

The Bank of Nova Scotia Berhad

(Company No. 199401022356 (308035 U))

(Incorporated in Malaysia)

and its subsidiaries

Unaudited Condensed Interim Financial Statements

31 January 2022

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. 199401022356 (308035 U))

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2022

	Note	Group		Bank	
		31 January 2022 RM'000	31 October 2021 RM'000	31 January 2022 RM'000	31 October 2021 RM'000
ASSETS					
Cash and short-term funds	11	409,521	875,708	409,501	875,688
Financial assets at fair value					
through profit or loss	12	2,636	2,636	2,636	2,636
Loans and advances	13	78,930	286,859	78,930	286,859
Derivative financial assets	29	118	1,736	118	1,736
Other assets	15	2,151	2,935	2,151	2,935
Statutory deposits with					
Bank Negara Malaysia		553	553	553	553
Investment in subsidiaries		-	-	30	30
Property and equipment including					
right-of-use assets		2,064	2,930	2,064	2,930
Tax recoverable		2,696	2,213	2,696	2,213
TOTAL ASSETS		498,669	1,175,570	498,679	1,175,580
LIABILITIES					
Deposits from customers	16	1,235	1,313	1,245	1,323
Deposits and placements of					
banks and other financial					
institutions	17	-	40,959	-	40,959
Derivative financial liabilities	29	-	1,124	-	1,124
Other liabilities	18	28,025	32,076	28,025	32,076
Amounts owing to holding					
company		4,291	83,117	4,291	83,117
TOTAL LIABILITIES		33,551	158,589	33,561	158,599

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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2022 (CONTD.)

	Note	Group		Bank	
		31 January 2022 RM'000	31 October 2021 RM'000	31 January 2022 RM'000	31 October 2021 RM'000
EQUITY					
Share capital		165,000	165,000	165,000	165,000
Reserves		300,118	851,981	300,118	851,981
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK		<u>465,118</u>	<u>1,016,981</u>	<u>465,118</u>	<u>1,016,981</u>
TOTAL LIABILITIES AND EQUITY		<u>498,669</u>	<u>1,175,570</u>	<u>498,679</u>	<u>1,175,580</u>
COMMITMENTS AND CONTINGENCIES	30	<u>52,085</u>	<u>343,113</u>	<u>52,085</u>	<u>343,113</u>

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 2021.

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UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 JANUARY 2022

	Note	Group and Bank 1st Quarter Ended		Group and Bank Three Months Ended	
		31 January 2022 RM'000	31 January 2021 RM'000	31 January 2022 RM'000	31 January 2021 RM'000
Interest income	20	6,875	11,832	6,875	11,832
Interest expense	21	(181)	(757)	(181)	(757)
Net interest income		6,694	11,075	6,694	11,075
Net fee and commission income	22	56	438	56	438
Net gains on financial instruments	23	36	218	36	218
Net income		6,786	11,731	6,786	11,731
Other operating expenses	24	(5,648)	(6,163)	(5,648)	(6,163)
Operating profit		1,138	5,568	1,138	5,568
Allowance for credit losses	26	(2,412)	(11,749)	(2,412)	(11,749)
Wind down expenses	27	(783)	-	(783)	-
Loss before taxation		(2,057)	(6,181)	(2,057)	(6,181)
Taxation		194	1,467	194	1,467
Loss for the period		(1,863)	(4,714)	(1,863)	(4,714)
Other comprehensive loss, net of tax					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Net loss on financial investments at fair value through other comprehensive income		-	(1,172)	-	(1,172)
Total comprehensive loss for the period attributable to owners of the Bank		(1,863)	(5,886)	(1,863)	(5,886)
Basic loss per share (sen)		(1.52)	(3.85)	(1.52)	(3.85)

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 2021.

THE BANK OF NOVA SCOTIA BERHAD

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AND ITS SUBSIDIARIES**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 JANUARY 2022**

	Share capital RM'000	← Non-distributable Regulatory reserves RM'000	→ Other reserves RM'000	Distributable Retained earnings RM'000	Total RM'000
Group and Bank					
At 1 November 2020	165,000	-	4,285	867,556	1,036,841
Net loss for the period	-	-	-	(4,714)	(4,714)
Other comprehensive loss, net of tax					
- Financial investments at fair value through other comprehensive income	-	-	(1,172)	-	(1,172)
Total comprehensive loss for the period	-	-	(1,172)	(4,714)	(5,886)
As at 31 January 2021	<u>165,000</u>	<u>-</u>	<u>3,113</u>	<u>862,842</u>	<u>1,030,955</u>
As at 1 November 2021	165,000	1,173	-	850,808	1,016,981
Net loss/Total comprehensive loss for the period	-	-	-	(1,863)	(1,863)
Transfer from regulatory reserves to retained earnings	-	(1,173)	-	1,173	-
Dividend paid	-	-	-	(550,000)	(550,000)
As at 31 January 2022	<u>165,000</u>	<u>-</u>	<u>-</u>	<u>300,118</u>	<u>465,118</u>

Note 19

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 2021.

THE BANK OF NOVA SCOTIA BERHAD

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UNAUDITED CONDENSED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 JANUARY 2022

	Group		Bank	
	31 January 2022 RM'000	31 January 2021 RM'000	31 January 2022 RM'000	31 January 2021 RM'000
Cash flows from operating activities				
Loss before taxation	(2,057)	(6,181)	(2,057)	(6,181)
Adjustments for non-cash item	4,556	16,753	4,556	16,753
Operating profit before working capital changes	2,499	10,572	2,499	10,572
Changes in working capital:				
Net changes in operating assets	207,920	14,644	207,920	14,644
Net changes in operating liabilities	(126,245)	(23,922)	(126,245)	(23,922)
Income taxes paid	(289)	(815)	(289)	(815)
Net cash generated from operating activities	83,885	479	83,885	479
Net cash generated from investing activities	-	250	-	250
Net cash used in financing activities	(550,071)	(218)	(550,071)	(218)
Net (decrease)/increase in cash and cash equivalents	(466,186)	511	(466,186)	511
Cash and cash equivalents at beginning of the financial period	875,708	570,808	875,688	570,788
Cash and cash equivalents at end of the financial period	409,522	571,319	409,502	571,299
Cash and cash equivalents comprise:				
Cash and short term funds	409,522	511,319	409,502	511,299
Deposits and placement with banks and other financial institutions	-	60,000	-	60,000
	409,522	571,319	409,502	571,299
Less: Expected credit loss allowance	(1)	(7)	(1)	(7)
	409,521	571,312	409,501	571,292

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 2021.

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REVIEW OF PERFORMANCE

Current Quarter vs. Previous Year Corresponding Quarter

For the first quarter ended 31 January 2022, the Group and the Bank incurred a loss before tax of RM2.06 million after deducting allowances for credit losses and wind down costs of RM2.41 million and RM0.78 million. Operating profit has reduced by RM4.43 million compared to previous corresponding quarter as business volumes continued to trend downwards. However, the loss before tax in the current financial quarter is smaller by RM4.12 million because of lower allowance for credit losses, of RM9.34 million.

Current Quarter End vs. Previous Year End

Total assets of the Group and the Bank as of 31 January 2022 has declined by RM676.9 million to RM498.67 million as compared to previous financial year ended 2021 of RM1.18 billion. This was driven by net reduction in loans and advances of RM207.93 million and lower cash and short term funds held of RM466.19 million, as dividends of RM550 million to shareholder of the Bank during the financial quarter.

Total liabilities has correspondingly decreased by RM125.04 million to RM33.55 million, mainly contributed by lower deposits accepted and amount due to holding company due to lesser funding requirement.

Despite lower capital level due to the distribution of dividends and net losses incurred, total capital ratio has further improved from 276.681% as at 31 October 2021 to 295.033% as at current quarter end, driven by a decrease in risk-weighted assets in line with the smaller balance sheet size and lower gross income levels.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2022

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 2022 have been prepared on a basis other than that of a going concern in view of the Bank's intention to wind down and exit its operations in Malaysia. This basis of preparation includes, where appropriate, writing down the Bank's assets to net realisable value based on best estimates. There has been no material adjustments arising as a result of ceasing to apply the going concern basis except for wind down expenses as disclosed in Note 27.

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 conjunction with the audited annual financial statements for the Group and the Bank for the financial year ended 31 October 2021. 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 2021.

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 2021, except for the adoption of the following Amendments to MFRSs:

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

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

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

- Amendments to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

The adoption of these amendments does not have any material effect on the financial statements of the Group and the Bank.

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

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

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

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

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

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MRS 9 – Comparative information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Amendments effective for annual periods beginning on or after a date yet to be confirmed

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

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

- from the annual period beginning on 1 November 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022; and
- from the annual period beginning on 1 November 2023 for those amendments that are effective for annual periods beginning on or after 1 January 2023.

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

The Group and the Bank do not plan to apply MFRS 141, *Agriculture (Annual Improvements to Standards 2018-2020)* that is effective for annual periods beginning on or after 1 January 2022, and MFRS 17, *Insurance Contracts* and Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* that are effective for annual periods beginning on or after 1 January 2023, as they are not applicable to the Group and the Bank.

The initial application of the accounting standards and amendments are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Bank.

Use of estimates and judgements

The preparation of financial statements, in conformity with MFRS, requires management to make estimates, apply judgments and make assumptions that affect the reported amount of assets and liabilities at the date of the condensed interim consolidated financial statements, and income and expenses during the reporting period. Estimates made by management are based on historical experience and other assumptions that are believed to be reasonable. Key areas where management has made difficult, complex or subjective judgments, often as a result of matters that are inherently uncertain, include those relating to the allowance for credit losses and the fair value of financial instruments.

The allowance for credit losses, using an expected credit loss approach as required under MFRS 9, is estimated using complex models and incorporates inputs, assumptions and techniques that require a high degree of judgement. These include assessment of significant increase in credit risk, the forecast of macroeconomic variables for multiple scenarios and probability weightings of the scenarios. In the current economic environment resulting from COVID-19, the models in isolation may not capture all the uncertainty as well as the impact of the relief measures by the governments and central banks. Therefore, management has applied significant expert credit judgment in the determination of the allowance for credit losses.

The fair value of financial instruments (including derivatives) is a market-based measurement that considers assumptions that market participants would use, reflecting market conditions at the measurement date. For a more accurate representation of fair value, certain adjustments for credit spreads, funding levels, market volatility, bid-offer spreads, unobservable parameters, prices in inactive or illiquid markets and when applicable funding costs are required. The Bank has considered current market conditions due to COVID-19 and assessed the impact of any unobservable inputs and has applied significant judgement in the selection of those inputs to determine the fair value of financial instruments.

While management makes its best estimates and assumptions, actual results could differ from these estimates and assumptions.

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2. Auditor's report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 October 2021 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 financial period ended 31 January 2022 except as disclosed in Note 27.

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 financial period ended 31 January 2022 other than those disclosed under basis of preparation.

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 2022.

7. Dividend

During the first quarter ended 31 January 2022, interim dividend of 449.44 sen per ordinary share, totalling RM550 million in respect of the financial year ended 31 October 2021, was declared and paid to the shareholder.

8. Changes in the composition of the Group

On 1 November 2021, the below wholly-owned subsidiaries were placed under member's voluntary liquidation and a liquidator appointed pursuant to Section 439(1)(b) of the Companies Act 2016:

<u>Subsidiaries</u>	<u>Principal activities</u>	<u>Country of incorporation</u>
Scotia Nominees (Malaysia) Sdn. Bhd.	Nominees services	Malaysia
Scotia Nominees (Asing) Sdn. Bhd.	Nominees services	Malaysia
Scotia Nominees (Tempatan) Sdn. Bhd.	Nominees services	Malaysia

There were no other changes in the composition of the Group for the financial period ended 31 January 2022.

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9. Subsequent events

On 17 February 2022, the Bank has entered into an asset sale agreement with an external party for its non-performing retail loan portfolio. Consequently, management would be reassessing the business model for the retail loan portfolio, and changes in classification, if any, would be effected on first day of the financial third quarter ending 31 July 2022, in accordance with requirements of MFRS 9, *Financial Instruments*.

There were no other 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.

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.

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10. Fair value of financial instruments (contd.)

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			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
31 January 2022				
Financial assets at fair value				
through profit or loss	-	-	2,636	2,636
Derivative financial assets	-	118	-	118
	-	118	2,636	2,754
Derivative financial liabilities	-	-	-	-
31 October 2021				
Financial assets at fair value				
through profit or loss	-	-	2,636	2,636
Derivative financial assets	-	1,736	-	1,736
	-	1,736	2,636	4,372
Derivative financial liabilities	-	1,124	-	1,124

Reconciliation of movements in Level 3 financial instruments

The following table summarises the changes in Level 3 instruments carried at fair value during the financial period.

	Group and Bank	
	31 January 2022 RM'000	31 October 2021 RM'000
Financial assets at fair value		
At 1 November	2,636	2,564
Sold	-	(60)
Recognised in profit or loss		
- Realised gain	-	42
- Unrealised gain	-	90
At end of financial period/year	2,636	2,636

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10. Fair value of financial instruments (contd.)

Financial assets in Level 3 category comprises of unquoted shares. Valuation for these shares are assessed by reference to adjusted net tangible assets of the investee. As the exposures are insignificant, changing one or more of the inputs to reasonably possible alternative assumptions would not change the value significantly for the financial assets in Level 3 of the fair value hierarchy.

Significant transfers

Significant transfers can occur between fair value hierarchy levels when additional or new information regarding valuation inputs and their refinement and observability become available. The Group and the Bank recognises transfers between levels of the fair value hierarchy as of the end of the financial period during which the change occurred. There has been no transfer between hierarchies during the current financial period.

11. Cash and short-term funds

	Group		Bank	
	31 January 2022 RM'000	31 October 2021 RM'000	31 January 2022 RM'000	31 October 2021 RM'000
Cash and balances with banks and other financial institutions	2,756	3,915	2,736	3,895
Money at call and deposit placements maturing within one month	406,766	871,793	406,766	871,793
	409,522	875,708	409,502	875,688
Less: Expected credit loss ("ECL") allowance	(1)	-	(1)	-
	409,521	875,708	409,501	875,688

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

	Group and Bank	
	31 January 2022 RM'000	31 October 2021 RM'000
12-Month ECL Stage 1		
At 1 November	-	9
Allowance made/(written back) during the financial period/year	1	(9)
At end of the financial period/year	1	-

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

	Group and Bank	
	31 January 2022 RM'000	31 October 2021 RM'000
Unquoted shares in Malaysia	2,636	2,636

13. Loans and advances

	Group and Bank	
	31 January 2022 RM'000	31 October 2021 RM'000
(i) By type		
Term loans		
- housing loans	67,257	68,825
- other term loans	38,121	38,389
Bills receivable	11,173	126,058
Revolving credit	9,642	142,546
Staff loans	194	489
	<u>126,387</u>	<u>376,307</u>
Less: Unearned interest	(57)	(273)
Gross loans and advances	<u>126,330</u>	<u>376,034</u>
Less: ECL allowance (Note 14 (ii))	<u>(47,400)</u>	<u>(89,175)</u>
Net loans and advances	<u><u>78,930</u></u>	<u><u>286,859</u></u>
(ii) By type of customer		
Domestic non-bank financial institutions	-	83,048
Domestic business enterprises	20,758	185,283
Individuals	61,243	63,004
Foreign entities	44,329	44,699
Gross loans and advances	<u>126,330</u>	<u>376,034</u>

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13. Loans and advances (contd.)

	Group and Bank	
	31 January	31 October
	2022	2021
	RM'000	RM'000
(iii) By geographical distribution		
Northern region	9,141	37,864
Southern region	14,360	14,323
Central region	75,016	296,078
Eastern region	144	152
Outside Malaysia	27,669	27,617
	<u>126,330</u>	<u>376,034</u>

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.

	Group and Bank	
	31 January	31 October
	2022	2021
	RM'000	RM'000
(iv) By interest rate sensitivity		
Fixed rate:		
- Housing loans	194	489
- Other fixed rate loans	8,823	42,407
Variable rate:		
- Base Lending Rate plus	107,672	190,592
- Cost plus	9,641	142,546
Gross loans and advances	<u>126,330</u>	<u>376,034</u>

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13. Loans and advances (contd.)

	Group and Bank	
	31 January	31 October
	2022	2021
	RM'000	RM'000
(v) By sector		
Manufacturing	20,758	135,283
Construction	-	50,000
Purchase of landed property:		
- Residential	67,451	69,314
- Non-residential	35,587	35,644
Finance, insurance and business services	-	83,048
Consumption credit	2,534	2,745
Gross loans and advances	<u>126,330</u>	<u>376,034</u>
(vi) By residual contractual maturity		
Within one year	25,013	272,614
One year to five years	16,800	15,877
Over five years	84,517	87,543
	<u>126,330</u>	<u>376,034</u>

14. Impaired loans and advances

	Group and Bank	
	31 January	31 October
	2022	2021
	RM'000	RM'000
(i) Movements in impaired loans and advances		
At beginning of financial period/year	131,348	131,385
Classified as impaired during the financial period/year	2,945	15,471
Reclassified as performing during the financial period/year	(164)	(3,173)
Amount recovered	(38,322)	(1,233)
Amount written off	(44,186)	(11,102)
At end of financial period/year	51,621	131,348
Lifetime credit impaired ECL allowance	(45,357)	(87,409)
Net impaired loans and advances	<u>6,264</u>	<u>43,939</u>
Ratio of net impaired loans and advances to net loans and advances (less lifetime credit impaired ECL allowance)	<u>7.74%</u>	<u>15.22%</u>

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14. Impaired loans and advances (contd.)**(ii) 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 2020	315	1,412	97,955	99,682
<u>Transfer between stages:</u>				
Due to changes in credit risk:				
- Transfer to Stage 1	3,126	(2,693)	(433)	-
- Transfer to Stage 2	(69)	181	(112)	-
- Transfer to Stage 3	(2)	(531)	533	-
	3,055	(3,043)	(12)	-
Loans de-recognised during the year (other than write-offs)	(61)	(76)	(133)	(270)
New loans originated	-	-	-	-
Changes due to change in credit risk and remeasurement	(3,131)	3,295	1,489	1,653
Net ECL allowance (written back)/made	(3,192)	3,219	1,356	1,383
Amount written off	-	-	(11,103)	(11,103)
<u>Other adjustment:</u>				
Unwinding of discount	-	-	(787)	(787)
At 31 October/ 1 November 2021	178	1,588	87,409	89,175
<u>Transfer between stages:</u>				
Due to changes in credit risk:				
- Transfer to Stage 1	344	(334)	(10)	-
- Transfer to Stage 2	(17)	17	-	-
- Transfer to Stage 3	-	(157)	157	-
	327	(474)	147	-
Loans de-recognised during the period (other than write-offs)	(20)	(29)	(153)	(202)
Changes due to change in credit risk and remeasurement	(349)	822	2,140	2,613
Net ECL allowance (written back)/made	(369)	793	1,987	2,411
Amount written off	-	-	(44,186)	(44,186)
At 31 January 2022	136	1,907	45,357	47,400

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14. Impaired loans and advances (contd.)

	Group and Bank	
	31 January 2022	31 October 2021
	RM'000	RM'000
(iii) By geographical distribution		
Northern region	6	6
Southern region	12,062	11,871
Central region	19,263	99,691
Outside Malaysia	20,290	19,780
	<u>51,621</u>	<u>131,348</u>
(iv) By sector		
Manufacturing	11,935	92,876
Purchase of landed property:		
- Residential	14,143	13,544
- Non-residential	25,113	24,568
Consumption credit	430	360
	<u>51,621</u>	<u>131,348</u>

15. Other assets

	Group and Bank	
	31 January 2022	31 October 2021
	RM'000	RM'000
Interest receivable	630	1,515
Other receivables, deposits and prepayments	1,521	1,420
	<u>2,151</u>	<u>2,935</u>
Less: ECL allowance	-	-
	<u>2,151</u>	<u>2,935</u>

Movements in ECL allowance on other receivables are as follow:

12-Month ECL Stage 1

At 1 November	-	1
Allowance written back during the financial period/year	-	(1)
At end of the financial period/year	<u>-</u>	<u>-</u>

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16. Deposits from customers

	Group		Bank	
	31 January 2022 RM'000	31 October 2021 RM'000	31 January 2022 RM'000	31 October 2021 RM'000
(i) By type of deposit				
Demand deposits	1,235	1,312	1,245	1,322
Savings deposits	-	1	-	1
	<u>1,235</u>	<u>1,313</u>	<u>1,245</u>	<u>1,323</u>
(ii) By type of customer				
Business enterprises	1,235	1,307	1,245	1,317
Individuals	-	6	-	6
	<u>1,235</u>	<u>1,313</u>	<u>1,245</u>	<u>1,323</u>

17. Deposits and placements of banks and other financial institutions

	Group and Bank	
	31 January 2022 RM'000	31 October 2021 RM'000
Other financial institutions	-	40,959

18. Other liabilities

	31 January 2022 RM'000	31 October 2021 RM'000
Interest payable	1	894
Provision for wind down expenses	19,435	22,478
Other payables and accruals	7,541	7,587
Lease liabilities	1,048	1,117
ECL allowance on off-balance sheet exposures	-	-
	<u>28,025</u>	<u>32,076</u>

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18. Other liabilities (contd.)

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

	Group and Bank	
	31 January 2022 RM'000	31 October 2021 RM'000
12-Month ECL Stage 1		
At 1 November	-	1
Allowance written back during the financial period/year	-	(1)
At end of the financial period/year	-	-

19. 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 2022, the allowance for non-credit impaired exposures and regulatory reserve stands at 2.42% (31 October 2021: 1.00%).

20. Interest income

	Group and Bank 1st Quarter Ended		Group and Bank Three Months Ended	
	31 January 2022 RM'000	31 January 2021 RM'000	31 January 2022 RM'000	31 January 2021 RM'000
Loans and advances:				
- Interest income other than on impaired loans	1,561	3,760	1,561	3,760
- Interest income on impaired loans	1,441	2,998	1,441	2,998
Money at call and deposit placements with financial institutions	3,873	2,684	3,873	2,684
Financial investments at amortised cost	-	244	-	244
Financial investments at FVOCI	-	2,145	-	2,145
Others	-	1	-	1
Total interest income	6,875	11,832	6,875	11,832

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21. Interest expense

	Group and Bank		Group and Bank	
	1st Quarter Ended		Three Months Ended	
	31 January	31 January	31 January	31 January
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Deposits and placements of banks and other financial institutions	25	113	25	113
Deposits from customers	154	611	154	611
Lease liabilities	2	33	2	33
	<u>181</u>	<u>757</u>	<u>181</u>	<u>757</u>

22. Net fee and commission income

	Group and Bank		Group and Bank	
	1st Quarter Ended		Three Months Ended	
	31 January	31 January	31 January	31 January
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Other fees relating to loans	25	124	25	124
Commitment fees	-	41	-	41
Guarantee fees	-	22	-	22
Acceptance commissions	24	172	24	172
Others	7	79	7	79
	<u>56</u>	<u>438</u>	<u>56</u>	<u>438</u>

23. Net gains on financial instruments

	Group and Bank		Group and Bank	
	1st Quarter Ended		Three Months Ended	
	31 January	31 January	31 January	31 January
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Gains arising from dealing in foreign currency	531	4,579	531	4,579
Unrealised revaluation losses in foreign exchange	(495)	(4,361)	(495)	(4,361)
	<u>36</u>	<u>218</u>	<u>36</u>	<u>218</u>

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24. Other operating expenses

	Group and Bank 1st Quarter Ended		Group and Bank Three Months Ended	
	31 January 2022 RM'000	31 January 2021 RM'000	31 January 2022 RM'000	31 January 2021 RM'000
Personnel costs:				
- Salaries and bonuses	1,860	2,713	1,860	2,713
- Pension fund contributions	332	454	332	454
- Other staff costs	353	418	353	418
Marketing expenses:				
- Others	12	16	12	16
Establishment costs:				
- Depreciation of property and equipment including ROU assets	866	461	866	461
- Rental	23	14	23	14
- Others	891	567	891	567
Administrative expenses:				
- Fees	746	1,157	746	1,157
- Others	565	363	565	363
	<u>5,648</u>	<u>6,163</u>	<u>5,648</u>	<u>6,163</u>

25. Significant related party transactions

	Group and Bank 1st Quarter Ended		Group and Bank Three Months Ended	
	31 January 2022 RM'000	31 January 2021 RM'000	31 January 2022 RM'000	31 January 2021 RM'000
Expenditure:				
<i> Holding company</i>				
(i) By type of services				
Support fees	189	321	189	321
Technical and support fees	690	255	690	255
Interest and other fees	132	273	132	273
	<u>132</u>	<u>273</u>	<u>132</u>	<u>273</u>
(ii) By country				
Singapore	132	273	132	273
Canada	234	321	234	321
Hong Kong, SAR China	547	252	547	252
India	98	3	98	3
	<u>98</u>	<u>3</u>	<u>98</u>	<u>3</u>
Income:				
<i> Holding company</i>				
Technical fees	7	48	7	48
	<u>7</u>	<u>48</u>	<u>7</u>	<u>48</u>

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26. Allowance for credit losses

	Group and Bank		Group and Bank	
	1st Quarter Ended		Three Months Ended	
	31 January	31 January	31 January	31 January
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
ECL allowance made/(written back) on:				
- Loans and advances	2,411	11,759	2,411	11,759
- Deposits and short term funds	1	(2)	1	(2)
- Financial investments at FVOCI	-	(5)	-	(5)
- Financial investments at amortised cost	-	(3)	-	(3)
- Other financial assets	-	2	-	2
- Off-balance sheet exposures	-	(1)	-	(1)
Impaired loans and advances:				
- recovered	-	(1)	-	(1)
	<u>2,412</u>	<u>11,749</u>	<u>2,412</u>	<u>11,749</u>

27. Wind down expenses

	Group and Bank		Group and Bank	
	1st Quarter Ended		Three Months Ended	
	31 January	31 January	31 January	31 January
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Provision for severance payments	<u>783</u>	<u>-</u>	<u>783</u>	<u>-</u>

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28. Capital adequacy

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

	Group and Bank	
	31 January 2022 RM'000	31 January 2021 RM'000
Common Equity Tier 1 ("CET1") / Tier 1 capital		
Paid-up share capital	165,000	165,000
Retained profit	300,118	850,808
Other reserves	-	1,173
	465,118	1,016,981
Less regulatory adjustments:		
- Regulatory reserve	-	(1,173)
Total CET1 / Tier 1 capital	465,118	1,015,808
Tier 2 capital		
Regulatory reserve *	-	998
12-months and lifetime non-credit impaired ECL allowances	2,044	1,766
	467,162	1,018,572
Less regulatory adjustments:		
- Investment in subsidiaries	(30)	(30)
Total capital	467,132	1,018,542
<u>Before deducting proposed dividend</u>		
CET 1 / Tier 1 capital ratio	293.761%	275.939%
Total capital ratio	295.033%	276.681%
<u>After deducting proposed dividend</u>		
CET 1 / Tier 1 capital ratio	293.761%	126.534%
Total capital ratio	295.033%	127.277%

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

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28. Capital adequacy (contd.)

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

	31 January 2022		31 October 2021	
	Principal RM'000	Risk- weighted RM'000	Principal RM'000	Risk- weighted RM'000
Credit risk	501,256	63,776	1,180,869	265,720
Market risk	-	559	-	2,690
Operational risk	-	93,997	-	99,718
	<u>501,256</u>	<u>158,332</u>	<u>1,180,869</u>	<u>368,128</u>

The total capital and capital adequacy ratios of the Group are computed in accordance 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.

29. Derivative financial instruments

	Nominal value RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
At 31 January 2022			
<i>Derivatives held-for-trading</i>			
Foreign exchange contracts	<u>4,000</u>	<u>118</u>	<u>-</u>
At 31 October 2021			
<i>Derivatives held-for-trading</i>			
Foreign exchange contracts	<u>209,662</u>	<u>1,736</u>	<u>1,124</u>

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30. Commitments and contingencies

Group and Bank	Principal amount	Positive fair value of derivative contracts	Credit equivalent amount	Risk weighted assets
31 January 2022	RM'000	RM'000	RM'000	RM'000
<u>Credit-related exposures</u>				
Transaction-related contingent items	910		455	228
Other commitments, such as formal standby facilities and credit lines, with an original maturity of: - exceeding one year	55		28	28
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	47,120		-	-
	<u>48,085</u>		<u>483</u>	<u>256</u>
<u>Derivative financial contracts</u>				
Foreign exchange related contracts: - less than one year	4,000	118	118	118
Total	<u><u>52,085</u></u>	<u><u>118</u></u>	<u><u>601</u></u>	<u><u>374</u></u>

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30. Commitments and contingencies (contd.)

Group and Bank 31 October 2021	Principal amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount RM'000	Risk weighted assets RM'000
<u>Credit-related exposures</u>				
Transaction-related contingent items	910		455	228
Other commitments, such as formal standby facilities and credit lines, with an original maturity of: - exceeding one year	54		27	27
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	132,487		-	-
	<u>133,451</u>		<u>482</u>	<u>255</u>
<u>Derivative financial contracts</u>				
Foreign exchange related contracts: - less than one year	209,662	1,736	4,758	3,199
Total	<u><u>343,113</u></u>	<u><u>1,736</u></u>	<u><u>5,240</u></u>	<u><u>3,454</u></u>