The Bank of Nova Scotia Berhad

(Company No. 308035 U)
(Incorporated in Malaysia)
and its subsidiaries

Unaudited Condensed Interim Financial Statements
31 January 2019

Domiciled in Malaysia
Registered office
Level 10, Menara Hap Seng 2
Plaza Hap Seng
No. 1, Jalan P. Ramlee
50250 Kuala Lumpur

THE BANK OF NOVA SCOTIA BERHAD
(Company No. 308035 U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2019

		Group		Bank	
	Note	31 January 2019 RM'000	31 October 2018 RM'000	31 January 2019 RM'000	31 October 2018 RM'000
ASSETS					
Cash and short-term funds	11	588,718	518,226	588,688	518,196
Financial assets at fair value through profit or loss	12	1,754	-	1,754	-
Financial investments at fair value through other comprehensive income	13	100,464	-	100,464	-
Financial investments available-for-sale	14	-	102,477	-	102,477
Loans and advances	15	981,327	985,891	981,327	985,891
Derivative financial assets	30	1,403	6,160	1,403	6,160
Other assets	17	6,875	6,853	6,875	6,853
Statutory deposits with Bank Negara Malaysia		298	298	298	298
Investment in subsidiaries		-	-	30	30
Plant and equipment		6,349	6,506	6,349	6,506
Deferred tax assets		2,655	2,888	2,655	2,888
Tax recoverable		144	4,979	144	4,979
TOTAL ASSETS		1,689,987	1,634,278	1,689,987	1,634,278
LIABILITIES					
Deposits from customers	18	271,434	298,467	271,434	298,467
Deposits and placements of banks and other financial institutions	19	291,372	220,929	291,372	220,929
Derivative financial liabilities	30	3,009	6,080	3,009	6,080
Other liabilities	20	13,450	18,003	13,450	18,003
Amounts owing to holding company		96,945	93,030	96,945	93,030
TOTAL LIABILITIES		676,210	636,509	676,210	636,509

THE BANK OF NOVA SCOTIA BERHAD

(Company No. 308035 U)
(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2019 (CONTD.)

		Group		Bank	
	Note	31 January 2019 RM'000	31 October 2018 RM'000	31 January 2019 RM'000	31 October 2018 RM'000
EQUITY					
Share capital		165,000	165,000	165,000	165,000
Reserves		848,777	832,769	848,777	832,769
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK		1,013,777	997,769	1,013,777	997,769
TOTAL LIABILITIES AND EQUITY		1,689,987	1,634,278	1,689,987	1,634,278
COMMITMENTS AND CONTINGENCIES	31	1,536,885	1,530,624	1,536,885	1,530,624

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the year ended 31 October 2018.

THE BANK OF NOVA SCOTIA BERHAD

(Company No. 308035 U)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 JANUARY 2019

	Note	Group and Bank 1st Quarter Ended 31 January 2019 RM'000	Group and Bank 1st Quarter Ended 31 January 2018 RM'000	Group and Bank Three Months Ended 31 January 2019 RM'000	Group and Bank Three Months Ended 31 January 2018 RM'000
Interest income	22	20,118	24,533	20,118	24,533
Interest expense	23	(4,296)	(9,073)	(4,296)	(9,073)
Net interest income		15,822	15,460	15,822	15,460
Net fee and commission income	24	449	1,084	449	1,084
Net trading income	25	332	534	332	534
Other operating income	26	-	-	-	-
Net income		16,603	17,078	16,603	17,078
Other operating expenses	27	(8,123)	(8,880)	(8,123)	(8,880)
Operating profit		8,480	8,198	8,480	8,198
Allowance for credit losses	28	(3,293)	(1,992)	(3,293)	(1,992)
Profit before taxation		5,187	6,206	5,187	6,206
Tax expense		(1,255)	(1,508)	(1,255)	(1,508)
Profit for the period		3,932	4,698	3,932	4,698
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Fair value reserve (financial investments at fair value through other comprehensive income/available-for-sale):-					
- Net changes in fair value		102	107	102	107
Total other comprehensive income, net of income tax		102	107	102	107
Total comprehensive income for the period attributable to owners of the Bank		4,034	4,805	4,034	4,805
Basic earnings per share (sen)		3.21	3.84	3.21	3.84

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the year ended 31 October 2018.

THE BANK OF NOVA SCOTIA BERHAD
(Company No. 308035 U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 JANUARY 2019

		← Non-distributable	→	Distributable	
	Share Capital RM'000	**Regulatory Reserve RM'000**	**Other Reserves RM'000**	**Retained Profit RM'000**	**Total RM'000**
Group and Bank					
As at 1 November 2017	165,000	-	(399)	813,932	978,533
Net profit for the period	-	-	-	4,698	4,698
Other comprehensive income, net of tax					
- Net changes in fair value	-	-	107	-	107
Total comprehensive income for the period	-	-	107	4,698	4,805
As at 31 January 2018	165,000	-	(292)	818,630	983,338
As at 1 November 2018, as previously stated	165,000	-	(203)	832,972	997,769
Effect of changes in accounting policies, net of tax (Note 32)	-	9,150	4	2,820	11,974
Restated as at 1 November 2018	165,000	9,150	(199)	835,792	1,009,743
Net profit for the period	-	-	-	3,932	3,932
Other comprehensive income, net of tax					
- Net changes in fair value	-	-	102	-	102
Total comprehensive income for the period	-	-	102	3,932	4,034
Transfer to regulatory reserve	-	(597)	-	597	-
As at 31 January 2019	165,000	8,553	(97)	840,321	1,013,777
		Note 21			

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Group and Bank for the year ended 31 October 2018.

THE BANK OF NOVA SCOTIA BERHAD
(Company No. 308035 U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

UNAUDITED CONDENSED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 JANUARY 2019

	Group		Bank	
	31 January 2019 RM'000	**31 January 2018 RM'000**	**31 January 2019 RM'000**	**31 January 2018 RM'000**
Cash flows from operating activities				
Profit before taxation	5,187	6,206	5,187	6,206
Adjustments for non-cash item	5,529	4,049	5,529	4,049
Operating profit before working capital changes	10,716	10,255	10,716	10,255
Changes in working capital:				
Net changes in operating assets	21,808	292,707	21,808	292,707
Net changes in operating liabilities	38,005	(288,210)	38,005	(288,210)
Income taxes paid	-	(812)	-	(812)
Net cash used in operating activities	70,529	13,940	70,529	13,940
Net decrease in cash and cash equivalents	70,529	13,940	70,529	13,940
Cash and cash equivalents at beginning of the financial period	518,226	709,683	518,196	709,653
Cash and cash equivalents at end of the financial period	588,755	723,623	588,725	723,593
Cash and cash equivalents comprise:				
Cash and short term funds	588,755	723,623	588,725	723,593

THE BANK OF NOVA SCOTIA BERHAD
(Company No. 308035 U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

REVIEW OF PERFORMANCE

Current Quarter vs. Previous Year Corresponding Quarter
The Group and the Bank's profit before taxation in the quarter ended 31 January 2019 had decreased by RM1.0 million to RM5.2 million against the previous year corresponding period.

Net interest income was sustained at RM15.8 million, with a lower interest income as a result of lower comparative loan balances and cash and short-term funds. This is offset by a decline in interest expense as lesser external funding was required.

Net income decreased by RM0.5 million as a result of decrease in volume of both fees and trading income. Despite the drop in net income, the Group and the Bank had recorded operating profit of RM8.5 million, a marginal improvement from previous year corresponding quarter, due to reduction in adminstrative expenses.

THE BANK OF NOVA SCOTIA BERHAD
(Company No. 308035 U)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2019

1. Basis of preparation of the financial statements

The unaudited interim financial statements of the Group and the Bank for the financial period ended 31 January 2019 have been prepared under the historical cost convention except for financial assets held at fair value through profit or loss ("FVTPL"), financial investments held at fair value through other comprehensive income ("FVOCI") and derivative financial instruments which are stated at fair values.

The unaudited interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and the Policy Document on Financial Reporting issued by Bank Negara Malaysia ("BNM").

The unaudited interim financial statements should be read in conjuction with the audited annual financial statements for the Group and the Bank for the financial year ended 31 October 2018. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group and the Bank since the year ended 31 October 2018.

The significant accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the last audited annual financial statements for the year ended 31 October 2018, except for the adoption of the following MFRSs, Amendments to MFRSs and IC Interpretation which are effective for annual periods beginning on or after 1 November 2018:

- MFRS 9, *Financial Instruments* (2014)
- MFRS 15, *Revenue from Contracts with Customer*
- Clarifications to MFRS 15, *Revenue from Contracts with Customer*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2014-2016 Cycle)*
- Amendments to MFRS 4, *Insurance Contracts* - *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property* - *Transfers of Investment Property*
- Amendments to MFRS 2, *Share-based Payment* - *Classification and Measurement of Share-Based Payment Transactions*

The adoption of these new standards, interpretations and amendments does not have a material effect on the financial statements except for MFRS 9, *Financial Instruments* ("MFRS 9"). An explanation of how the adoption of MFRS 9 has affected the Group's and the Bank's financial statements is presented in Note 32.

1. Basis of preparation of the financial statements (contd.)

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatment*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures*
- Amendments to MFRS 9, *Financial Instruments* - *Prepayment Features with Negative Compensation*
- Amendments to MFRS 3, *Business Combinations* - *Previously Held Interest in a Joint Operation*
- Amendments to MFRS 11, J*oint Arrangements* - *Previously Held Interest in a Joint Operation*
- Amendments to MFRS 112, *Income Taxes* - *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
- Amendments to MFRS 123, *Borrowing Costs* - *Borrowing Costs Eligible for Capitalisation*
- Amendments to MFRS 119, *Employee Benefits* - *Plan Amendment, Curtailment or Settlement*

Amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations* - *Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* - *Definition of Material*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* - *Definition of Material*

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

- MFRS 17, *Insurance Contracts*

Amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures* - *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*

1. Basis of preparation of the financial statements (contd.)

The Group and the Bank plan to apply the abovementioned accounting standards, amendments and interpretations, where applicable:

- from the annual period beginning on 1 November 2019 for those accounting standards that are effective for annual periods beginning on or after 1 January 2019;

- from the annual period beginning on 1 November 2020 for those accounting standards that are effective for annual periods beginning on or after 1 January 2020; and

- from the annual period beginning on 1 November 2021 for those accounting standards that are effective for annual periods beginning on or after 1 January 2021.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Bank except as mentioned below:

- **MFRS 16, Leases**

  MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

  The Group and the Bank are currently assessing the financial impact that may arise from the adoption of MFRS 16.

2. Auditor's report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 October 2018 was not subjected to any qualifications.

3. Seasonal or cyclical factors

The business operations of the Group and the Bank have not been affected by any material seasonal or cyclical factors.

4. Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank for the period ended 31 January 2019.

5. Changes in accounting estimates

There were no material changes in estimates of amounts reported that have a material effect on the unaudited condensed interim financial statements for the period ended 31 January 2019, except as disclosed in Note 32 on adoption of MFRS 9.

6. Debt and Equity Securities

There were no issuances, cancellations, repurchase, resale and repayments of debt and equity securities during the financial period ended 31 January 2019.

7. Dividend

No dividend was paid during the period ended 31 January 2019.

8. Changes in the composition of the Group

There were no changes in the composition of the Group for the period ended 31 January 2019.

9. Subsequent events

There were no material events subsequent to the reporting date that requires disclosure or adjustments to the unaudited condensed interim financial statements.

10. Fair value of financial instruments

The Group and the Bank measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level

1: Quoted market price (unadjusted) in an active market for an identical asset or liability.

2: Valuation techniques based on observable inputs, either directly (as prices) or indirectly (derived from prices). This category includes instruments valued using: quoted prices for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly observable from market data.

3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category also includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

10. Fair value of financial instruments (contd.)

The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that are traded infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Valuation techniques used to calculate fair values include comparisons with similar financial instruments for which market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used in the market. The objective of valuation techniques is to arrive at a fair value that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The table below analyses financial instruments measured at fair value at the end of the respective reporting periods, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Group and Bank			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
31 January 2019				
Financial investments at fair value through other comprehensive income	-	100,464	-	100,464
Derivative Financial Assets	-	1,403	-	1,403
	-	1,403	-	1,403
Derivative Financial Liabilities	-	3,009	-	3,009
31 October 2018				
Financial investments available-for-sale*	-	100,723	-	100,723
Derivative Financial Assets	-	6,160	-	6,160
	-	106,883	-	106,883
Derivative Financial Liabilities	-	6,080	-	6,080

* Excludes equity securities under financial investments available-for-sale which are carried at cost due to the lack of quoted prices in an active market and the fair values of the investments cannot be reliably measured.

(Company No. 308035 U)

11. Cash and short-term funds

	Group		Bank	
	31 January 2019 RM'000	31 October 2018 RM'000	31 January 2019 RM'000	31 October 2018 RM'000
Cash and balances with banks and other financial institutions	3,490	9,716	3,460	9,686
Money at call and deposit placements maturing within one month	585,265	508,510	585,265	508,510
	588,755	518,226	588,725	518,196
Expected credit loss ("ECL") allowance	(37)	-	(37)	-
	588,718	518,226	588,688	518,196

Movements in ECL allowance on cash and short-term funds are as follow:

	Group and Bank	
	31 January 2019 RM'000	31 October 2018 RM'000
As at 31 October 2018	-	-
Effect of adopting MFRS 9	48	-
1 November 2018, as restated	48	-
Allowance written back during the financial period	(11)	-
At end of the financial period	37	-

12. Financial assets at fair value through profit or loss ("FVTPL")

	Group and Bank	
	31 January 2019 RM'000	31 October 2018 RM'000
Unquoted shares in Malaysia	1,754	-

The financial assets at FVTPL category was introduced upon adoption of MFRS 9 on 1 November 2018.

(Company No. 308035 U)

13. Financial investments at fair value through other comprehensive income ("FVOCI")

	Group and Bank	
	31 January 2019 RM'000	**31 October 2018 RM'000**
Quoted money market instruments		
- Malaysian Government Securities	100,464	-

The financial assets at FVOCI category was introduced upon adoption of MFRS 9 on 1 November 2018.

Expected Credit Loss ("ECL") for financial investments at FVOCI is recognised in reserves. Movements in the ECL allowance on financial investments at FVOCI are as follow:

As at 31 October 2018	-	-
Effect of adopting MFRS 9	4	-
1 November 2018, as restated / At end of the financial period	4	-

14. Financial investments available-for-sale

	Group and Bank	
	31 January 2019 RM'000	**31 October 2018 RM'000**
Quoted money market instruments - at fair value:		
- Malaysian Government Securities	-	100,723
Unquoted equity securities - at cost:		
- Unquoted shares in Malaysia	-	1,754
	-	102,477

The financial investments available-for-sale category was removed upon adoption of MFRS 9.

(Company No. 308035 U)

15. Loans and advances

		Group and Bank	
		31 January 2019 RM'000	31 October 2018 RM'000
(i)	**By type**		
	Overdrafts	26,089	26,228
	Term loans		
	- housing loans	98,863	100,720
	- other term loans	48,122	49,010
	Bills receivable	176,537	195,717
	Revolving credit	703,073	698,157
	Staff loans	1,387	1,462
		1,054,071	1,071,294
	Less: Unearned interest	(1,105)	(1,254)
	Gross loans and advances	1,052,966	1,070,040
	Less: Impairment on loans and advances		
	- Individual impairment (Note 16 (ii))	-	(67,098)
	- Collective impairment (Note 16 (ii))	-	(17,051)
	- Expected credit losses (Note 16 (iii))	(71,639)	-
	Net loans and advances	981,327	985,891
(ii)	**By type of customer**		
	Domestic non-bank financial institutions		
	- Others	19,732	42,394
	Domestic business enterprises		
	- Small medium enterprises	1,149	1,401
	- Others	718,312	728,127
	Government and statutory bodies	38,000	13,000
	Individuals	146,001	148,346
	Foreign entities	129,772	136,772
	Gross loans and advances	1,052,966	1,070,040

(Company No. 308035 U)

15. Loans and advances (contd.)

(iii) By geographical distribution

Northern region	180,839	163,565
Southern region	199,108	135,422
Central region	561,145	643,110
Eastern region	208	9,335
Outside Malaysia	111,666	118,608
	1,052,966	1,070,040

The Northern region consists of the states of Perlis, Kedah, Penang, Perak, Kelantan and Terengganu.

The Southern region consists of the states of Johor, Melaka and Pahang.

The Central region consists of the states of Selangor, Negeri Sembilan and the Federal Territory of Kuala Lumpur.

The Eastern region consists of the states of Sabah, Sarawak and the Federal Territory of Labuan.

(iv) By interest rate sensitivity

Fixed rate:		
- Housing loans	1,280	1,309
- Other fixed rate loans	94,883	108,553
Variable rate:		
- Base Lending Rate plus	321,301	329,648
- Cost plus	635,502	630,530
Gross loans and advances	1,052,966	1,070,040

(Company No. 308035 U)

15. Loans and advances (contd.)

(v) By sector

	Group and Bank 31 January 2019 RM'000	Group and Bank 31 October 2018 RM'000
Agriculture	266,799	215,348
Manufacturing	249,202	270,654
Construction	50,000	50,000
Purchase of landed property:		
- Residential	99,698	101,592
- Non-residential	38,972	39,417
Wholesale & retail trade and restaurants & hotels	7,953	38,705
Transport, storage and communication	100,000	80,000
Finance, insurance and business services	129,029	182,626
Purchase of transport vehicles	102	153
Consumption credit	55,211	55,545
Others	56,000	36,000
Gross loans and advances	1,052,966	1,070,040

(vi) By residual contractual maturity

	Group and Bank 31 January 2019 RM'000	Group and Bank 31 October 2018 RM'000
Within one year	915,311	929,421
One year to five years	13,143	13,834
Over five years	124,512	126,785
	1,052,966	1,070,040

16. Impaired loans and advances

(i) Movements in impaired loans and advances

	Group and Bank 31 January 2019 RM'000	Group and Bank 31 October 2018 RM'000
At beginning of financial period	121,029	126,065
Classified as impaired during the financial period	5,206	16,764
Reclassified as performing during the financial period	(1,357)	(6,751)
Amount recovered	(7,919)	(12,869)
Amount written off	-	(2,180)
At end of financial period	116,959	121,029
Individual impairment allowance	-	(67,098)
Lifetime credit impaired ECL allowance	(70,109)	-
Net impaired loans and advances	46,850	53,931
Ratio of net impaired loans and advances to net loans and advances (less lifetime credit impaired ECL allowance / individual impairment)	4.77%	5.38%

(Company No. 308035 U)

16. Impaired loans and advances (contd.)

(ii) Movements in collective and individual impairment allowances for loans and advances

	Group and Bank	
	31 January 2019 RM'000	**31 October 2018 RM'000**
Collective impairment allowance		
At beginning of financial period/year	-	20,681
Amount written back	-	(3,630)
At end of financial period/year	-	17,051
As % of gross loans and advances less individual impairment allowance	0.00%	1.70%
Individual impairment allowance		
At beginning of financial period/year	-	51,966
Impairment made during the financial period/year	-	26,224
Amount written back in respect of recoveries	-	(4,141)
Amount written off	-	(2,184)
Unwinding of discount	-	(4,767)
At end of financial period/year	-	67,098

(Company No. 308035 U)

16. Impaired loans and advances (contd.)

(iii) Movements in ECL allowances for loans and advances

	12 months ECL (Stage 1) RM'000	Lifetime not Credit Impaired ECL (Stage 2) RM'000	Lifetime Credit Impaired ECL (Stage 3) RM'000	Total RM'000
Group and Bank				
At 1 November 2018, on adoption of MFRS 9	377	861	67,098	68,336
Transfer between stages	355	(433)	78	-
Changes due to change in credit risk:				
- Transfer to Stage 1	372	(309)	(63)	-
- Transfer to Stage 2	(17)	17	-	-
- Transfer to Stage 3	-	(141)	141	-
Loans derecognised during the period (other than write-offs)	(17)	(7)	(76)	(100)
New loans originated	28	-	-	28
Changes due to change in credit risk	(140)	506	3,009	3,375
At end of financial period	603	927	70,109	71,639

(iv) By geographical distribution

	Group and Bank 31 January 2019 RM'000	Group and Bank 31 October 2018 RM'000
Southern region	109	301
Central region	103,305	107,617
Outside Malaysia	13,545	13,111
	116,959	121,029

(Company No. 308035 U)

16. Impaired loans and advances (contd.)

	Group and Bank	
	31 January 2019 RM'000	31 October 2018 RM'000
(v) By sector		
Manufacturing	80,655	86,063
Purchase of landed property:		
- Residential	18,901	18,366
- Non-residential	16,694	15,946
Consumption credit	709	654
	116,959	121,029

17. Other assets

	Group and Bank	
	31 January 2019 RM'000	31 October 2018 RM'000
Interest receivable	4,797	4,824
Other receivables, deposits and prepayments	2,079	2,029
	6,876	6,853
ECL allowance	(1)	-
	6,875	6,853

Movements in ECL allowance on receivables are as follow:

As at 31 October 2018	-	-
Effect of adopting MFRS 9	1	-
1 November 2018, as restated / At end of the financial period	1	-

18. Deposits from customers

	Group and Bank	
	31 January 2019 RM'000	31 October 2018 RM'000
(i) By type of deposit		
Demand deposits	32,203	31,917
Savings deposits	1,426	1,884
Fixed/Investment deposits	178,752	182,173
Others	59,053	82,493
	271,434	298,467

(Company No. 308035 U)

18. Deposits from customers (contd.)

(ii) Maturity structure of fixed/investment deposits

	Group and Bank 31 January 2019 RM'000	Group and Bank 31 October 2018 RM'000
Due within six months	172,510	175,494
Six months to one year	6,129	6,566
More than one year	113	113
	178,752	182,173

(iii) By type of customer

	Group and Bank 31 January 2019 RM'000	Group and Bank 31 October 2018 RM'000
Business enterprises	249,147	271,830
Individuals	22,276	26,626
Others	11	11
	271,434	298,467

19. Deposits and placements of banks and other financial institutions

	Group and Bank 31 January 2019 RM'000	Group and Bank 31 October 2018 RM'000
Licensed banks	105,000	31,387
Other financial institutions	186,372	189,542
	291,372	220,929

20. Other liabilities

	Group and Bank 31 January 2019 RM'000	Group and Bank 31 October 2018 RM'000
Interest payable	949	689
Other payables and accruals	12,487	17,314
ECL allowances on off-balance sheet exposures	14	-
	13,450	18,003

(Company No. 308035 U)

20. Other liabilities (contd.)

Movements in ECL allowance on off-balance sheet exposures are as follow:

	Group and Bank	
	31 January 2019 RM'000	31 October 2018 RM'000
As at 31 October 2018	-	-
Effect of adopting MFRS 9	10	-
1 November 2018, as restated	10	-
Allowance made during the financial period	4	-
At end of the financial period	14	-

21. With effect from 1 November 2018, BNM requires the Bank to maintain, in aggregate, loss allowance for non-credit impaired exposures and regulatory reserves of no less than 1.00% of total credit exposures, net of loss allowance for credit-impaired exposures. As at 31 January 2019, the allowance for non-credit impaired exposures and regulatory reserve stands at 1.00%.

Previously, BNM requires the Bank to maintain, in aggregate, collective impairment provisions and regulatory reserve of no less than 1.2% of total outstanding loans, net of individual impairment provisions. As at 31 October 2018, the collective impairment provisions and regulatory reserve stands at 1.70%.

22. Interest income

	Group and Bank 1st Quarter Ended		Group and Bank Three Months Ended	
	31 January 2019 RM'000	31 January 2018 RM'000	31 January 2019 RM'000	31 January 2018 RM'000
Loans and advances:				
- Interest income other than on impaired loans	11,174	14,086	11,174	14,086
- Interest income on impaired loans	2,847	2,755	2,847	2,755
Money at call and deposit placements with financial institutions	5,344	6,336	5,344	6,336
Financial investments available-for-sale	743	749	743	749
Others	10	607	10	607
Total interest income	20,118	24,533	20,118	24,533

(Company No. 308035 U)

23. Interest expense

	Group and Bank 1st Quarter Ended		Group and Bank Three Months Ended	
	31 January 2019 RM'000	31 January 2018 RM'000	31 January 2019 RM'000	31 January 2018 RM'000
Deposits and placements of banks and other financial institutions	453	3,882	453	3,882
Deposits from customers	3,811	4,572	3,811	4,572
Others	32	619	32	619
	4,296	9,073	4,296	9,073

24. Net fee and commission income

	Group and Bank 1st Quarter Ended		Group and Bank Three Months Ended	
	31 January 2019 RM'000	31 January 2018 RM'000	31 January 2019 RM'000	31 January 2018 RM'000
Other fees relating to loans	135	489	135	489
Commitment fees	43	38	43	38
Guarantee fees	15	16	15	16
Acceptance commissions	146	128	146	128
Others	110	413	110	413
	449	1,084	449	1,084

25. Net trading income/(losses)

	Group and Bank 1st Quarter Ended		Group and Bank Three Months Ended	
	31 January 2019 RM'000	31 January 2018 RM'000	31 January 2019 RM'000	31 January 2018 RM'000
Gains arising from dealing in foreign currency	2,014	1,953	2,014	1,953
Unrealised losses from derivative trading	(10)	(28)	(10)	(28)
Unrealised revaluation losses in foreign exchange	(1,672)	(1,391)	(1,672)	(1,391)
	332	534	332	534

(Company No. 308035 U)

26. Other operating income

	Group and Bank 1st Quarter Ended		Group and Bank Three Months Ended	
	31 January 2019 RM'000	31 January 2018 RM'000	31 January 2019 RM'000	31 January 2018 RM'000
Dividend income:				
- Financial investments held at FVOCI/available-for-sale	-	-	-	-

27. Other operating expenses

	Group and Bank 1st Quarter Ended		Group and Bank Three Months Ended	
	31 January 2019 RM'000	31 January 2018 RM'000	31 January 2019 RM'000	31 January 2018 RM'000
Personnel costs:				
- Salaries and bonuses	3,017	3,053	3,017	3,053
- Pension fund contributions	520	492	520	492
- Other staff costs	1,059	1,051	1,059	1,051
Marketing expenses:				
- Advertising and promotion	5	-	5	-
- Others	135	136	135	136
Establishment costs:				
- Depreciation of plant and equipment	157	217	157	217
- Rental	279	345	279	345
- Others	1,214	1,144	1,214	1,144
Administrative expenses:				
- Fees	1,410	1,299	1,410	1,299
- Others	327	1,143	327	1,143
	8,123	8,880	8,123	8,880

(Company No. 308035 U)

28. Allowance for credit losses

	Group and Bank 1st Quarter Ended		Group and Bank Three Months Ended	
	31 January 2019 RM'000	31 January 2018 RM'000	31 January 2019 RM'000	31 January 2018 RM'000
ECL allowance made/(written back) on:				
- Loans and advances	3,303	-	3,303	-
- Deposits and short term funds	(11)	-	(11)	-
- Off-balance sheet exposures	4	-	4	-
Individual impairment allowance for loans and advances				
- made in the financial period	-	3,524	-	3,524
- written back in respect of recoveries	-	(1,506)	-	(1,506)
Impaired loans and advances:				
- recovered	(3)	(26)	(3)	(26)
	3,293	1,992	3,293	1,992

(Company No. 308035 U)

29. Capital adequacy

The capital adequacy ratios of the Group and of the Bank are analysed as follows:

	Group and Bank	
	31 January 2019	**31 October 2018**
	RM'000	**RM'000**
Common Equity Tier 1 ("CET1") / Tier 1 capital		
Paid-up share capital	165,000	165,000
Retained profit	824,419	832,972
Other reserves	(101)	(203)
	989,318	997,769
Less: Deferred tax assets	(2,655)	(2,888)
Total CET1 / Tier 1 capital	986,663	994,881
Tier 2 capital		
Regulatory Reserve *	8,084	-
12-months and lifetime not credit impaired ECL allowances	1,586	-
Collective impairment	-	6,456
	996,333	1,001,337
Less: Investment in subsidiaries	(30)	(30)
Total capital	996,303	1,001,307
CET 1 / Tier 1 capital ratio	82.809%	86.174%
Total capital ratio	83.618%	86.731%

* Excludes regulatory reserve maintained for credit impaired exposures which is restricted from Tier 2 Capital.

(Company No. 308035 U)

29. Capital adequacy (contd.)

Breakdown of gross risk-weighted assets in the various categories of risk-weights are as follows:

	31 January 2019		31 October 2018	
	Principal RM'000	Risk-weighted RM'000	Principal RM'000	Risk-weighted RM'000
Credit risk	1,701,631	1,045,533	1,662,038	1,017,693
Market risk	-	16,051	-	1,961
Operational risk	-	129,914	-	134,843
	1,701,631	1,191,498	1,662,038	1,154,497

The total capital and capital adequacy ratios of the Group are computed in acordance with BNM's Capital Adequacy Framework (Capital Components and Basel II Risk Weighted Assets) Guidelines. The Group and the Bank have adopted the Standardised Approach for Credit Risk and Market Risk, and the Basic Indicator Approach for Operational Risk.

30. Derivative financial instruments

	Nominal value RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000
At 31 January 2019			
Derivatives held-for-trading			
Foreign exchange contracts	453,465	612	2,228
Cross currency interest rate swaps	7,408	791	781
	460,873	1,403	3,009
At 31 October 2018			
Derivatives held-for-trading			
Foreign exchange contracts	140,357	421	364
Cross currency interest rate swaps	46,186	5,739	5,716
	186,543	6,160	6,080

(Company No. 308035 U)

31. Commitments and contingencies

Group and Bank 31 January 2019	Principal Amount RM'000	Positive Fair Value of Derivate Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Credit-related exposures				
Transaction-related contingent items	7,267		3,634	1,223
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	267		134	134
- not exceeding one year	16,567		3,313	3,313
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	1,051,911		-	-
	1,076,012		7,081	4,670
Derivative financial contracts				
Foreign exchange related contracts:				
- less than one year	460,873	1,403	5,448	4,436
	460,873	1,403	5,448	4,436
Total	1,536,885	1,403	12,529	9,106

(Company No. 308035 U)

31. Commitments and contingencies (contd.)

Group and Bank 31 October 2018	Principal Amount RM'000	Positive Fair Value of Derivate Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Assets RM'000
Credit-related exposures				
Transaction-related contingent items	6,937		3,469	1,198
Short term self liquidating trade-related contingencies	86		17	17
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:				
- exceeding one year	259		130	130
- not exceeding one year	18,873		3,775	3,775
Any commitments that are unconditionally cancelled at any time by the bank without prior notice or that effectively provide for automatic cancellation due to deterioration in a borrower's creditworthiness	1,317,926		-	-
	1,344,081		7,391	5,120
Derivative financial contracts				
Foreign exchange related contracts:				
- less than one year	186,543	6,160	8,404	2,383
	186,543	6,160	8,404	2,383
Total	1,530,624	6,160	15,795	7,503

32. Changes in significant accounting policies

(a) MFRS 9 *Financial Instruments* ("MFRS 9")

MFRS 9 sets out the requirements for recognising and measuring financial assets and financial liabilities. It also introduces a new Expected Credit Loss ("ECL") model and a new general hedge accounting model.

As allowed under MFRS 9, the Group and the Bank had not restated its comparative information. Accordingly, the information presented for the comparative period is presented, as previously reported, under MFRS 139, *Financial Instruments: Recognition and Measurement* ("MFRS 139"). The transition impact arising from adoption of MFRS 9 is recognised in retained profit and reserves as at 1 November 2018.

Changes in accounting policies resulting from adoption of MFRS 9 have been generally applied by the Group and the Bank retrospectively, except as described below.

The following assessments were made on the basis of facts and circumstances that existed at 1 November 2018:

- The determination of business model within which a financial asset is held.
- The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

There are no significant changes in accounting policies for financial liabilities, derivative instruments and derecognition of financial assets and liabilities.

The impact upon adoption of MFRS 9 is described below:

(i) Classification and measurement of financial assets

<u>Classification of of financial assets</u>

Financial assets are classified into one of the following measurement categories:
- Amortised cost;
- Fair value through other comprehensive income ("FVOCI");
- Fair value through profit or loss ("FVTPL");
- Elected at fair value through other comprehensive income (Equities only); or
- Designated at fair value through profit or loss

32. Changes in significant accounting policies (contd.)

(a) MFRS 9 *Financial Instruments* ("MFRS 9") (contd.)

(i) Classification and measurement of financial assets (contd.)

Classification of financial assets (contd.)

The classification of debt instruments is further dependent on:

- *Business model assessment*
  Business model assessment involves determining how financial assets are managed in order to generate cash flows. The Bank's business model assessment is based on the following categories:
  - Held to collect
  - Held to collect and for sale
  - Held for sale business model

- *Contractual cash flow characteristics assessment*
  The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending agreement. Contractual cash flows are consistent with a basic lending arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are not reclassified subsequent to their initial recognition unless the Bank changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

32. Changes in significant accounting policies (contd.)

(a) MFRS 9 *Financial Instruments* ("MFRS 9") (contd.)

(i) Classification and measurement of financial assets (contd.)

Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

The allowance for credit losses on debt instruments measured at FVOCI does not reduce the carrying amount of the asset in the Statement of Financial Position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to profit or loss. The accumulated allowance recognised in OCI is recycled to the income statement upon derecognition of the debt instrument.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements at amortised cost or at FVOCI as at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. As at 31 January 2019, there are no financial assets designated as financial assets at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income are recognised in profit or loss.

32. Changes in significant accounting policies (contd.)

(a) MFRS 9 *Financial Instruments* ("MFRS 9") (contd.)

(i) Classification and measurement of financial assets (contd.)

<u>Equity instruments</u>

Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase, with transaction costs recognised immediately in the income statement as part of non-interest income. Subsequent to initial recognition the changes in fair value are recognised as part of non-interest income in the income statement.

At initial recognition, there is an irrevocable option for the Bank to classify non-trading equity instruments at FVOCI. The Bank has not made this election for the equity instruments it holds.

(ii) Impairment

The Bank applies a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under MFRS 9, for the following categories of financial instruments that are not measured at FVTPL:

- Financial assets measured at amortised costs;
- Debt securities at FVOCI;
- Off-balance sheet loan commitments; and
- Financial guarantee contracts

<u>Expected credit loss impairment model</u>

The Bank's allowance for credit losses calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either (i) over the following twelve months or (ii) over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

This impairment model measures credit loss allowances using a three-stage approach based on the extent of credit deterioration since origination:

- Stage 1 - Where there has not been a significant increase in credit risk ("SIR") since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default ("PD") occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a PD corresponding to remaining term to maturity is used.

32. Changes in significant accounting policies (contd.)

(a) MFRS 9 *Financial Instruments* ("MFRS 9") (contd.)

(ii) Impairment (contd.)

<u>Expected credit loss impairment model (contd.)</u>

This impairment model measures credit loss allowances using a three-stage approach based on the extent of credit deterioration since origination (contd.):

- Stage 2 - When a financial instrument experiences a SIR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires computation of expected credit loss based on the PD over the remaining estimated life of the financial instrument.

- Stage 3 - Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

<u>Assessment of SIR</u>

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors.

The common assessments for SIR on retail and non-retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward-looking macroeconomic factors are a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on the type of product, characteristics of the financial instruments and the borrower and the geographical region. Quantitative models may not always be able to capture all reasonable and supportable information that may indicate a significant increase in credit risk. Qualitative factors may be assessed to supplement the gap. Examples of situations include changes in adjudication criteria for a particular group of borrowers; changes in portfolio composition and natural disasters impacting certain portfolios. With regards to delinquency and monitoring, there is a rebuttable presumption that the credit risk of the financial instrument has increased since initial recognition when contractual payments are more than 30 days overdue.

(Company No. 308035 U)

32. Changes in significant accounting policies (contd.)

(b) BNM's revised policy document on Financial Reporting

On 2 February 2018, BNM issued the revised policy document on Financial Reporting which prescribe the regulatory reserves to be maintained by banking institutions. With effect from 1 November 2018, the Bank must maintain, in aggregate, loss allowance for non-credit impaired exposures and regulatory reserves of no less than 1% of total credit exposures, net of allowance for credit impaired exposures. The financial effects of the adoption of the revised policy document are presented in Note 32 (c).

(c) Financial effects due to changes in accounting policies

The following table explains the original measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's and the Bank's financial assets as at 1 November 2018.

	Classification		**Carrying amount as at 1 November 2018**	
	MFRS 139	**MFRS 9**	**MFRS 139 RM'000**	**MFRS 9 RM'000**
Financial assets				
Group				
Cash and short-term funds	Loans and receivables	Amortised cost	518,226	518,178
Bank				
Cash and short-term funds	Loans and receivables	Amortised cost	518,196	518,148
Group and Bank				
Debt securities	Available-for-sale	FVOCI	100,723	100,723
Equity instruments	Available-for-sale	FVTPL	1,754	1,754
Loans and advances	Loans and receivables	Amortised cost	985,891	1,001,704
Derivative financial assets	FVTPL	Mandatorily at FVTPL	6,160	6,160
Other assets	Loans and receivables	Amortised cost	6,853	6,852
Statutory deposits with BNM	Loans and receivables	Amortised cost	298	298

(Company No. 308035 U)

32. Changes in significant accounting policies (contd.)

(c) Financial effects due to changes in accounting policies (contd.)

There are no changes to the classification and carrying amounts of the financial liabilities subsequent to the measurement categories under MFRS 9.

The following table reconciles the closing impairment allowances under MFRS 139 as at 31 October 2018 to the opening impairment allowance under MFRS 9 as at 1 November 2018.

	Group and Bank RM'000
Individual and collective impairment allowance as at 31 October 2018 under MFRS 139	84,149
Additional/(reduction) in allowance for expected credit losses recognised as at 1 November 2018 on:	
- Cash and short-term funds	48
- Financial investments at FVOCI	4
- Loans and advances	(15,813)
- Other assets	1
- Off-balance sheet exposures	10
Allowance for credit losses at 1 November 2018 under MFRS 9	68,399

The following tables analyse the impact of the transition to MFRS 9 on the statements of financial position of the Group and of the Bank:

	Impact of adopting MFRS 9 as at 1 November 2019	
	Group RM'000	**Bank RM'000**
Cash and short-term funds		
Closing balance under MFRS 139 at 31 October 2018	518,226	518,196
- Recognition of expected credit losses under MFRS 9	(48)	(48)
Opening balance under MFRS 9 at 1 November 2018	518,178	518,148

	Impact of adopting MFRS 9 as at 1 November 2019 Group and Bank RM'000
Financial investments available-for-sale	
Closing balance under MFRS 139 at 31 October 2018	102,477
- Redesignation to financial assets at FVTPL	(1,754)
- Redesignation to financial investments at FVOCI	(100,723)
Opening balance under MFRS 9 at 1 November 2018	-

(Company No. 308035 U)

32. Changes in significant accounting policies (contd.)

(c) Financial effects due to changes in accounting policies (contd.)

	Impact of adopting MFRS 9 as at 1 November 2019 Group and Bank RM'000
Financial assets at FVTPL	
Closing balance under MFRS 139 at 31 October 2018	-
- Redesignation from financial investments available-for-sale	1,754
Opening balance under MFRS 9 at 1 November 2018	1,754
Financial investments at FVOCI	
Closing balance under MFRS 139 at 31 October 2018	-
- Redesignation from financial investments available-for-sale	100,723
Opening balance under MFRS 9 at 1 November 2018	100,723
Loans and advances	
Closing balance under MFRS 139 at 31 October 2018	985,891
- Recognition of expected credit losses under MFRS 9	15,813
Opening balance under MFRS 9 at 1 November 2018	1,001,704
Other assets	
Closing balance under MFRS 139 at 31 October 2018	6,853
- Recognition of expected credit losses under MFRS 9	(1)
Opening balance under MFRS 9 at 1 November 2018	6,852
Other liabilities	
Closing balance under MFRS 139 at 31 October 2018	18,003
- Recognition of expected credit losses under MFRS 9	10
Opening balance under MFRS 9 at 1 November 2018	18,013
Tax recoverable	
Closing balance under MFRS 139 at 31 October 2018	4,979
- Derecognition of impairment allowance under MFRS 139	(3,780)
Opening balance under MFRS 9 at 1 November 2018	1,199
Regulatory reserves	
Closing balance under MFRS 139 at 31 October 2018	-
- Transfer from retained profit	9,150
Opening balance under MFRS 9 at 1 November 2018	9,150

(Company No. 308035 U)

32. Changes in significant accounting policies (contd.)

(c) Financial effects due to changes in accounting policies (contd.)

	Impact of adopting MFRS 9 as at 1 November 2019 Group and Bank RM'000
Other reserves	
Closing balance under MFRS 139 at 31 October 2018	(203)
- Recognition of expected credit losses under MFRS 9	4
Opening balance under MFRS 9 at 1 November 2018	(199)
Retained profit	
Closing balance under MFRS 139 at 31 October 2018	832,972
- Recognition of expected credit losses under MFRS 9	15,750
- Tax effect arising from derecognition of impairment allowance under MFRS 9	(3,780)
- Transfer to regulatory reserves	(9,150)
Opening balance under MFRS 9 at 1 November 2018	835,792