

**BANGKOK BANK BERHAD**  
**199401014060 (299740-W)**  
**(Incorporated in Malaysia)**

**Unaudited Interim Condensed Financial Statements**  
**30 September 2023**

**Bangkok Bank Berhad**  
**199401014060 (299740-W)**  
**(Incorporated in Malaysia)**

<b>Contents</b>	<b>Page(s)</b>
Performance review and commentary on the prospects	1
Unaudited interim condensed statements of financial position	2 - 3
Unaudited interim condensed income statements	4 - 5
Unaudited interim condensed statements of comprehensive income	6 - 7
Unaudited interim condensed statements of changes in equity	8
Unaudited interim condensed statements of cash flows	9 - 11
Notes to the unaudited interim condensed financial statements	12 - 42

**Performance review for the nine-month period ended 30 September 2023 and commentary on the prospects**

Bangkok Bank Berhad ("BBB") registered a profit before tax ("PBT") of RM22.8 million for the nine-month period ended 30 September 2023 as compared to RM46.0 million recorded during the previous corresponding period. The lower PBT in current period was mainly due to expected credit losses ("ECL") charged for newly impaired borrowers.

Gross loans dropped marginally from RM3.0 billion as at 31 December 2022 to RM2.7 billion as at 30 September 2023 due to competitive market and a few large loan repayments.

Deposits from customers and deposits from banks and other financial institutions decreased from RM2.8 billion as at 31 December 2022 to RM2.7 billion as at 30 September 2023. The Bank continues to heighten its efforts on gathering deposits to support healthy liquidity requirements. Liquidity coverage ratio and net stable funding ratio are well above regulatory requirements as at 30 September 2023.

Overall, the Bank is expected to remain sound supported by strong capital base. The Bank continues to focus on strengthening its business resilience and practise vigilance in strategy, cost discipline and prudence in risk management to meet challenges ahead.

**Unaudited interim condensed statements of financial position as at 30 September 2023**

	Note	Group		Bank	
		30.09.2023 RM'000	31.12.2022 RM'000	30.09.2023 RM'000	31.12.2022 RM'000
<b>Assets</b>					
Cash and short-term funds		285,075	169,761	284,924	161,832
Deposits and placements with banks and other financial institutions		149,945	44,232	149,945	44,232
Financial assets at fair value through other comprehensive income ("FVOCI")	12	948,650	989,677	948,650	989,677
Financial assets at amortised costs	13	-	-	-	-
Loans, advances and financing	14	2,483,488	2,796,567	2,483,488	2,796,567
Derivative assets		171	2,005	171	2,005
Tax recoverable		8,660	22,503	8,645	22,492
Other assets	15	10,932	5,537	10,932	5,537
Statutory deposit with Bank Negara Malaysia	16	39,979	38,973	39,979	38,973
Investment in subsidiary		-	-	10	10
Property and equipment	17	116,414	118,716	116,414	118,716
Intangible assets		107	242	107	242
Right-of-use assets	18	5,720	5,871	5,720	5,871
Deferred tax assets		23,114	22,049	23,114	22,049
<b>Total assets</b>		<b>4,072,255</b>	<b>4,216,133</b>	<b>4,072,099</b>	<b>4,208,203</b>
<b>Liabilities and shareholder's equity</b>					
Deposits from customers	19	1,871,970	2,009,618	1,871,970	2,009,618
Deposits and placements from banks and other financial institutions	20	789,432	832,727	789,432	832,727
Derivative liabilities		394	2,005	394	2,005
Other liabilities	21	46,961	45,650	46,958	37,862
<b>Total liabilities</b>		<b>2,708,757</b>	<b>2,890,000</b>	<b>2,708,754</b>	<b>2,882,212</b>

*These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and accompanying explanatory notes attached to these unaudited interim condensed financial statements.*

**Unaudited interim condensed statements of financial position as at 30 September 2023 (cont'd.)**

	Note	Group		Bank	
		30.09.2023 RM'000	31.12.2022 RM'000	30.09.2023 RM'000	31.12.2022 RM'000
<b>Liabilities and shareholder's equity (cont'd.)</b>					
Share capital		1,000,000	1,000,000	1,000,000	1,000,000
FVOCI reserve		29,580	8,900	29,580	8,900
Retained profits		333,918	317,233	333,765	317,091
<b>Shareholder's equity</b>		<u>1,363,498</u>	<u>1,326,133</u>	<u>1,363,345</u>	<u>1,325,991</u>
<b>Total liabilities and shareholder's equity</b>		<u>4,072,255</u>	<u>4,216,133</u>	<u>4,072,099</u>	<u>4,208,203</u>
<b>Commitments and contingencies</b>	27	<u>2,850,589</u>	<u>2,556,725</u>	<u>2,850,589</u>	<u>2,556,725</u>

*These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and accompanying explanatory notes attached to these unaudited interim condensed financial statements.*

**Unaudited interim condensed income statements**  
**For the financial period ended 30 September 2023**

		<b>Group</b>				
		<b>Third Quarter Ended</b>		<b>Cumulative 9 Months Ended</b>		
		<b>1.7.2023</b>	<b>1.7.2022</b>	<b>1.1.2023</b>	<b>1.1.2022</b>	
		<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>	
<b>Note</b>		<b>30.09.2023</b>	<b>30.09.2022</b>	<b>30.09.2023</b>	<b>30.09.2022</b>	
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	
	Interest income	22	51,505	39,468	149,331	110,710
	Interest expense	23	(25,510)	(14,369)	(72,213)	(38,278)
	Net interest income		25,995	25,099	77,118	72,432
	Non-interest income	25	3,082	3,753	9,513	14,928
	Net income		29,077	28,852	86,631	87,360
	Overhead expenses	26	(15,835)	(15,472)	(46,694)	(44,907)
	Operating profit		13,242	13,380	39,937	42,453
	Writeback of/(allowance for) expected credit losses, net	24	(3,558)	(238)	(17,143)	3,596
	Profit before taxation		9,684	13,142	22,794	46,049
	Taxation		(613)	(2,228)	(6,109)	(11,538)
	Net profit for the financial period		9,071	10,914	16,685	34,511
	Earnings per share (sen)					
	- basic		0.91	1.09	1.67	3.45
	- diluted		0.91	1.09	1.67	3.45

*These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and accompanying explanatory notes attached to these unaudited interim condensed financial statements.*

**Unaudited interim condensed income statements**  
**For the financial period ended 30 September 2023 (cont'd.)**

	Note	Bank			
		Third Quarter Ended		Cumulative 9 Months Ended	
		1.7.2023	1.7.2022	1.1.2023	1.1.2022
		to	to	to	to
		30.09.2023	30.09.2022	30.09.2023	30.09.2022
		RM'000	RM'000	RM'000	RM'000
Interest income	22	51,505	39,468	149,331	110,710
Interest expense	23	(25,510)	(14,369)	(72,213)	(38,278)
Net interest income		25,995	25,099	77,118	72,432
Non-interest income	25	3,079	3,751	9,495	14,904
Net income		29,074	28,850	86,613	87,336
Overhead expenses	26	(15,835)	(15,472)	(46,691)	(44,905)
Operating profit		13,239	13,378	39,922	42,431
Writeback of/(allowance for) expected credit losses, net	24	(3,558)	(238)	(17,143)	3,596
Profit before taxation		9,681	13,140	22,779	46,027
Taxation		(612)	(2,228)	(6,105)	(11,533)
Net profit for the financial period		9,069	10,912	16,674	34,494
Earnings per share (sen)					
- basic		0.91	1.09	1.67	3.45
- diluted		0.91	1.09	1.67	3.45

*These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and accompanying explanatory notes attached to these unaudited interim condensed financial statements.*

**Unaudited interim condensed statements of comprehensive income**  
**For the financial period ended 30 September 2023**

	<b>Group</b>			
	<b>Third Quarter Ended</b>		<b>Cumulative 9 Months Ended</b>	
	<b>1.7.2023</b>	<b>1.7.2022</b>	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
<b>30.09.2023</b>	<b>30.09.2022</b>	<b>30.09.2023</b>	<b>30.09.2022</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net profit for the period</b>	9,071	10,914	16,685	34,511
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Equity securities designated at fair value through other comprehensive income - net changes in fair value	-	-	14,817	504
<b>Items that may be reclassified subsequently to profit or loss</b>				
Debt instruments at fair value through other comprehensive income - net unrealised (loss)/gain on changes in fair value	(89)	198	5,444	(15,865)
- expected credit loss	1,256	605	1,726	-
Income tax relating to components of other comprehensive income	21	(48)	(1,307)	3,807
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>1,188</b>	<b>755</b>	<b>20,680</b>	<b>(11,554)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>10,259</b>	<b>11,669</b>	<b>37,365</b>	<b>22,957</b>

*These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and accompanying explanatory notes attached to these unaudited interim condensed financial statements.*



**Unaudited interim condensed statements of comprehensive income**  
**For the financial period ended 30 September 2023 (cont'd.)**

	Bank			
	Third Quarter Ended		Cumulative 9 Months Ended	
	1.7.2023	1.7.2022	1.1.2023	1.1.2022
	to 30.09.2023	to 30.09.2022	to 30.09.2023	to 30.09.2022
	RM'000	RM'000	RM'000	RM'000
<b>Net profit for the period</b>	9,069	10,912	16,674	34,494
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Equity securities designated at fair value through other comprehensive income - net changes in fair value	-	-	14,817	504
<b>Items that may be reclassified subsequently to profit or loss</b>				
Debt instruments at fair value through other comprehensive income - net unrealised (loss)/profit on changes in fair value	(89)	198	5,444	(15,865)
- expected credit loss	1,256	605	1,726	-
Income tax relating to components of other comprehensive income	21	(48)	(1,307)	3,807
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>1,188</b>	<b>755</b>	<b>20,680</b>	<b>(11,554)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>10,257</b>	<b>11,667</b>	<b>37,354</b>	<b>22,940</b>

*These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and accompanying explanatory notes attached to these unaudited interim condensed financial statements.*

**Unaudited interim condensed statements of changes in equity**  
**For the financial period ended 30 September 2023**

Group	<--- Non-distributable--->		Distributable	Total RM'000
	Share capital RM'000	FVOCI reserve RM'000	Retained profits RM'000	
<b>At 1 January 2022</b>	1,000,000	17,254	277,275	1,294,529
Profit for the period			34,511	34,511
Other comprehensive loss		(11,554)		(11,554)
<b>Total comprehensive income</b>	-	(11,554)	34,511	22,957
<b>At 30 September 2022</b>	<u>1,000,000</u>	<u>5,700</u>	<u>311,786</u>	<u>1,317,486</u>
<b>At 1 January 2023</b>	1,000,000	8,900	317,233	1,326,133
Profit for the period			16,685	16,685
Other comprehensive income		20,680		20,680
<b>Total comprehensive income</b>	-	20,680	16,685	37,365
<b>At 30 September 2023</b>	<u>1,000,000</u>	<u>29,580</u>	<u>333,918</u>	<u>1,363,498</u>

  

Bank	<--- Non-distributable--->		Distributable	Total RM'000
	Share capital RM'000	FVOCI reserve RM'000	Retained profits RM'000	
<b>At 1 January 2022</b>	1,000,000	17,254	277,154	1,294,408
Profit for the period			34,494	34,494
Other comprehensive loss		(11,554)		(11,554)
<b>Total comprehensive income</b>	-	(11,554)	34,494	22,940
<b>At 30 September 2022</b>	<u>1,000,000</u>	<u>5,700</u>	<u>311,648</u>	<u>1,317,348</u>
<b>At 1 January 2023</b>	1,000,000	8,900	317,091	1,325,991
Profit for the period			16,674	16,674
Other comprehensive income		20,680		20,680
<b>Total comprehensive income</b>	-	20,680	16,674	37,354
<b>At 30 September 2023</b>	<u>1,000,000</u>	<u>29,580</u>	<u>333,765</u>	<u>1,363,345</u>

*These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and accompanying explanatory notes attached to these unaudited interim condensed financial statements.*

**Unaudited interim condensed statements of cash flows**  
**For the financial period ended 30 September 2023**

	Note	Group		Bank	
		1.1.2023 to 30.09.2023 RM'000	1.1.2022 to 30.09.2022 RM'000	1.1.2023 to 30.09.2023 RM'000	1.1.2022 to 30.09.2022 RM'000
<b>Cash flows from operating activities</b>					
Profit before taxation		22,794	46,049	22,779	46,027
Adjustments for:					
Depreciation	26	3,317	3,519	3,317	3,519
Amortisation of intangible assets	26	136	221	136	221
Depreciation of right-of-use assets	26	1,020	947	1,020	947
Gain on sale of property and equipments	25	(5)	-	(5)	-
Interest expense on lease liability	18	197	141	197	141
Interest income from debt instruments at amortised cost	22	-	(355)	-	(355)
Interest income from debt instruments at FVOCI	22	(27,735)	(27,258)	(27,735)	(27,258)
Interest income from debt instruments at FVTPL	22	-	(213)	-	(213)
(Writeback)/Allowance of ECL	24	16,849	(3,550)	16,849	(3,550)
Net loss on disposal of Financial assets measured at FVTPL	25	-	274	-	274
Gross dividend from financial assets at FVOCI	25	(390)	(130)	(390)	(130)
Gain from redemption of financial assets at amortised cost	25	-	(3,640)	-	(3,640)
Gain from redemption of financial assets at FVOCI	25	-	(972)	-	(972)
Unrealised loss on foreign exchange forward	25	222	706	222	706
Amortisation of premium, net of (accretion of discount) financial assets at FVOCI	22	2,975	3,699	2,975	3,699
Operating profit before working capital changes		19,380	19,438	19,365	19,416

*These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and accompanying explanatory notes attached to these unaudited interim condensed financial statements.*

**Unaudited interim condensed statements of cash flows**  
**For the financial period ended 30 September 2023 (cont'd.)**

	Group		Bank	
	1.1.2023 to 30.09.2023 RM'000	1.1.2022 to 30.09.2022 RM'000	1.1.2023 to 30.09.2023 RM'000	1.1.2022 to 30.09.2022 RM'000
<b>Cash flows from operating activities</b> <b>(cont'd.)</b>				
Balance carried forward	19,380	19,438	19,365	19,416
<b>(Increase)/Decrease in operating assets:</b>				
Loans, advances and financing	293,674	665,678	293,674	665,678
Other assets	(5,395)	(1,925)	(5,395)	(1,925)
Statutory deposits with Bank Negara Malaysia	(1,006)	(7,996)	(1,006)	(7,996)
<b>Increase/(Decrease) in operating liabilities:</b>				
Deposits from customers	(137,648)	(516,474)	(137,648)	(516,474)
Deposits and placement from banks and other financial institutions	(43,295)	(205,776)	(43,295)	(205,776)
Other liabilities	5,668	(1,962)	13,453	(1,149)
Cash generated from operating activities	131,378	(49,017)	139,148	(48,226)
Taxes paid	(11,165)	(13,421)	(11,157)	(13,418)
Taxes refunded	16,528	-	16,528	-
Net cash used in operating activities	136,741	(62,438)	144,519	(61,644)
<b>Cash flows from investing activities</b>				
Purchase of financial assets at FVOCI	(1,300,076)	(651,209)	(1,300,076)	(651,209)
Proceeds from sale of financial assets at FVOCI	1,360,000	541,456	1,360,000	541,456
Interest received from financial asset at FVOCI	26,124	27,346	26,124	27,346
Purchase of financial asset at FVTPL	-	(61,443)	-	(61,443)
Proceeds from sale of financial asset at FVTPL	-	61,375	-	61,375
Proceeds from sale of financial assets at amortised costs	-	106,369	-	106,369
Proceeds from partial redemption/ interest of financial assets at amortised costs	-	-	-	-
Purchase of property and equipment	(1,024)	(113)	(1,024)	(113)
Dividend from financial assets at FVOCI	390	130	390	130
Net cash generated from investing activities	85,414	23,911	85,414	23,911

*These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and accompanying explanatory notes attached to these unaudited interim condensed financial statements.*

**Unaudited interim condensed statements of cash flows**  
**For the financial period ended 30 September 2023 (cont'd.)**

	Note	Group		Bank	
		1.1.2023 to 30.09.2023 RM'000	1.1.2022 to 30.09.2022 RM'000	1.1.2023 to 30.09.2023 RM'000	1.1.2022 to 30.09.2022 RM'000
<b>Cash flows from financing activities</b>					
Payment of lease liabilities	18	(1,128)	(1,030)	(1,128)	(1,030)
Net cash used in financing activities		(1,128)	(1,030)	(1,128)	(1,030)
<b>Net decrease in cash and cash equivalents</b>		221,027	(39,557)	228,805	(38,763)
<b>Cash and cash equivalents at beginning of financial period</b>		213,993	221,477	206,064	220,249
<b>Cash and cash equivalents at end of financial period</b>		435,020	181,920	434,869	181,486
<b>Cash and cash equivalents comprise:</b>					
Cash and short-term funds		285,075	181,920	284,924	181,486
Deposits and placements of banks and other financial institutions		149,945	-	149,945	-
		435,020	181,920	434,869	181,486

*These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and accompanying explanatory notes attached to these unaudited interim condensed financial statements.*

## **Notes to the unaudited interim condensed financial statements - 30 September 2023**

### **1. Corporate information**

Bangkok Bank Berhad ("the Bank") is a public limited liability licensed bank, incorporated and domiciled in Malaysia. The registered office of the Bank is located at 1-45-01, Menara Bangkok Bank, Laman Sentral Berjaya, 105 Jalan Ampang, 50450 Kuala Lumpur.

The principal activities of the Bank are banking and related financial services.

The Bank also controls a wholly-owned subsidiary named BBL Nominees (Tempatan) Sdn. Bhd. The principal activity of its subsidiary is provision of nominees services to local clients of the Bank.

There have been no significant changes in the nature of the principal activities during the financial period.

The holding company of the Bank is Bangkok Bank Public Company Limited, a bank incorporated in Thailand.

### **2. Basis of preparation of the financial statements**

#### **2.1 Basis of preparation and presentation of the unaudited interim condensed financial statements**

The unaudited interim condensed financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board ("IASB").

The unaudited interim condensed financial statements have been prepared under the historical cost convention except for the following assets which are stated at fair value: financial assets at FVOCI and derivatives. The unaudited interim condensed financial statements are presented in Ringgit Malaysia ("RM"), which is the Bank's functional currency and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

The unaudited interim condensed financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2022. These explanatory notes attached to the unaudited interim condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Bank since the financial year ended 31 December 2022.

## **2. Basis of preparation of the financial statements (cont'd.)**

### **2.2 Changes in accounting policies**

The accounting policies adopted in the preparation of the unaudited interim condensed financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2022, except for the amendments to standards effective as of 1 January 2023 as follows:

<b>Descriptions</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 101 <i>Presentation of Financial Statements:</i> <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101 and MFRS Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108: <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112: <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

The adoption of these new amendments to MFRS are not expected to have any significant impacts to the financial statements of the Group and the Bank.

### **2.3 Amendments to standards, annual improvements to standards and IC Interpretations issued but not yet effective**

As at the reporting date, the following are amendments to standards, annual improvements to standards and IC Interpretations issued by the Malaysian Accounting Standards Board ("MASB") but not yet effective.

<b>Descriptions</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 101 <i>Presentation of Financial Statements:</i> <i>Non Current Liabilities with Covenants</i>	1 January 2024

The Group and the Bank plan to adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are expected to have no significant impact to the financial statements of the Group and the Bank upon their initial application.

## **2. Basis of preparation of the financial statements (cont'd.)**

### **2.4 Significant accounting judgements, estimates and assumptions**

The preparation of the Group's and the Bank's financial statements in accordance with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of revenue, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's and the Bank's accounting policies, management has made the following judgements, estimates and assumptions concerning the future and other key sources of estimation uncertainty at the reporting that, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's and the Bank's control and are reflected in the assumptions if and when they occur.

#### **(a) Impairment losses on financial assets**

The measurement of impairment losses under MFRS 9 across all categories of financial assets requires judgement, in particular, estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and assessment of significant increase in credit risk. These estimates are driven by a number of factors, changes which can result in different levels of allowances.

The Group and the Bank's Expected Credit Loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's and the Bank's internal credit grading model, which assigns PDs to the individual grades;
- The Group's and the Bank's criteria for assessing if there has been a significant increase in credit risk resulting in impairment losses on financial assets to be measured on a lifetime basis and the qualitative assessment;
- Development of ECL models, including the various formulas and the choice of inputs;
- ECL is adjusted with a management overlay where considered appropriate;
- Determination of associations between macroeconomic factors and the effect on PDs, LGDs and EADs; and



**2. Basis of preparation of the financial statements (cont'd.)**

**2.4 Significant accounting judgements, estimates and assumptions (cont'd.)**

**(a) Impairment losses on financial assets (cont'd).**

- Selection of forward-looking macroeconomic scenarios and their probability weightings.

**(b) Deferred tax and current tax**

In determining the Group's and the Bank's tax charge for the year involves estimation and judgement, which includes an interpretation of local tax law and an assessment of whether the tax authority will accept the position taken. The Group and the Bank provide for current tax liabilities at the best estimate based on all available evidence and the amount that is expected to be paid to the tax authority where an outflow is probable.

The recoverability of the Group's and the Bank's deferred tax assets is based on management's judgement of the availability of future taxable profits against which the deferred tax assets will be utilised.

**3. Auditors' report on preceding annual financial statements**

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2022 was not subject to any qualification.

**4. 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 Group and the Bank during the financial period ended 30 September 2023.

**5. Comments about seasonal or cyclical factors**

The business operations of the Group and the Bank are not materially affected by any seasonal or cyclical factors.

**6. Changes in estimates**

There were no significant changes in estimates of amounts reported in prior financial period that have a material effect in the current financial period.

## 7. Debt and equity securities

There were no issuances, repurchases and repayments of debt and equity securities during the nine months ended 30 September 2023.

## 8. Subsequent events

There were no material events subsequent to the end of the current period that require disclosure or adjustments to the interim condensed financial statements.

## 9. Changes in composition of the Group

There were no changes in the composition of the Group during the financial period ended 30 September 2023.

## 10. Dividends paid

No dividend was declared or paid during the financial period ended 30 September 2023.

## 11. Segmental information

As the Group does not have foreign operations, the Group is not required to present separate identifiable geographical segments.

## 12. Financial assets at fair value through other comprehensive income

	<b>Group and Bank</b>	
	<b>30.9.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Debt instruments</b>		
Malaysian Government Securities	223,990	281,654
Government Investment Issues	223,397	303,319
Negotiable Instruments of Deposit	200,285	100,192
Corporate bonds	271,797	290,548
	<u>919,469</u>	<u>975,713</u>
<b>Equity instruments</b>		
Unquoted shares	29,181	13,964
	<u>948,650</u>	<u>989,677</u>

## 12. Financial assets at fair value through other comprehensive income (cont'd.)

Movements in the allowance for ECL on debt instruments at FVOCI are as follows:

	<b>Stage 1 ECL RM'000</b>	<b>Stage 2 ECL RM'000</b>	<b>Stage 3 ECL RM'000</b>	<b>Total RM'000</b>
<b>Group and Bank</b>				
At 1 January 2023	2,706	-	-	2,706
New debt instruments originated	1,337	-	-	1,337
ECL allowance charged	(838)	-	-	(838)
Debt instruments derecognised	1,227	-	-	1,227
At 30 September 2023	<u>4,432</u>	<u>-</u>	<u>-</u>	<u>4,432</u>
<b>Group and Bank</b>				
At 1 January 2022	1,624	-	-	1,624
New debt instruments originated	485	-	-	485
ECL allowance charged	960	-	-	960
Debt instruments derecognised	(363)	-	-	(363)
At 31 December 2022	<u>2,706</u>	<u>-</u>	<u>-</u>	<u>2,706</u>

## 13. Financial assets at amortised cost

	<b>Group and Bank</b>	
	<b>30.9.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Debt instruments</b>		
Corporate bonds	-	-
<b>Unquoted securities:</b>		
Corporate bonds	469	469
	<u>469</u>	<u>469</u>
Less: allowance for ECL	(469)	(469)
	<u>-</u>	<u>-</u>

### 13. Financial assets at amortised cost (cont'd.)

Movements in the allowance for ECL on financial assets at amortised cost are as follows:

	<b>Stage 1 ECL RM'000</b>	<b>Stage 2 ECL RM'000</b>	<b>Stage 3 ECL RM'000</b>	<b>Total RM'000</b>
<b>Group and Bank</b>				
At 1 January 2023	-	-	469	469
ECL allowance writeback	-	-	-	-
At 30 September 2023	-	-	469	469
<b>Group and Bank</b>				
At 1 January 2022	179	-	529	708
ECL allowance writeback	(179)	-	(60)	(239)
At 31 December 2022	-	-	469	469

### 14. Loans, advances and financing

	<b>Group and Bank</b>	
	<b>30.9.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
Overdrafts	62,064	68,138
Term loans:		
- Housing loans	854	961
- Syndicated term loan	82,082	45,748
- Other term loans	754,820	678,395
Revolving credits	1,171,295	1,343,343
Bills receivables	274,587	300,008
Trust receipts	29,046	22,023
Bankers' acceptances	303,489	515,249
Staff loans	359	250
	<u>2,678,596</u>	<u>2,974,115</u>
Unearned interest	(1,977)	(3,822)
Gross loans, advances and financing	<u>2,676,619</u>	<u>2,970,293</u>
Less: allowance for ECL		
- Stage 1	(27,403)	(26,302)
- Stage 2	(7,110)	(8,332)
- Stage 3	(75,133)	(68,003)
- Management overlay	(83,485)	(71,089)
Net loans, advances and financing	<u>2,483,488</u>	<u>2,796,567</u>

**14. Loans, advances and financing (cont'd.)**

(i) The maturity structure of loans, advances and financing are as follows:

	<b>Group and Bank</b>	
	<b>30.9.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	1,934,417	2,319,672
One year to three years	183,626	184,117
Three years to five years	212,944	249,247
Over five years	345,632	217,257
	<u>2,676,619</u>	<u>2,970,293</u>

(ii) Loans, advances and financing according to economic sectors are as follows:

	<b>Group and Bank</b>	
	<b>30.9.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Primary agriculture	193,092	208,377
Mining and quarrying	8,309	8,664
Manufacturing	702,833	730,788
Electricity, gas and water supply	25,354	28,443
Construction	362,024	418,637
Wholesale and retail trade and restaurants and hotels	218,784	343,089
Transport, storage and communication	174,300	80,611
Finance, insurance, real estate and business activities	978,264	1,141,004
Household	13,659	10,680
	<u>2,676,619</u>	<u>2,970,293</u>

(iii) Loans, advances and financing according to type of customer are as follows:

	<b>Group and Bank</b>	
	<b>30.9.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-bank financial institutions	462,358	423,245
Domestic business enterprises:		
- Small medium enterprises	296,540	375,429
- Others	1,904,062	2,160,939
Individuals	13,659	10,680
	<u>2,676,619</u>	<u>2,970,293</u>

**14. Loans, advances and financing (cont'd.)**

(iv) Loans, advances and financing according to interest/profit rate sensitivity are as follows:

	<b>Group and Bank</b>	
	<b>30.9.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
- Other fixed rate loan/financing	54,789	54,789
Variable rate		
- Base lending rate plus	127,363	149,026
- Cost-plus	1,719,485	1,883,706
- Other variable rates	774,982	882,772
	<u>2,676,619</u>	<u>2,970,293</u>

(v) All loans, advances and financing of the Group and the Bank are to customers in Malaysia.

(vi) Movements in impaired loans, advances and financing are as follows:

	<b>Group and Bank</b>	
	<b>30.9.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January	84,696	87,087
Classified as impaired during the period/year	20,570	3,358
Amount recovered during the period/year	(14,050)	(5,737)
Amount written off during the period/year	-	(12)
Balance as at 30 September/31 December	<u>91,216</u>	<u>84,696</u>
Allowance for ECL Stage 3	<u>(75,133)</u>	<u>(68,003)</u>
Net impaired loans, advances and financing	<u>16,083</u>	<u>16,693</u>
Ratio of net impaired loans, advances and financing to gross loans, advances and financing less Stage 3 ECL allowance	<u>0.62%</u>	<u>0.58%</u>

**14. Loans, advances and financing (cont'd.)**

(vii) Movements in the allowance for ECL on loans, advances and financing are as follows:

	<b>Stage 1 ECL RM'000</b>	<b>Stage 2 ECL RM'000</b>	<b>Stage 3 ECL RM'000</b>	<b>Total RM'000</b>
<b>Group and Bank</b>				
At 1 January 2023	26,302	8,332	68,003	102,637
- Management overlay	-	-	-	71,089
New loans, advances and financing originated	2,300	-	-	2,300
Loans, advances and financing derecognised (other than write-off)	(1,930)	-	-	(1,930)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	(58)	58	-	-
Transfer to Stage 3	(7,458)	-	8,739	1,281
Net changes in loan loss allowances	8,247	(1,280)	(1,609)	5,358
Management overlay	-	-	-	12,396
At 30 September 2023	<u>27,403</u>	<u>7,110</u>	<u>75,133</u>	<u>193,131</u>
<b>Group and Bank</b>				
At 1 January 2022	15,308	7,049	67,966	90,323
- Management overlay				90,681
New loans, advances and financing originated	813	-	-	813
Loans, advances and financing derecognised (other than write-off)	(854)	(280)	(5,418)	(6,552)
Transfer to Stage 1	244	(244)	-	-
Transfer to Stage 2	(279)	279	-	-
Transfer to Stage 3	-	(458)	458	-
Net changes in loan loss allowances	11,070	1,986	5,009	18,065
Amount written off	-	-	(12)	(12)
Management overlay	-	-	-	(19,592)
At 31 December 2022	<u>26,302</u>	<u>8,332</u>	<u>68,003</u>	<u>173,726</u>

**14. Loans, advances and financing (cont'd.)**

(viii) Impaired loans, advances and financing according to economic sector are as follows:

	<b>Group and Bank</b>	
	<b>30.9.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Manufacturing	65,469	67,984
Construction	1,302	-
Wholesale and retail trade and restaurants and hotels	23,953	16,197
Household	492	515
	<u>91,216</u>	<u>84,696</u>

**15. Other assets**

	<b>Group and Bank</b>	
	<b>30.9.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits and prepayments	2,364	2,456
Other receivables	8,568	3,081
	<u>10,932</u>	<u>5,537</u>

**16. Statutory deposit with Bank Negara Malaysia**

The non-interest bearing statutory deposit is maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) and Section 26(3) of the Central Bank of Malaysia Act 2009, the amounts of which are determined as a set percentage of total eligible liabilities of the Bank.

	<b>Group and Bank</b>	
	<b>30.9.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Statutory deposit with Bank Negara Malaysia	40,000	39,000
ECL allowance writeback	(21)	(27)
	<u>39,979</u>	<u>38,973</u>

**17. Property and equipment**

During the nine months period ended 30 September 2023, the Group and the Bank acquired assets with a cost of RM1,024,000 (31.12.2022: RM2,482,000).



**18. Right-of-use assets and lease liabilities**

	<b>Group and Bank</b>	
	<b>30.9.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Right-of-use assets</b>		
Balance as at 1 January	5,871	6,182
Non-cash addition	869	955
Depreciation of right-of-use assets (Note 26)	(1,020)	(1,266)
Right-of-use assets	<u>5,720</u>	<u>5,871</u>
<b>Lease liabilities</b>		
Balance as at 1 January	6,289	6,581
Non-cash addition	869	955
Accretion of interest expense (Note 23)	197	188
Lease termination	(68)	-
Lease payment	(1,060)	(1,435)
Lease liabilities (Note 21)	<u>6,227</u>	<u>6,289</u>

**19. Deposits from customers**

(i) By type of deposit:

	<b>Group and Bank</b>	
	<b>30.9.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed deposits	1,380,623	1,212,066
Current accounts	342,265	409,495
Savings deposits	8,520	8,880
Short term deposits	140,562	379,177
	<u>1,871,970</u>	<u>2,009,618</u>

(ii) The maturity structure of fixed deposits and short term deposits are as follows:

	<b>Group and Bank</b>	
	<b>30.9.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within six months	1,116,304	1,276,587
Six months to one year	390,611	311,957
One year to three years	13,544	1,602
Over three years	726	1,097
	<u>1,521,185</u>	<u>1,591,243</u>

**19. Deposits from customers (cont'd.)**

(iii) The deposits are sourced from the following customers:

	<b>Group and Bank</b>	
	<b>30.9.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Business enterprises	1,422,236	1,656,144
Individuals	449,734	353,474
	<u>1,871,970</u>	<u>2,009,618</u>

**20. Deposits and placements from banks and other financial institutions**

	<b>Group and Bank</b>	
	<b>30.9.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	232,296	434,831
Other financial institutions	557,136	397,896
	<u>789,432</u>	<u>832,727</u>

Included in deposits and placements are deposits and placements from the holding company and its branches amounting to RM50,689,000 (31.12.2022: RM178,671,000) as disclosed in Note 30.

**21. Other liabilities**

	<b>Group</b>		<b>Bank</b>	
	<b>30.9.2023</b>	<b>31.12.2022</b>	<b>30.9.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Accruals	8,581	18,129	8,578	10,341
Allowance for ECL on commitments and contingencies	11,982	16,259	11,982	16,259
Lease liability (Note 18)	6,227	6,289	6,227	6,289
Other payables	20,171	4,973	20,171	4,973
	<u>46,961</u>	<u>45,650</u>	<u>46,958</u>	<u>37,862</u>

**21. Other liabilities (cont'd.)**

Movements in the allowance for impairment on loan/financing commitments and financial guarantees are as follows:

	<b>Stage 1 ECL RM'000</b>	<b>Stage 2 ECL RM'000</b>	<b>Stage 3 ECL RM'000</b>	<b>Total RM'000</b>
<b>Group and Bank</b>				
At 1 January 2023	4,484	407	11,368	16,259
New loan/financing commitments, and financing guarantee originated	827	14	-	841
Loan/financing commitments, and financing guarantee derecognised	(267)	(13)	-	(280)
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	(7,284)	(7,284)
Net changes in loan loss allowances	(331)	6	2,771	2,446
At 30 September 2023	<u>4,713</u>	<u>414</u>	<u>6,855</u>	<u>11,982</u>
<b>Group and Bank</b>				
At 1 January 2022	1,656	563	6,367	8,586
New loan/financing commitments, and financing guarantee originated	254	-	-	254
Loan/financing commitments, and financing guarantee derecognised	(32)	-	-	(32)
Transfer to Stage 1	10	(10)	-	-
Transfer to Stage 2	(18)	18	-	-
Transfer to Stage 3	-	(3,788)	3,788	-
Net changes in loan loss allowances	2,614	3,624	1,213	7,451
At 31 December 2022	<u>4,484</u>	<u>407</u>	<u>11,368</u>	<u>16,259</u>

## 22. Interest income

	<b>Group and Bank</b>			
	<b>Third Quarter Ended</b>		<b>Cumulative 9 Months Ended</b>	
	<b>1.7.2023</b>	<b>1.7.2022</b>	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
<b>30.9.2023</b>	<b>30.9.2022</b>	<b>30.9.2023</b>	<b>30.9.2022</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans, advances and financing				
- Interest income other than recoveries from impaired loans	38,802	28,591	111,744	80,479
- Recoveries from impaired loans	-	-	-	751
- Interest income on impaired loans	342	283	1,013	759
Deposits and placements with banks and other financial institutions	4,006	2,528	11,814	4,594
Debt instruments at amortised cost	-	-	-	355
Debt instruments at FVOCI	9,083	9,276	27,735	27,258
Debt instruments at FVTPL	-	-	-	213
	<u>52,233</u>	<u>40,678</u>	<u>152,306</u>	<u>114,409</u>
(Amortisation of premium)/ accretion of discounts, net				
- Financial assets at FVOCI	(728)	(1,210)	(2,975)	(3,699)
	<u>51,505</u>	<u>39,468</u>	<u>149,331</u>	<u>110,710</u>

## 23. Interest expense

	<b>Group and Bank</b>			
	<b>Third Quarter Ended</b>		<b>Cumulative 9 Months Ended</b>	
	<b>1.7.2023</b>	<b>1.7.2022</b>	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
<b>30.9.2023</b>	<b>30.9.2022</b>	<b>30.9.2023</b>	<b>30.9.2022</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers	21,162	11,934	59,524	34,071
Deposits and placements from banks and other financial institutions	4,294	2,371	12,492	4,047
Accretion of interest expense (Note 18)	54	53	197	141
Other interest expense	-	11	-	19
	<u>25,510</u>	<u>14,369</u>	<u>72,213</u>	<u>38,278</u>

Included in interest expense on deposits and placements from banks and other financial institutions are interest expense on deposits and placements from the holding company and its branches amounting to RM4,729,000 (30.9.2022: RM2,741,000) as disclosed in Note 30.

**24. Writeback of/(allowance for) expected credit losses, net**

	<b>Group and Bank</b>			<b>Total</b>
	<b>Cumulative 9 Months Ended</b>			
	<b>1.1.2023 to 30.9.2023</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Allowance for ECL made				
- Cash and short term funds	193	-	-	193
- Deposits and placements with banks and other financial institutions	108	-	-	108
- Financial assets at FVOCI	2,564	-	-	2,564
- Loans, advances and financing	7,174	243	16,522	23,939
- Management overlay	-	-	-	12,396
- Commitment and contingencies	2,826	82	2,772	5,680
	<u>12,865</u>	<u>325</u>	<u>19,294</u>	<u>44,880</u>
Allowance for ECL writeback				
- Financial assets at FVOCI	(838)	-	-	(838)
- Loans, advances and financing	(6,073)	(1,465)	(9,392)	(16,930)
- Statutory deposit with Bank Negara Malaysia	(5)	-	-	(5)
- Management overlay	-	-	-	
- Commitment and contingencies	(2,597)	(76)	(7,284)	(9,957)
	<u>(9,513)</u>	<u>(1,541)</u>	<u>(16,676)</u>	<u>(27,730)</u>
Impaired loans, advances and financing charged	-	-	(7)	(7)
<b>Total</b>	<u>3,352</u>	<u>(1,216)</u>	<u>2,611</u>	<u>17,143</u>

**24. Writeback of/(allowance for) expected credit losses, net (cont'd.)**

	<b>Group and Bank</b>			<b>Total</b>
	<b>Third Quarter Ended</b>			
	<b>1.7.2023 to 30.9.2023</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Allowance for ECL made				
- Financial assets at FVOCI	1,361	-	-	1,361
- Loans, advances and financing	1,759	21	4,665	6,445
- Management overlay	-	-		
- Statutory deposit with Bank Negara Malaysia	2	-	-	2
- Commitment and contingencies	1,293	-	2,767	4,060
	<u>4,415</u>	<u>21</u>	<u>7,432</u>	<u>11,868</u>
Allowance for ECL writeback				
- Cash and short term funds	(215)	-	-	(215)
- Deposits and placements with banks and other financial institutions	(93)	-	-	(93)
- Financial assets at FVOCI	(105)	-	-	(105)
- Loans, advances and financing	(2,339)	(593)	(4,599)	(7,531)
- Management overlay	-	-	-	(293)
- Commitment and contingencies	-	(59)	(13)	(72)
	<u>(2,752)</u>	<u>(652)</u>	<u>(4,612)</u>	<u>(8,309)</u>
Impaired loans, advances and financing recovered	-	-	(1)	(1)
<b>Total</b>	<u>1,663</u>	<u>(631)</u>	<u>2,819</u>	<u>3,558</u>

**24. Writeback of/(allowance for) expected credit losses, net (cont'd.)**

	<b>Group and Bank</b>			
	<b>Cumulative 9 Months Ended</b>			
	<b>1.1.2022 to 30.9.2022</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Allowance for ECL made				
- Financial assets at FVOCI				-
- Loans, advances and financing	9,607	1,776	773	12,156
- Statutory deposit with Bank Negara Malaysia	4	-	-	4
- Commitment and contingencies	1,565	397	917	2,879
	<u>11,176</u>	<u>2,173</u>	<u>1,690</u>	<u>15,039</u>
Allowance for ECL writeback				
- Cash and short term funds	(191)	-	-	(191)
- Financial assets at amortised costs	(179)	-	-	(179)
- Loans, advances and financing	(703)	(11)	(5,426)	(6,140)
- Management overlay	-	-	-	(11,703)
- Commitment and contingencies	(379)	(184)	-	(563)
	<u>(1,452)</u>	<u>(195)</u>	<u>(5,426)</u>	<u>(18,776)</u>
Impaired loans, advances and financing recovered	-	-	141	141
<b>Total</b>	<u>9,724</u>	<u>1,978</u>	<u>(3,595)</u>	<u>(3,596)</u>

**24. Writeback of/(allowance for) expected credit losses, net (cont'd.)**

	<b>Group and Bank</b>			<b>Total</b>
	<b>Third Quarter Ended</b>			
	<b>1.7.2022 to 30.9.2022</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Allowance for ECL made				
- Financial assets at FVOCI	604	-	-	604
- Financial assets at amortised costs				-
- Loans, advances and financing	5,731	1,193	298	7,222
- Statutory deposit with Bank Negara Malaysia	1	-	-	1
- Commitment and contingencies	155	19	-	174
	<u>6,491</u>	<u>1,212</u>	<u>298</u>	<u>8,001</u>
Allowance for ECL writeback				
- Cash and short term funds	(388)	-	-	(388)
- Deposits and placements with banks and other financial institutions	(123)	-	-	(123)
- Loans, advances and financing	-	-	(20)	(20)
- Management overlay	-	-	-	(6,940)
- Commitment and contingencies	(227)	(25)	-	(252)
	<u>(738)</u>	<u>(25)</u>	<u>(20)</u>	<u>(7,723)</u>
Impaired loans, advances and financing recovered	-	-	(40)	(40)
<b>Total</b>	<u>5,753</u>	<u>1,187</u>	<u>238</u>	<u>238</u>



**25. Non-interest income**

	Group			
	Third Quarter Ended		Cumulative 9 Months Ended	
	1.7.2023	1.7.2022	1.1.2023	1.1.2022
	to	to	to	to
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Commission	855	1,259	3,010	2,906
Service charges and fees	256	439	844	1,370
Guarantee fees	614	480	1,561	1,472
	<u>1,725</u>	<u>2,178</u>	<u>5,415</u>	<u>5,748</u>
Investment income:				
Gross dividend from financial assets at FVOCI	35	19	390	130
Gain from redemption of financial assets at amortised cost	-	-	-	3,640
Gain from redemption of financial assets at FVOCI	-	-	-	972
Net loss on disposal of financial assets measured at FVTPL	-	-	-	(274)
	<u>35</u>	<u>19</u>	<u>390</u>	<u>4,468</u>
Other income:				
Foreign exchange gain/(loss)	(15)	(422)	3,307	4,803
Unrealised (loss)/gain on foreign exchange forwards	1,130	1,773	(222)	(706)
Gain on sale of property and equipment	-	-	5	-
Rental income	202	202	606	606
Others	5	3	12	9
	<u>1,322</u>	<u>1,556</u>	<u>3,708</u>	<u>4,712</u>
<b>Total</b>	<u>3,082</u>	<u>3,753</u>	<u>9,513</u>	<u>14,928</u>

**25. Non-interest income (cont'd.)**

	Bank			
	Third Quarter Ended		Cumulative 9 Months Ended	
	1.7.2023	1.7.2022	1.1.2023	1.1.2022
	to	to	to	to
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Commission	852	1,257	2,992	2,882
Service charges and fees	256	439	844	1,370
Guarantee fees	614	480	1,561	1,472
	<u>1,722</u>	<u>2,176</u>	<u>5,397</u>	<u>5,724</u>
Investment income:				
Gross dividend from financial assets at FVOCI	35	19	390	130
Gain from redemption of financial assets at amortised cost	-	-	-	3,640
Gain from redemption of financial assets at FVOCI	-	-	-	972
Net loss on disposal of financial assets measured at FVTPL	-	-	-	(274)
	<u>35</u>	<u>19</u>	<u>390</u>	<u>4,468</u>
Other income:				
Foreign exchange gain/(loss)	(15)	(422)	3,307	4,803
Unrealised (loss)/gain on foreign exchange forwards	1,130	1,773	(222)	(706)
Gain on sale of property and equipment	-	-	5	-
Rental income	202	202	606	606
Others	5	3	12	9
	<u>1,322</u>	<u>1,556</u>	<u>3,708</u>	<u>4,712</u>
<b>Total</b>	<u>3,079</u>	<u>3,751</u>	<u>9,495</u>	<u>14,904</u>

**26. Overhead expenses**

	<b>Group</b>			
	<b>Third Quarter Ended</b>		<b>Cumulative 9 Months Ended</b>	
	<b>1.7.2023</b>	<b>1.7.2022</b>	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
<b>30.9.2023</b>	<b>30.9.2022</b>	<b>30.9.2023</b>	<b>30.9.2022</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Personnel costs</b>				
Salaries, allowances and bonuses	8,820	8,542	26,049	25,060
Defined Contribution Plan				
- Employees Provident Fund	1,302	1,266	3,693	3,593
Others	852	673	1,752	1,563
	<u>10,974</u>	<u>10,481</u>	<u>31,494</u>	<u>30,216</u>
<b>Establishment costs</b>				
Depreciation	1,090	1,045	3,317	3,519
Amortisation of intangible assets	45	56	136	221
Depreciation of right-of-use assets (Note 18)	346	386	1,020	947
Repair and maintenance	649	671	1,815	1,812
Information technology	337	315	1,066	1,255
Others	571	586	2,296	1,650
	<u>3,038</u>	<u>3,059</u>	<u>9,650</u>	<u>9,404</u>
<b>Marketing costs</b>				
Advertising and publicity	6	3	45	125
Others	38	21	74	41
	<u>44</u>	<u>24</u>	<u>119</u>	<u>166</u>
<b>Administration and general costs</b>				
Communication expenses	279	314	812	805
Subscriptions	533	575	1,664	1,696
Professional fees	135	193	404	299
Auditors remunerations	180	76	382	254
Non-executive directors' remuneration	336	398	941	996
Insurance	47	37	349	295
Travelling	117	57	279	123
Others	152	258	600	653
	<u>1,779</u>	<u>1,908</u>	<u>5,431</u>	<u>5,121</u>
<b>Total</b>	<u>15,835</u>	<u>15,472</u>	<u>46,694</u>	<u>44,907</u>

**26. Overhead expenses (cont'd.)**

	Bank			
	Third Quarter Ended		Cumulative 9 Months Ended	
	1.7.2023	1.7.2022	1.1.2023	1.1.2022
	to	to	to	to
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, allowances and bonuses	8,820	8,542	26,049	25,060
Defined Contribution Plan				
- Employees Provident Fund	1,302	1,266	3,693	3,593
Others	852	673	1,752	1,563
	<u>10,974</u>	<u>10,481</u>	<u>31,494</u>	<u>30,216</u>
Establishment costs				
Depreciation	1,090	1,045	3,317	3,200
Amortisation of intangible assets	45	56	136	221
Depreciation of right-of-use assets (Note 18)	346	386	1,020	1,266
Repair and maintenance	649	671	1,815	1,812
Information technology	337	315	1,066	1,255
Others	571	586	2,296	1,650
	<u>3,038</u>	<u>3,059</u>	<u>9,650</u>	<u>9,404</u>
Marketing costs				
Advertising and publicity	6	3	45	125
Others	38	21	74	41
	<u>44</u>	<u>24</u>	<u>119</u>	<u>166</u>
Administration and general costs				
Communication expenses	279	314	812	805
Subscriptions	533	575	1,664	1,696
Professional fees	135	193	404	299
Auditors remunerations	180	76	379	252
Non-executive directors' remuneration	336	398	941	996
Insurance	47	37	349	295
Travelling	117	57	279	123
Others	152	258	600	653
	<u>1,779</u>	<u>1,908</u>	<u>5,428</u>	<u>5,119</u>
<b>Total</b>	<u>15,835</u>	<u>15,472</u>	<u>46,691</u>	<u>44,905</u>

## 27. Commitments and contingencies

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

The Group and the Bank do not enter into over-the-counter ("OTC") derivative transactions, repo-style transactions and credit derivative contracts booked in its trading and banking books other than the involvement in derivatives restricted to foreign forward exchange contracts.

Risk weighted exposures of the Group and the Bank as at the reporting date are as below:

<b>Group and Bank</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Amount RM'000</b>
<b>30 September 2023</b>				
Direct credit substitutes	76,748	-	76,748	74,418
Transaction-related contingent items	231,795	-	109,042	102,307
Short-term self-liquidating trade-related contingencies	20,401	-	4,080	4,080
Forward foreign exchange contracts				
- less than one year	111,635	171	889	729
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity more than one year	33,135	-	16,568	16,565
- maturity less than one year	2,359,633	-	471,926	468,845
Any commitment that are unconditionally cancelled at any time without prior notice	17,242	-	-	-
<b>Total</b>	<b>2,850,589</b>	<b>171</b>	<b>679,253</b>	<b>666,944</b>

**27. Commitments and contingencies (cont'd.)**

Risk weighted exposures of the Group and the Bank as at the reporting date are as below:

<b>Group and Bank</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Amount RM'000</b>
<b>31 December 2022</b>				
Direct credit substitutes	29,561	-	29,561	27,246
Transaction-related contingent items	236,013	-	107,563	105,596
Short-term self-liquidating trade-related contingencies	10,896	-	2,179	2,179
Forward foreign exchange contracts				
- less than one year	350,607	2,005	3,786	2,883
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity more than one year	6,488		3,244	3,244
- maturity less than one year	1,920,778	-	384,156	381,658
Any commitment that are unconditionally cancelled at any time without prior notice			-	-
	2,382	-	-	-
<b>Total</b>	<b>2,556,725</b>	<b>2,005</b>	<b>530,489</b>	<b>522,806</b>

The credit equivalent amount and risk-weighted amount are arrived at using the credit conversion factors as defined in Bank Negara Malaysia's revised Risk Weighted Capital Adequacy Framework: Standardised Approach (Basel II).

## 28. Fair value hierarchy

The Group and the Bank use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly; and

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows the analysis of financial instruments recorded and disclosed at their fair values by level of hierarchy:

<b>Group and Bank 30 September 2023</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<u>Financial assets at FVOCI (Note 12)</u>				
Debt instruments				
Malaysian Government Securities	-	223,990	-	223,990
Government Investment Issue	-	223,397	-	223,397
Negotiable Instruments of Deposit	-	200,285	-	200,285
Corporate bonds	-	271,797	-	271,797
Equity instruments				
Unquoted shares	-	-	29,181	29,181
	-	919,469	29,181	948,650
<u>Derivatives financial instruments</u>				
Derivative financial assets				
Unrealised gain on derivatives	-	171	-	171
Derivative financial liabilities				
Unrealised loss on derivatives	-	(394)	-	(394)

**28. Fair value hierarchy (cont'd.)**

<b>Group and Bank 31 December 2022</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<u>Financial assets at FVOCI (Note 12)</u>				
Debt instruments				
Malaysian Government				
Securities	-	281,654	-	281,654
Government Investment Issue	-	303,319	-	303,319
Negotiable Instruments of				
Deposit	-	100,192	-	100,192
Corporate bonds	-	290,548	-	290,548
Equity instruments:				
Unquoted shares	-	-	13,964	13,964
	-	975,713	13,964	989,677
<u>Derivatives financial instruments</u>				
Derivative financial assets				
Unrealised gain on derivatives	-	2,005	-	2,005
Derivative financial liabilities				
Unrealised loss on derivatives	-	(2,005)	-	(2,005)

There have been no transfers between Level 1 and Level 2 during the current period and previous financial year.

**Valuation methods and assumptions**

The fair value of the financial assets and liabilities is the amount at which the asset could be sold or the liability transferred in a current transaction between market participants, other than in a forced or liquidation sale.

The fair value of quoted securities held for trading, available-for-sale and held-to-maturity are estimated based on broker/dealer price quotations. Unquoted securities were revalued using Cost/Asset Based Approach, specifically the Adjusted Net Assets Method.

Derivative products valued using valuation technique with significant market observable inputs are mainly interest rate swaps, currency swaps and forward exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange and forward rates and interest rate curves.



## 29. Capital adequacy

- (a) The capital adequacy ratios of the Bank are computed in accordance with BNM's revised Capital Adequacy Frameworks on Capital Components and Basel II - Risk-weighted Assets issued on 2 February 2018. The minimum regulatory capital adequacy ratios before including capital conservation buffer and countercyclical capital buffer ("CCyB") for Common Equity Tier 1 ("CET 1") Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio are 4.5%, 6.0% and 8.0% respectively.

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.

For the purpose of consolidation for financial reporting, the Group comprised the consolidated results of Bank and its wholly-owned subsidiary, BBL Nominees (Tempatan) Sdn. Bhd. , which is not involved in banking operations. The subsidiary is fully consolidated in the Group's financial statements.

As the Bank's subsidiary is not involved in banking operations and is of an immaterial size relative to the Bank, the Group does not prepare and submit separate Group's capital adequacy ratios for the purpose of consolidation for regulatory reporting.

- (b) Banking institutions are also required to maintain a capital conservation buffer of up to 2.5% and a CCyB above the minimum regulatory capital adequacy ratios above. Under the transition arrangements, capital conservation buffer will be phased-in as follows:

<b>Calendar Year</b>	<b>Capital Conservation Buffer</b>
2018	1.875%
2019 onwards	2.500%

A CCyB is required to be maintained if this buffer is applied by regulators in countries which the Bank have exposures to, determined based on the weighted average of prevailing CCyB rates applied in those jurisdictions.

- (c) The capital adequacy ratios of the Bank as at the reporting date, are as follows:

	<b>Bank</b>	
	<b>30.9.2023</b>	<b>31.12.2022</b>
CET 1 Capital Ratio	34.33%	33.22%
Tier 1 Capital Ratio	34.33%	33.22%
Total Capital Ratio	<u>35.51%</u>	<u>34.40%</u>

**29. Capital adequacy (cont'd.)**

(d) The components of common equity Tier 1 and Tier 2 capital of the Bank are as follows:

	<b>Bank</b>	
	<b>30.9.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CET 1 Capital</b>		
Paid-up share capital	1,000,000	1,000,000
Unrealised gain on financial assets at FVOCI	29,580	8,900
Retained profits	333,765	317,091
Less: Regulatory adjustments, applied on CET1 Capital:		
Other intangibles	(107)	(242)
Deferred tax assets	(23,114)	(22,049)
55% of unrealised gain on financial assets at at FVOCI	(16,268)	(4,895)
<b>Total CET 1 Capital</b>	<u>1,323,856</u>	<u>1,298,805</u>
<b>Tier 2 Capital</b>		
Stage 1 and 2 ECL *	45,556	46,366
Less: Investment in subsidiary	(10)	(10)
<b>Total Tier 2 Capital</b>	<u>45,546</u>	<u>46,356</u>
<b>Total capital</b>		
CET 1 Capital	1,323,856	1,298,805
Tier 2 Capital	45,546	46,356
<b>Total Capital</b>	<u>1,369,402</u>	<u>1,345,161</u>

\* Subject to a maximum of 1.25% of the total credit RWA determined under the Standardised Approach for credit risk.

Terms and conditions of the main features of all capital instruments are disclosed in the respective notes. The Bank does not have any innovative, non-innovative, complex or hybrid capital instruments.

**29. Capital adequacy (cont'd.)**

(e) The breakdown of risk-weighted assets (excluding deferred tax assets) of the Bank in the various categories of risk-weights are as follows:

	<b>Principal 30.9.2023 RM'000</b>	<b>Risk- weighted assets 30.9.2023 RM'000</b>	<b>Principal 31.12.2022 RM'000</b>	<b>Risk- weighted assets 31.12.2022 RM'000</b>
0%	648,063	-	647,601	-
20%	397,510	79,502	438,288	87,658
35%	519	182	623	218
50%	388,626	194,313	153,069	76,534
75%	2,978	2,234	1,548	1,161
100%	3,367,359	3,367,359	3,543,630	3,543,630
150%	583	874	59	89
Total risk-weighted assets for credit risk		<u>3,644,463</u>		<u>3,709,290</u>
Total risk-weighted assets for market risk		9,612		6,574
Total risk-weighted assets for operational risk		<u>202,468</u>		<u>194,249</u>
Total risk-weighted assets		<u><u>3,856,543</u></u>		<u><u>3,910,113</u></u>

### 30. Significant related party transactions and balances

Significant transactions between the Group and the Bank and their related parties are as follows:

#### (i) Related party transactions

	<b>Group and Bank</b>			
	<b>Third Quarter Ended</b>		<b>Cumulative 9 Months Ended</b>	
	<b>1.7.2023</b>	<b>1.7.2022</b>	<b>1.1.2023</b>	<b>1.1.2022</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.9.2023</b>	<b>30.9.2022</b>	<b>30.9.2023</b>	<b>30.9.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Income</b>				
Interest on advances to the				
- Holding company and its branches	110	89	595	148
- Subsidiaries of holding company	-	-	-	-
	<b>110</b>	<b>89</b>	<b>595</b>	<b>148</b>
<b>Expenditure</b>				
Interest on advances from the				
- Holding company and its branches	410	1,805	4,729	2,741
- Subsidiaries of holding company	-	-	-	-
Administrative expenses				
- Holding company and its branches	258	209	667	594
- Subsidiaries of holding company	-	-	-	-
	<b>258</b>	<b>209</b>	<b>667</b>	<b>594</b>

Significant transactions between the Group and the Bank and their related parties are as follows:

#### (ii) Related party balances

	<b>Group and Bank</b>	
	<b>30.9.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Amount due to</b>		
Deposits and placements from the		
- Holding company and its branches	50,689	178,671
- Subsidiaries of holding company	-	-
	<b>50,689</b>	<b>178,671</b>
<b>Amount due from</b>		
Cash and short-term funds placed with the		
- Holding company and its branches	90,791	14,312
- Subsidiaries of holding company	53	56
	<b>90,844</b>	<b>14,368</b>