

The Bank of Nova Scotia Berhad

(Company No. 199401022356 (308035 U))

(Incorporated in Malaysia)

Unaudited Condensed Interim Financial Statements

31 January 2023

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)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2023

	Note	31 January 2023 RM'000	31 October 2022 RM'000
ASSETS			
Cash and short-term funds	11	420,864	420,562
Financial assets at fair value through profit or loss	12	1,772	1,772
Loans and advances	13	45,607	47,472
Amounts owing from holding company		43	-
Other assets	15	1,757	1,553
Statutory deposits with Bank Negara Malaysia		553	553
Property and equipment including right-of-use assets		721	918
Tax recoverable		2,945	2,911
TOTAL ASSETS		<u>474,262</u>	<u>475,741</u>
LIABILITIES			
Other liabilities	16	24,435	26,233
Amounts owing to holding company		-	217
TOTAL LIABILITIES		<u>24,435</u>	<u>26,450</u>
EQUITY			
Share capital		165,000	165,000
Reserves		284,827	284,291
EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK		<u>449,827</u>	<u>449,291</u>
TOTAL LIABILITIES AND EQUITY		<u>474,262</u>	<u>475,741</u>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 October 2022.

THE BANK OF NOVA SCOTIA BERHAD

(Company No. 199401022356 (308035 U))

(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 JANUARY 2023

	Note	1st Quarter Ended		Three Months Ended	
		31 January 2023	31 January 2022	31 January 2023	31 January 2022
		RM'000	RM'000	RM'000	RM'000
Interest income	18	3,855	6,875	3,855	6,875
Interest expense	19	(7)	(181)	(7)	(181)
Net interest income		3,848	6,694	3,848	6,694
Net fee and commission income	20	-	56	-	56
Net gains on financial instruments	21	243	36	243	36
Net income		4,091	6,786	4,091	6,786
Other operating expenses	22	(3,340)	(5,648)	(3,340)	(5,648)
Operating profit		751	1,138	751	1,138
Allowance for credit losses	24	(29)	(2,412)	(29)	(2,412)
Wind down expenses	25	(186)	(783)	(186)	(783)
Profit/(Loss) before taxation		536	(2,057)	536	(2,057)
Taxation		-	194	-	194
Profit/(Loss) for the period		536	(1,863)	536	(1,863)
Total comprehensive profit/(loss) for the period attributable to owners of the Bank		536	(1,863)	536	(1,863)
Basic earnings/(loss) per share (sen)		0.44	(1.52)	0.44	(1.52)

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 October 2022.

THE BANK OF NOVA SCOTIA BERHAD

(Company No. 199401022356 (308035 U))

(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 JANUARY 2023

	Share capital RM'000	Non-distributable Regulatory reserves RM'000	Distributable Retained earnings RM'000	Total RM'000
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>300,118</u>	<u>465,118</u>
As at 1 November 2022	165,000	5	284,286	449,291
Net profit/Total comprehensive profit for the period	-	-	536	536
As at 31 January 2023	<u>165,000</u>	<u>5</u>	<u>284,822</u>	<u>449,827</u>

Note 17

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 October 2022.

THE BANK OF NOVA SCOTIA BERHAD

(Company No. 199401022356 (308035 U))

(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED 31 JANUARY 2023

	31 January 2023 RM'000	31 January 2022 RM'000
Cash flows from operating activities		
Profit/(Loss) before taxation	536	(2,057)
Adjustments for non-cash item	98	4,556
	<hr/>	<hr/>
Operating profit before working capital changes	634	2,499
Changes in working capital:		
Net changes in operating assets	1,976	207,920
Net changes in operating liabilities	(2,038)	(126,245)
Income taxes paid	(34)	(289)
	<hr/>	<hr/>
Net cash generated from operating activities	538	83,885
Net cash used in financing activities	(206)	(550,071)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	332	(466,186)
Cash and cash equivalents at beginning of the financial period	<hr/>	<hr/>
	420,572	875,688
Cash and cash equivalents at end of the financial period	<hr/>	<hr/>
	420,904	409,502
	<hr/>	<hr/>
Cash and cash equivalents comprise:		
Cash and short term funds	420,904	409,502
Less: Expected credit loss allowance	(40)	(1)
	<hr/>	<hr/>
	420,864	409,501
	<hr/>	<hr/>

The unaudited condensed interim financial statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 October 2022.

THE BANK OF NOVA SCOTIA BERHAD

(Company No. 199401022356 (308035 U))

(Incorporated in Malaysia)

REVIEW OF PERFORMANCE

Current Quarter vs. Previous Year Corresponding Quarter

Despite a reduction of RM2.70 million in net income earned due to lower business volumes, the Bank recorded a profit before taxation of RM0.54 million for the first quarter ended 31 January 2023 compared to a loss of RM2.06 million in the previous corresponding quarter. This was driven by lower operating expenses and lower allowance for credit losses of RM2.31 million and RM2.38 million respectively.

Current Quarter End vs. Previous Year End

Total assets of the Bank as of 31 January 2023 has declined by RM1.48 million to RM474.26 million as compared to previous financial year ended 31 October 2022 of RM475.74 million. This was mainly driven by net reductions in loans and advances of RM1.87 million in the current financial period.

Total liabilities has decreased by RM2.02 million to RM24.44 million, mainly contributed by settlements of provisions and accruals.

Total capital ratio has decreased from 426.444% to 357.261% driven by higher average risk weights on credit exposures arising from deposit placements. This was partially offset by lower operational risk-weighted assets in line with lower gross income levels.

THE BANK OF NOVA SCOTIA BERHAD

(Company No. 199401022356 (308035 U))

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2023

1. Basis of preparation of the financial statements

The unaudited interim financial statements of the Bank for the financial period ended 31 January 2023 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 25.

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 Bank for the financial year ended 31 October 2022. 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 Bank since the year ended 31 October 2022.

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 2022, except for the adoption of the following Amendments to MFRSs:

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 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 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*

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

(Company No. 199401022356 (308035 U))

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 Bank:

MFRSs, interpretations 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*

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

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

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

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

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

- 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, except for MFRS 17 and amendments to MFRS 17 that are not applicable to the Bank; and
- from the annual period beginning on 1 November 2024 for those amendments that are effective for annual periods beginning on or after 1 January 2024.

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

(Company No. 199401022356 (308035 U))

2. Auditor's report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 October 2022 was not subjected to any qualifications.

3. Seasonal or cyclical factors

The business operations of the Bank has 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 the Bank for the financial period ended 31 January 2023 except as disclosed in Note 25.

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 2023 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 2023.

7. Dividend

No dividend was paid during the financial period ended 31 January 2023.

8. Changes in the composition of the Bank

There were no changes in the composition of the Bank in the current financial period ended 31 January 2023.

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.

(Company No. 199401022356 (308035 U))

10. Fair value of financial instruments

The Bank measures 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.

(Company No. 199401022356 (308035 U))

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.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 January 2023				
Financial assets at fair value				
through profit or loss	-	-	1,772	1,772
Loans and advances	-	-	45,607	45,607
	<u>-</u>	<u>-</u>	<u>47,379</u>	<u>47,379</u>
31 October 2022				
Financial assets at fair value				
through profit or loss	-	-	1,772	1,772
Loans and advances	-	-	47,472	47,472
	<u>-</u>	<u>-</u>	<u>49,244</u>	<u>49,244</u>

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.

	Financial assets at FVTPL RM'000	Loans and advances RM'000	Total RM'000
At 1 November	2,636	-	2,636
Reclassification	-	48,171	48,171
Settlements	-	(553)	(553)
Recognised in profit or loss			
- Unrealised loss	(864)	(146)	(1,010)
At 31 October 2022 / 1 November 2022	<u>1,772</u>	<u>47,472</u>	<u>49,244</u>
Settlements	-	(2,180)	(2,180)
Recognised in profit or loss			
- Unrealised gain	-	315	315
At 31 January 2023	<u>1,772</u>	<u>45,607</u>	<u>47,379</u>

(Company No. 199401022356 (308035 U))

10. Fair value of financial instruments (contd.)

Significant observable inputs

Financial assets at FVTPL 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.

Loans and advances comprise retail term loans. Valuation for these loans is assessed by reference to historical and third party pricing. If prices had been 5% higher or lower, fair value loss of the loans as at 31 January 2023 would decrease or increase by RM2.28 million (31 October 2022: RM2.37 million).

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 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

	Note	31 January 2023 RM'000	31 October 2022 RM'000
Cash and balances with banks and other financial institutions	11 (i)	1,281	2,651
Money at call and deposit placements maturing within one month		419,623	417,921
		420,904	420,572
Less: Expected credit loss ("ECL") allowance		(40)	(10)
		420,864	420,562

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

	12 months ECL (Stage 1) RM'000	Lifetime not Credit Impaired ECL (Stage 2) RM'000	Total RM'000
At 1 November 2021	-	-	-
Allowance made	5	5	10
At 31 October/1 November 2022	5	5	10
Allowance (written back) / made	(2)	32	30
At 31 January 2023	3	37	40

(Company No. 199401022356 (308035 U))

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

	31 January 2023 RM'000	31 October 2022 RM'000
Unquoted shares in Malaysia	1,772	1,772

13. Loans and advances

	31 January 2023 RM'000	31 October 2022 RM'000
(i) By type		
At fair value		
Term loans		
- housing loans	37,150	38,707
- other term loans	8,457	8,765
Total loans and advances	<u>45,607</u>	<u>47,472</u>
(ii) By type of customer		
Individuals	38,237	39,528
Foreign entities	7,370	7,944
Total loans and advances	<u>45,607</u>	<u>47,472</u>

(Company No. 199401022356 (308035 U))

13. Loans and advances (contd.)

	31 January 2023 RM'000	31 October 2022 RM'000
(iii) By geographical distribution		
Northern region	241	243
Southern region	1,471	1,490
Central region	38,677	40,358
Outside Malaysia	5,218	5,381
Total loans and advances	<u>45,607</u>	<u>47,472</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.

	31 January 2023 RM'000	31 October 2022 RM'000
(iv) By interest rate sensitivity		
Variable rate:		
- Base Lending Rate plus	<u>45,607</u>	<u>47,472</u>
Total loans and advances	<u>45,607</u>	<u>47,472</u>

(Company No. 199401022356 (308035 U))

13. Loans and advances (contd.)

	31 January 2023 RM'000	31 October 2022 RM'000
(v) By sector		
Purchase of landed property:		
- Residential	37,151	38,707
- Non-residential	7,259	7,501
Consumption credit	1,197	1,264
Total loans and advances	<u>45,607</u>	<u>47,472</u>
(vi) By residual contractual maturity		
Within one year	2,040	2,135
One year to five years	8,564	8,604
Over five years	35,003	36,733
Total loans and advances	<u>45,607</u>	<u>47,472</u>

14. Impaired loans and advances

	31 January 2023 RM'000	31 October 2022 RM'000
(i) Movements in impaired loans and advances		
At beginning of financial period/year	1,413	131,348
Classified as impaired during the financial period/year	985	7,695
Reclassified as performing during the financial period/year	(739)	(3,282)
Amount recovered	(34)	(44,667)
Amount written off	-	(89,681)
Gross impaired loans and advances at end of financial period/year	<u>1,625</u>	<u>1,413</u>
Fair value revaluation loss	(1,265)	(1,121)
Net impaired loans and advances	<u>360</u>	<u>292</u>
Ratio of net impaired loans and advances to net loans and advances (less lifetime credit impaired ECL allowance)	<u>0.79%</u>	<u>0.62%</u>
(ii) By geographical distribution		
Southern region	34	34
Central region	309	231
Outside Malaysia	17	27
	<u>360</u>	<u>292</u>

(Company No. 199401022356 (308035 U))

14. Impaired loans and advances (contd.)

	31 January 2023 RM'000	31 October 2022 RM'000
(iii) By sector		
Purchase of landed property:		
- Residential	309	232
- Non-residential	17	27
Consumption credit	34	33
	<u>360</u>	<u>292</u>

15. Other assets

	31 January 2023 RM'000	31 October 2022 RM'000
Interest receivable	449	653
Other receivables, deposits and prepayments	1,308	900
	<u>1,757</u>	<u>1,553</u>

16. Other liabilities

	31 January 2023 RM'000	31 October 2022 RM'000
Provision for wind down expenses	18,611	19,528
Other payables and accruals	5,056	5,731
Lease liabilities	768	974
	<u>24,435</u>	<u>26,233</u>

- 17.** 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 2023, the allowance for non-credit impaired exposures and regulatory reserve stands at 5.50% (31 October 2022: 1.31%).

(Company No. 199401022356 (308035 U))

18. Interest income

	1st Quarter Ended		Three Months Ended	
	31 January 2023 RM'000	31 January 2022 RM'000	31 January 2023 RM'000	31 January 2022 RM'000
Loans and advances at amortised cost:				
- Interest income other than on impaired loans	-	1,561	-	1,561
- Interest income on impaired loans	-	1,441	-	1,441
Loans and advances at FVTPL				
- Interest income other than on impaired loans	928	-	928	-
- Interest income on impaired loans	45	-	45	-
Money at call and deposit placements with financial institutions	2,882	3,873	2,882	3,873
Total interest income	3,855	6,875	3,855	6,875

19. Interest expense

	1st Quarter Ended		Three Months Ended	
	31 January 2023 RM'000	31 January 2022 RM'000	31 January 2023 RM'000	31 January 2022 RM'000
Deposits and placements of banks and other financial institutions	-	25	-	25
Deposits from customers	-	154	-	154
Lease liabilities	7	2	7	2
	7	181	7	181

(Company No. 199401022356 (308035 U))

20. Net fee and commission income

	1st Quarter Ended		Three Months Ended	
	31 January 2023 RM'000	31 January 2022 RM'000	31 January 2023 RM'000	31 January 2022 RM'000
Other fees relating to loans	-	25	-	25
Acceptance commissions	-	24	-	24
Others	-	7	-	7
	<u>-</u>	<u>56</u>	<u>-</u>	<u>56</u>

21. Net gains on financial instruments

	1st Quarter Ended		Three Months Ended	
	31 January 2023 RM'000	31 January 2022 RM'000	31 January 2023 RM'000	31 January 2022 RM'000
(Losses)/Gains arising from dealing in foreign currency	(72)	531	(72)	531
Unrealised revaluation losses in foreign exchange	-	(495)	-	(495)
Unrealised revaluation gain on loans and advances at FVTPL	315	-	315	-
	<u>243</u>	<u>36</u>	<u>243</u>	<u>36</u>

22. Other operating expenses

	1st Quarter Ended		Three Months Ended	
	31 January 2023 RM'000	31 January 2022 RM'000	31 January 2023 RM'000	31 January 2022 RM'000
Personnel costs:				
- Salaries and bonuses	1,278	1,860	1,278	1,860
- Pension fund contributions	237	332	237	332
- Other staff costs	435	353	435	353
Marketing expenses:				
- Others	10	12	10	12
Establishment costs:				
- Depreciation of property and equipment including ROU assets	197	866	197	866
- Rental	10	23	10	23
- Others	504	891	504	891
Administrative expenses:				
- Fees	554	746	554	746
- Others	115	565	115	565
	<u>3,340</u>	<u>5,648</u>	<u>3,340</u>	<u>5,648</u>

(Company No. 199401022356 (308035 U))

23. Significant related party transactions

	1st Quarter Ended		Three Months Ended	
	31 January 2023 RM'000	31 January 2022 RM'000	31 January 2023 RM'000	31 January 2022 RM'000
Expenditure:				
<i>Holding company</i>				
(i) By type of services				
Support fees	157	189	157	189
Technical and support fees	305	690	305	690
Interest and other fees	-	132	-	132
<hr/>				
(ii) By country				
Singapore	-	132	-	132
Canada	158	234	158	234
Hong Kong, SAR China	291	547	291	547
India	13	98	13	98
<hr/>				
Income:				
<i>Holding company</i>				
Technical fees	-	7	-	7
<hr/>				

24. Allowance for credit losses

	1st Quarter Ended		Three Months Ended	
	31 January 2023 RM'000	31 January 2022 RM'000	31 January 2023 RM'000	31 January 2022 RM'000
ECL allowance made on:				
- Loans and advances	-	2,411	-	2,411
- Deposits and short term funds	30	1	30	1
Impaired loans and advances:				
- recovered	(1)	-	(1)	-
<hr/>				
<hr/>				

25. Wind down expenses

	1st Quarter Ended		Three Months Ended	
	31 January 2023 RM'000	31 January 2022 RM'000	31 January 2023 RM'000	31 January 2022 RM'000
Provision for severance payments	186	783	186	783
<hr/>				

(Company No. 199401022356 (308035 U))

26. Capital adequacy

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

	31 January 2023 RM'000	31 October 2022 RM'000
Common Equity Tier 1 ("CET1") / Tier 1 capital		
Paid-up share capital	165,000	165,000
Retained profit	284,286	284,286
Other reserves	5	5
	<u>449,291</u>	<u>449,291</u>
Less regulatory adjustments:		
- Regulatory reserve	(5)	(5)
Total CET1 / Tier 1 capital	<u>449,286</u>	<u>449,286</u>
Tier 2 capital		
Regulatory reserve *	5	5
12-months and lifetime non-credit impaired ECL allowances	40	10
Tier 2 capital	<u>45</u>	<u>15</u>
Total capital	<u>449,331</u>	<u>449,301</u>
CET 1 / Tier 1 capital ratio	357.225%	426.429%
Total capital ratio	<u>357.261%</u>	<u>426.444%</u>

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

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

	31 January 2023		31 October 2022	
	Principal RM'000	Risk- weighted RM'000	Principal RM'000	Risk- weighted RM'000
Credit risk	483,620	71,321	488,130	43,000
Market risk	-	658	-	961
Operational risk	-	53,792	-	61,399
	<u>483,620</u>	<u>125,771</u>	<u>488,130</u>	<u>105,360</u>

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