3,089,351</u>

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

	30 Jun 2024	31 Dec 2023
	RM'000	RM'000
Purchase of properties		
- Non-residential	493,021	513,635
- Residential	126,402	110,358
Construction	127,410	130,004
Credit card	2,839	3,020
Personal use	431	781
Working capital	1,792,999	1,634,752
Other purpose	595,915	696,801
	<u>3,139,017</u>	<u>3,089,351</u>

(vi) By geographical distribution

	30 Jun 2024	31 Dec 2023
	RM'000	RM'000
Within Malaysia	2,515,076	2,519,599
Outside Malaysia	623,941	569,752
	<u>3,139,017</u>	<u>3,089,351</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 2024	31 Dec 2023
	RM'000	RM'000
Maturity within one year	1,494,683	1,429,963
More than one year to three years	726,477	770,309
More than three years to five years	508,441	466,153
More than five years	409,416	422,926
	<u>3,139,017</u>	<u>3,089,351</u>

(viii) Impaired loans, advances and financing**(a) Movement in impaired loans, advances and financing**

	30 Jun 2024	31 Dec 2023
	RM'000	RM'000
At 1 January 2024/1 January 2023	1,356	1,279
Impaired during the financial period	91	136
Reclassified as performing during the financial period	(57)	(64)
Write-off	-	(48)
Exchange differences	35	53
At 30 June 2024/31 December 2023	<u>1,425</u>	<u>1,356</u>
As % of gross loans, advances and financing	<u>0.05%</u>	<u>0.04%</u>

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

	30 Jun 2024	31 Dec 2023
	RM'000	RM'000
Wholesale and retail trade; repair of motor vehicles and Motorcycles	1,274	1,239
Household	151	117
	<u>1,425</u>	<u>1,356</u>

(c) By purpose

	30 Jun 2024	31 Dec 2023
	RM'000	RM'000
Working capital	1,274	1,239
Credit card	151	117
	<u>1,425</u>	<u>1,356</u>

(d) By geographical distribution

	30 Jun 2024	31 Dec 2023
	RM'000	RM'000
Within Malaysia	151	117
Outside Malaysia	1,274	1,239
	<u>1,425</u>	<u>1,356</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 2024	2,771,080	316,915	1,356	3,089,351
New assets originated	464,987	16,642	5	481,634
Assets derecognised or repaid	(397,601)	(34,401)	(1)	(432,003)
Transfer to Stage 1	7,510	(7,453)	(57)	-
Transfer to Stage 2	(1,024)	1,024	-	-
Transfer to Stage 3	-	(87)	87	-
Foreign exchange adjustments	-	-	35	35
At 30 June 2024	<u>2,844,952</u>	<u>292,640</u>	<u>1,425</u>	<u>3,139,017</u>
At 1 January 2023	2,190,753	278,074	1,279	2,470,106
New assets originated	1,770,831	24,221	10	1,795,062
Assets derecognised or repaid	(1,132,400)	(43,422)	-	(1,175,822)
Transfer to Stage 1	48,566	(48,530)	(36)	-
Transfer to Stage 2	(106,670)	106,698	(28)	-
Transfer to Stage 3	-	(126)	126	-
Write-off	-	-	(48)	(48)
Foreign exchange adjustments	-	-	53	53
At 31 December 2023	<u>2,771,080</u>	<u>316,915</u>	<u>1,356</u>	<u>3,089,351</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 2024	26,145	7,020	1,356	34,521
New assets originated	3,719	459	4	4,182
Assets derecognised or repaid	(3,852)	(1,280)	-	(5,132)
Transfer to Stage 1	173	(116)	(57)	-
Transfer to Stage 2	(2)	2	-	-
Transfer to Stage 3	-	(1)	1	-
Changes due to change in credit risk	152	10	86	248
Foreign exchange adjustments	(8)	155	35	182
At 30 June 2024	<u>26,327</u>	<u>6,249</u>	<u>1,425</u>	<u>34,001</u>
At 1 January 2023	18,871	4,178	1,279	24,328
New assets originated	8,708	984	9	9,701
Assets derecognised or repaid	(6,361)	(1,529)	-	(7,890)
Transfer to Stage 1	943	(907)	(36)	-
Transfer to Stage 2	(1,106)	1,134	(28)	-
Transfer to Stage 3	-	(2)	2	-
Changes due to change in credit risk	2,020	1,853	125	3,998
Changes in model/risk parameter	2,960	1,309	-	4,269
Write-off	-	-	(48)	(48)
Foreign exchange adjustments	110	-	53	163
At 31 December 2023	<u>26,145</u>	<u>7,020</u>	<u>1,356</u>	<u>34,521</u>

15. Derivative financial assets/liabilities

	30 Jun 2024		
	Contract/ Nominal value RM'000	Assets RM'000	Liabilities RM'000
Foreign exchange contracts			
- Currency forwards and spots	217,445	41	104
- Currency swaps	99,932	261	4
Interest rate contracts			
- Cross currency interest rate swaps	89,069	5,361	5,343
- Interest rate swaps	100,000	557	557
Total recognised derivative assets/liabilities (Note 27)	506,446	6,220	6,008
	31 Dec 2023		
	Contract/ Nominal value RM'000	Assets RM'000	Liabilities RM'000
Foreign exchange contracts			
- Currency forwards and spots	146,876	251	196
- Currency swaps	159,988	1,354	1,109
Interest rate contracts			
- Cross currency interest rate swaps	87,774	4,237	4,188
- Interest rate swaps	200,000	892	892
Total recognised derivative assets/liabilities (Note 27)	594,638	6,734	6,385

16. Other assets

	30 Jun 2024 RM'000	31 Dec 2023 RM'000
Interest receivable	18,803	12,357
Deposits	1,469	1,502
Other receivables and prepayments	5,165	2,272
Collateral pledged for derivative transaction	160	-
	25,597	16,131

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

	30 Jun 2024 RM'000	31 Dec 2023 RM'000
Demand deposits	1,213,735	697,150
Fixed deposits	1,421,084	1,253,093
Savings deposits	162,844	160,650
Money market deposits	480,403	244,777
Others	158,123	154,010
	3,436,189	2,509,680

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

	30 Jun 2024	31 Dec 2023
	RM'000	RM'000
Business enterprises	2,025,870	1,343,131
Individuals	403,824	383,396
Foreign entities	1,006,233	782,805
Others	262	348
	<u>3,436,189</u>	<u>2,509,680</u>

(iii) By maturity structure of term deposits

	30 Jun 2024	31 Dec 2023
	RM'000	RM'000
Due within six months	1,542,581	1,060,473
More than six months to one year	358,906	437,397
	<u>1,901,487</u>	<u>1,497,870</u>

18. Deposits and placements of banks and other financial institutions

	30 Jun 2024	31 Dec 2023
	RM'000	RM'000
Licensed Malaysian banks	86,518	326,239
Licensed investment banks	20,198	50,042
Licensed Islamic banks	18,465	25,862
Other financial institutions	32,154	31,984
Foreign banks	643,582	533,915
	<u>800,917</u>	<u>968,042</u>

19. Other liabilities

	30 Jun 2024	31 Dec 2023
	RM'000	RM'000
Interest payable	28,265	23,585
Other payables and accruals	51,468	34,713
	<u>79,733</u>	<u>58,298</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 2024	2,027	858	-	2,885
New commitments originated	1,283	171	-	1,454
Commitments derecognised	(1,470)	(246)	-	(1,716)
Transfer to Stage 1	26	(26)	-	-
Transfer to Stage 2	(1)	1	-	-
Changes due to change in credit risk	223	1	-	224
Foreign exchange adjustments	3	-	-	3
At 30 June 2024	<u>2,091</u>	<u>759</u>	-	<u>2,850</u>
At 1 January 2023	1,719	574	-	2,293
New commitments originated	2,117	202	-	2,319
Commitments derecognised	(1,773)	(105)	-	(1,878)
Transfer to Stage 1	6	(6)	-	-
Transfer to Stage 2	(8)	8	-	-
Changes due to change in credit risk	(205)	63	-	(142)
Changes in model/risk parameter	171	122	-	293
At 31 December 2023	<u>2,027</u>	<u>858</u>	-	<u>2,885</u>

21. Net Interest income

	2nd quarter ended		Year-To-Date ended	
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
	RM'000	RM'000	RM'000	RM'000
Interest income				
Loans, advances and financing	42,188	34,134	85,283	63,039
Money at call and deposits and placements with financial institutions	2,911	4,068	6,810	6,683
Financial investments measured at fair value through other comprehensive income	11,647	7,808	20,002	15,513
Financial investments measured at amortised cost	2,529	3,120	5,979	6,471
	<u>59,275</u>	<u>49,130</u>	<u>118,074</u>	<u>91,706</u>
Interest expense				
Deposits and placements of banks and other financial institutions	(6,702)	(4,060)	(15,902)	(5,638)
Deposits from customers	(17,138)	(12,303)	(32,352)	(22,420)
	<u>(23,840)</u>	<u>(16,363)</u>	<u>(48,254)</u>	<u>(28,058)</u>
Net interest income	<u>35,435</u>	<u>32,767</u>	<u>69,820</u>	<u>63,648</u>

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

	2nd quarter ended		Year-To-Date ended	
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
	RM'000	RM'000	RM'000	RM'000
Fee income:				
- Commission	15	10	16	14
- Service charges and fees	1,353	1,676	2,306	2,991
- Loan processing fees	186	207	358	678
- Syndication fees	-	1,786	943	1,786
- Guarantee fees	1,366	1,691	2,733	2,961
- Commitment fees	227	202	458	420
- Other loan related fee income	45	43	90	48
- Other fee income	2,057	2	2,060	5
	<u>5,249</u>	<u>5,617</u>	<u>8,964</u>	<u>8,903</u>
Fee expense:				
- Brokerage fees	(26)	(22)	(47)	(36)
- Other fee expense	(749)	(200)	(1,190)	(444)
	<u>(775)</u>	<u>(222)</u>	<u>(1,237)</u>	<u>(480)</u>
Net fee income	<u>4,474</u>	<u>5,395</u>	<u>7,727</u>	<u>8,423</u>

(ii) Net trading income

	2nd quarter ended		Year-To-Date ended	
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
	RM'000	RM'000	RM'000	RM'000
Net gains from dealing in foreign exchange	9,768	30,343	32,960	34,693
Net losses arising from derivative trading	(4,808)	(21,069)	(23,976)	(16,604)
Net unrealised revaluation losses in foreign exchange	-	(111)	-	(111)
Net unrealised (losses)/gains arising from derivative trading	55	(2,682)	(138)	(3,840)
	<u>5,015</u>	<u>6,481</u>	<u>8,846</u>	<u>14,138</u>

(iii) Other income

	2nd quarter ended		Year-To-Date ended	
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
	RM'000	RM'000	RM'000	RM'000
Other operating income	1	64	3	90
Total net non-interest income	<u>9,490</u>	<u>11,940</u>	<u>16,576</u>	<u>22,651</u>

23. Other operating expenses

	2nd quarter ended		Year-To-Date ended	
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
	RM'000	RM'000	RM'000	RM'000
Personnel costs:				
- Salaries, allowance and bonuses	12,472	10,638	22,898	24,108
- Pension fund contributions	1,351	1,140	2,525	2,674
- Other staff costs	1,310	1,459	2,973	3,091
Promotion and marketing related expenses:				
- Advertising and promotion	101	59	141	81
- Others	45	33	131	51
Establishment costs:				
- Depreciation of property and equipment	290	444	734	841
- Depreciation of right-of-use assets	1,091	1,136	2,209	2,275
- Interest expense on lease liabilities	70	21	141	47
- Expenses relating to leases of low-value assets	65	62	129	95
- Others	983	745	1,460	1,396
Administrative expenses:				
- Auditors' remuneration				
• statutory audit fees	64	65	127	128
• audit related services	4	3	7	7
- Professional fees	158	448	250	513
- Licence fee	86	87	171	171
- Membership fee	62	67	93	90
- Others	1,674	1,681	2,992	2,894
	<u>19,826</u>	<u>18,088</u>	<u>36,981</u>	<u>38,462</u>

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

	2nd quarter ended		Year-To-Date ended	
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
	RM'000	RM'000	RM'000	RM'000
(Write-back of)/Allowance for credit loss				
- Loans, advances and financing	(290)	2,725	(702)	2,558
- Provision for commitments and contingencies	71	(79)	(38)	424
	<u>(219)</u>	<u>2,646</u>	<u>(740)</u>	<u>2,982</u>

25. Write-back of impairment on other financial assets

	2nd quarter ended		Year-To-Date ended	
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
	RM'000	RM'000	RM'000	RM'000
Allowance for /(Write-back of) credit loss				
- Cash and short-term funds	73	(318)	(119)	(250)
- Deposits and placements with banks and other financial institutions	(163)	183	(263)	(822)
- Financial investments measured at amortised cost	(262)	(109)	(475)	(112)
	<u>(352)</u>	<u>(244)</u>	<u>(857)</u>	<u>(1,184)</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 2024	30 Jun 2023
	RM'000	RM'000
Aggregate value of outstanding credit exposures to connected parties	<u>120,514</u>	<u>187,988</u>
As a percentage of total credit exposures	<u>1.90%</u>	<u>3.60%</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 2024			
	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	117,986	-	117,986	23,597
Transaction-related contingent items	370,418	-	185,209	67,483
Short-term self-liquidating trade-related Contingencies	136,113	-	27,222	11,401
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- Exceeding one year	119,685	-	59,843	58,974
- Not exceeding one year	1,068,258	-	213,652	157,235
Unutilised credit card lines	37,510	-	7,502	5,626
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	317,377	302	4,617	1,746
Interest rate related contracts:				
- Less than one year	89,069	5,361	6,786	3,728
- One year to five years	100,000	557	1,557	312
Total	2,356,416	6,220	624,374	330,102

Note 15

27. Commitments and contingencies (continued)

	31 Dec 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	114,747	-	114,747	22,949
Transaction-related contingent items	410,711	-	205,356	88,050
Short-term self-liquidating trade-related contingencies	180,762	-	36,152	12,318
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- Exceeding one year	124,535	-	62,268	59,310
- Not exceeding one year	1,081,047	-	216,209	175,719
Unutilised credit card lines	37,210	-	7,442	5,582
<u>Derivative financial contracts</u>				
Foreign exchange related contracts:				
- Less than one year	306,864	1,605	4,553	1,917
Interest rate related contracts				
- Less than one year	87,774	4,237	7,090	4,225
- One year to five years	200,000	892	4,892	3,446
Total	2,543,650	6,734	658,709	373,516

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 2024	31 Dec 2023
	RM'000	RM'000
Common Equity Tier 1 (“CET1”) Capital/Tier 1 Capital		
Paid-up share capital	832,609	832,609
Retained earnings	515,304	515,304
Regulatory reserve	17,644	17,644
Foreign currency translation reserve	7,132	5,571
Unrealised gains on financial investments measured at FVOCI	5,384	6,495
	<u>1,378,073</u>	<u>1,377,623</u>
Less: Regulatory adjustments applied in calculation of CET1 Capital		
- Deferred tax assets	(10,419)	(10,585)
- 55% cumulative gains of financial investments measured at FVOCI	(2,961)	(3,572)
- Regulatory reserve attributable to loans, advances and financing	(17,644)	(17,644)
	<u>(31,024)</u>	<u>(31,801)</u>
Total CET1 Capital/Tier 1 Capital	<u>1,347,049</u>	<u>1,345,822</u>
Tier 2 Capital		
Allowance for credit loss	26,552	26,107
Regulatory reserve	17,644	17,644
Total Tier 2 Capital	<u>44,196</u>	<u>43,751</u>
Total Capital	<u>1,391,245</u>	<u>1,389,573</u>
CET1 capital ratio	35.120%	35.618%
Tier 1 capital ratio	35.120%	35.618%
Total capital ratio	36.273%	36.776%

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

	30 Jun 2024		31 Dec 2023	
	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	6,395,076	3,535,693	5,609,996	3,500,113
Total RWA for market risk	-	17,642	-	12,534
Total RWA for operational risk	-	282,193	-	265,868
	<u>6,395,076</u>	<u>3,835,528</u>	<u>5,609,996</u>	<u>3,778,515</u>

29. Performance Review

For the half year ended 30 June 2024, the Bank recorded a profit before tax of RM51.01 million, higher by RM4.97 million or 10.8% when compared with the corresponding period in 2023. The Bank's total operating income was made up of net interest income of RM69.82 million and net non-interest income of RM16.58 million (30 June 2023: RM63.65 million and RM22.65 million respectively).

Net Interest income which contributed 80.8% to the Bank's total net operating income increased by RM6.17 million or 9.7% when compared with the half year ended 30 June 2023 as a result of higher average yield on interest-bearing assets as compared with the corresponding period in 2023. Net non-interest income which contributed 19.2% to the Bank's total net operating income, has decreased by RM6.08 million or 26.8% mainly due to lower net trading income of RM5.29 million or 37.4%.

The Bank's other operating expenses decreased by RM1.48 million or 3.9% to RM36.98 million as compared with the previous corresponding period in 2023, attributable to lower personnel costs incurred. During the financial period, there was a write-back of provision for impairment on loans, advances and financing of RM0.74 million and a write-back of provision for impairment on other financial assets of RM0.86 million.

As at 30 June 2024, gross loans, advances and financing increased by RM49.67 million or 1.6% to RM3,139.02 million as compared with RM3,089.51 million as at 31 December 2023. The Bank's deposits from customers stood at RM3,436.19 million, which grew by RM926.51 million or 36.9% when compared with the balance of RM2,509.68 million as at 31 December 2023.