

# **The Bank of Nova Scotia Berhad**

(Company No. 199401022356 (308035 U))

(Incorporated in Malaysia)

## **Unaudited Condensed Interim Financial Statements**

**30 April 2023**

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

Issued on: 29 May 2023

## THE BANK OF NOVA SCOTIA BERHAD

(Company No. 199401022356 (308035 U))

(Incorporated in Malaysia)

### UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2023

|   | Note | 30 April<br>2023<br>RM'000 | 31 October<br>2022<br>RM'000 |
|---|------|----------------------------|------------------------------|
| <b>ASSETS</b>   |      |                            |                              |
| Cash and short-term funds                                   | 11   | 424,064                    | 420,562                      |
| Financial assets at fair value through profit or loss       | 12   | 400                        | 1,772                        |
| Loans and advances  | 13   | 43,512                     | 47,472                       |
| Other assets  | 15   | 1,671                      | 1,553                        |
| Statutory deposits with Bank Negara Malaysia                |      | 553                        | 553                          |
| Property and equipment including right-of-use assets        |      | 525                        | 918                          |
| Tax recoverable   |      | 2,945                      | 2,911                        |
| <b>TOTAL ASSETS</b>   |      | <u>473,670</u>             | <u>475,741</u>               |
| <b>LIABILITIES</b>  |      |                            |                              |
| Other liabilities   | 16   | 23,975                     | 26,233                       |
| Amounts owing to holding company                            |      | -                          | 217                          |
| <b>TOTAL LIABILITIES</b>                                    |      | <u>23,975</u>              | <u>26,450</u>                |
| <b>EQUITY</b>   |      |                            |                              |
| Share capital   |      | 165,000                    | 165,000                      |
| Reserves  |      | 284,695                    | 284,291                      |
| <b>EQUITY ATTRIBUTABLE TO EQUITY HOLDER<br/>OF THE BANK</b> |      | <u>449,695</u>             | <u>449,291</u>               |
| <b>TOTAL LIABILITIES AND EQUITY</b>                         |      | <u>473,670</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 30 APRIL 2023

|  | Note | 2nd Quarter Ended          |                            | Six Months Ended           |                            |
|--|------|----------------------------|----------------------------|----------------------------|----------------------------|
|  |      | 30 April<br>2023<br>RM'000 | 30 April<br>2022<br>RM'000 | 30 April<br>2023<br>RM'000 | 30 April<br>2022<br>RM'000 |
| Interest income  | 18   | 3,753                      | 3,464                      | 7,608                      | 10,339                     |
| Interest expense   | 19   | (5)                        | (6)                        | (12)                       | (187)                      |
| Net interest income  |      | 3,748                      | 3,458                      | 7,596                      | 10,152                     |
| Net fee and commission income  | 20   | -                          | 24                         | -                          | 80                         |
| Net losses on financial instruments  | 21   | (872)                      | (786)                      | (629)                      | (750)                      |
| Net income   |      | 2,876                      | 2,696                      | 6,967                      | 9,482                      |
| Other operating expenses   | 22   | (2,835)                    | (3,924)                    | (6,175)                    | (9,572)                    |
| Operating profit/(loss)  |      | 41                         | (1,228)                    | 792                        | (90)                       |
| Allowance for credit losses  | 25   | 12                         | (339)                      | (17)                       | (2,751)                    |
| Wind down expenses   | 26   | (185)                      | (771)                      | (371)                      | (1,554)                    |
| (Loss)/Profit before taxation  |      | (132)                      | (2,338)                    | 404                        | (4,395)                    |
| Taxation   |      | -                          | -                          | -                          | 194                        |
| <b>(Loss)/Profit for the period</b>  |      | <b>(132)</b>               | <b>(2,338)</b>             | <b>404</b>                 | <b>(4,201)</b>             |
| <b>Total comprehensive (loss)/profit for the<br/>period attributable to owners of the Bank</b> |      | <b>(132)</b>               | <b>(2,338)</b>             | <b>404</b>                 | <b>(4,201)</b>             |
| Basic (loss)/earnings per share (sen)  |      | <b>(0.11)</b>              | <b>(1.91)</b>              | <b>0.33</b>                | <b>(3.43)</b>              |

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 30 APRIL 2023

|  | Share<br>capital<br>RM'000 | Non-distributable<br>Regulatory<br>reserves<br>RM'000 | Distributable<br>Retained<br>earnings<br>RM'000 | Total<br>RM'000 |
|--|----------------------------|---|---|-----------------|
| <b>At 1 November 2021</b>                              | 165,000                    | 1,173   | 850,808   | 1,016,981       |
| Net loss/Total comprehensive loss for the period       | -                          | -   | (4,201)   | (4,201)         |
| Transfer from regulatory reserves to retained earnings | -                          | (1,173)   | 1,173   | -               |
| Dividend paid  | -                          | -   | (550,000)                                       | (550,000)       |
| <b>As at 30 April 2022</b>                             | <u>165,000</u>             | <u>-</u>  | <u>297,780</u>                                  | <u>462,780</u>  |
| <b>As at 1 November 2022</b>                           | 165,000                    | 5   | 284,286   | 449,291         |
| Net profit/Total comprehensive profit for the period   | -                          | -   | 404   | 404             |
| <b>As at 30 April 2023</b>                             | <u>165,000</u>             | <u>5</u>  | <u>284,690</u>                                  | <u>449,695</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 30 APRIL 2023

|   | <b>30 April<br/>2023<br/>RM'000</b> | <b>30 April<br/>2022<br/>RM'000</b> |
|---|-------------------------------------|-------------------------------------|
| <b>Cash flows from operating activities</b>                           |                                     |                                     |
| Profit/(Loss) before taxation   | 404                                 | (4,395)                             |
| Adjustments for non-cash item   | 1,374                               | 7,473                               |
|   | <hr/>                               | <hr/>                               |
| Operating profit before working capital changes                       | 1,778                               | 3,078                               |
| Changes in working capital:   |                                     |                                     |
| Net changes in operating assets                                       | 4,622                               | 219,024                             |
| Net changes in operating liabilities                                  | (2,638)                             | (133,517)                           |
| Income taxes paid   | (34)                                | (481)                               |
|   | <hr/>                               | <hr/>                               |
| <b>Net cash generated from operating activities</b>                   | 3,728                               | 88,104                              |
| <b>Net cash used in financing activities</b>                          | (208)                               | (550,354)                           |
|   | <hr/>                               | <hr/>                               |
| <b>Net increase/(decrease) in cash and cash equivalents</b>           | 3,520                               | (462,250)                           |
| <b>Cash and cash equivalents at beginning of the financial period</b> | <hr/>                               | <hr/>                               |
|   | 420,572                             | 875,688                             |
| <b>Cash and cash equivalents at end of the financial period</b>       | <hr/>                               | <hr/>                               |
|   | 424,092                             | 413,438                             |
|   | <hr/> <hr/>                         | <hr/> <hr/>                         |
| <b>Cash and cash equivalents comprise:</b>                            |                                     |                                     |
| Cash and short term funds   | 424,092                             | 413,438                             |
| Less: Expected credit loss allowance                                  | (28)                                | (1)                                 |
|   | <hr/>                               | <hr/>                               |
|   | 424,064                             | 413,437                             |
|   | <hr/> <hr/>                         | <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**

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(Incorporated in Malaysia)

### **REVIEW OF PERFORMANCE**

#### **Current Quarter vs. Previous Year Corresponding Quarter**

Net income of the Bank for the second quarter ended 30 April 2023 has increased by 8% to RM2.88 million compared to the previous corresponding quarter, driven by higher interest income earned in the rising interest rates environment.

While the Bank recorded a loss after taxation of RM0.13 million after deducting operating and wind down expenses totalling RM3.02 million in the current quarter, the loss was RM2.21 million lower than the previous corresponding quarter as expenses and credit losses incurred have decreased along with reduced business activities.

#### **Current Period-to-Date vs. Previous Corresponding Period-to-Date**

Net income of the Bank for the financial period ended 30 April 2023 has decreased by RM2.52 million compared to the previous corresponding period due to lower lending volumes.

Nevertheless, expenses and credit losses have also decreased by RM4.58 million and RM2.73 million respectively, contributing to profit after taxation of RM0.40 million, compared to the loss after taxation of RM4.20 million in the previous financial period,.

#### **Current Quarter End vs. Previous Year End**

Total assets of the Bank as of 30 April 2023 has declined by RM2.07 million to RM473.67 million as compared to previous financial year ended 31 October 2022 of RM475.74 million, driven by net reductions in loans and advances and financial assets at fair value through profit and loss of RM3.96 million and RM1.37 million respectively. This was offset by increase in cash and short term funds of RM3.50 million.

Total liabilities has decreased by RM2.48 million to RM23.98 million, mainly contributed by payments and utilisation of provisions and accruals.

Total capital ratio has increase from 426.444% to 535.675% driven by lower operational risk-weighted assets in line with lower gross income levels and lower credit risk-weighted assets from a smaller loan portfolio size.

# THE BANK OF NOVA SCOTIA BERHAD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 APRIL 2023

### 1. Basis of preparation of the financial statements

The unaudited interim financial statements of the Bank for the financial period ended 30 April 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 26.

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*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

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



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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 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 30 April 2023 except as disclosed in Note 26.

**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 30 April 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 30 April 2023.

**7. Dividend**

No dividend was paid during the financial period ended 30 April 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 30 April 2023.

**9. Subsequent events**

On 5 May 2023, the Bank has entered into an asset sale agreement with an external party for all of its equity investments held at fair value through profit and loss. The transaction is not expected to have any material impact upon completion.

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

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## 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.

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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.

|                                | <b>Level 1<br/>RM'000</b> | <b>Level 2<br/>RM'000</b> | <b>Level 3<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--------------------------------|---------------------------|---------------------------|---------------------------|-------------------------|
| <b>30 April 2023</b>           |                           |                           |                           |                         |
| Financial assets at fair value |                           |                           |                           |                         |
| through profit or loss         | -                         | -                         | 400                       | 400                     |
| Loans and advances             | -                         | -                         | 43,512                    | 43,512                  |
|                                | -                         | -                         | 43,912                    | 43,912                  |
| <b>31 October 2022</b>         |                           |                           |                           |                         |
| Financial assets at fair value |                           |                           |                           |                         |
| through profit or loss         | -                         | -                         | 1,772                     | 1,772                   |
| Loans and advances             | -                         | -                         | 47,472                    | 47,472                  |
|                                | -                         | -                         | 49,244                    | 49,244                  |

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.

|   | <b>Financial<br/>assets at<br/>FVTPL<br/>RM'000</b> | <b>Loans<br/>and<br/>advances<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|---|---|--|-------------------------|
| <b>At 1 November</b>                        | 2,636   | -  | 2,636                   |
| Reclassification                            | -   | 48,171                                       | 48,171                  |
| Settlements                                 | -   | (553)  | (553)                   |
| Recognised in profit or loss                |   |  |                         |
| - Unrealised loss                           | (864)   | (146)  | (1,010)                 |
| <b>At 31 October 2022 / 1 November 2022</b> | 1,772   | 47,472                                       | 49,244                  |
| Settlements                                 | -   | (4,740)                                      | (4,740)                 |
| Recognised in profit or loss                |   |  |                         |
| - Unrealised (loss)/gain                    | (1,372)   | 780  | (592)                   |
| <b>At 30 April 2023</b>                     | 400   | 43,512                                       | 43,912                  |

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## 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 third party pricing of the shares and adjusted net tangible assets of the investee. If discount factors used have been 1% higher or lower, fair value of the shares as at 30 April 2023 would decrease or increase by RM0.12 million (31 October 2022: RM0.10 million) and RM0.14 million (31 October 2022: RM0.14 million)

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 of the loans as at 30 April 2023 would increase or decrease by RM2.18 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   | 30 April<br>2023<br>RM'000 | 31 October<br>2022<br>RM'000 |
|--|--------|----------------------------|------------------------------|
| Cash and balances with banks and other financial institutions  | 11 (i) | 575                        | 2,651                        |
| Money at call and deposit placements maturing within one month |        | 423,517                    | 417,921                      |
|  |        | 424,092                    | 420,572                      |
| Less: Expected credit loss ("ECL") allowance                   |        | (28)                       | (10)                         |
|  |        | 424,064                    | 420,562                      |

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

|                                      | 12 months<br>ECL<br>(Stage 1)<br>RM'000 | Lifetime<br>not Credit<br>Impaired<br>ECL<br>(Stage 2)<br>RM'000 | Total<br>RM'000 |
|--------------------------------------|---|--|-----------------|
| <b>At 1 November 2021</b>            | -                                       | -  | -               |
| Allowance made                       | 5                                       | 5  | 10              |
| <b>At 31 October/1 November 2022</b> | 5                                       | 5  | 10              |
| Allowance made/(written back)        | 23                                      | (5)  | 18              |
| <b>At 30 April 2023</b>              | 28                                      | -  | 28              |

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

|                             | <b>30 April<br/>2023<br/>RM'000</b> | <b>31 October<br/>2022<br/>RM'000</b> |
|-----------------------------|-------------------------------------|---------------------------------------|
| Unquoted shares in Malaysia | 400                                 | 1,772                                 |

**13. Loans and advances**

|                                 | <b>30 April<br/>2023<br/>RM'000</b> | <b>31 October<br/>2022<br/>RM'000</b> |
|---------------------------------|-------------------------------------|---------------------------------------|
| <b>(i) By type</b>              |                                     |                                       |
| <b>At fair value</b>            |                                     |                                       |
| Term loans                      |                                     |                                       |
| - housing loans                 | 35,566                              | 38,707                                |
| - other term loans              | 7,946                               | 8,765                                 |
| Total loans and advances        | <u>43,512</u>                       | <u>47,472</u>                         |
| <b>(ii) By type of customer</b> |                                     |                                       |
| Individuals                     | 36,674                              | 39,528                                |
| Foreign entities                | 6,838                               | 7,944                                 |
| Total loans and advances        | <u>43,512</u>                       | <u>47,472</u>                         |

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**13. Loans and advances (contd.)**

|   | <b>30 April<br/>2023<br/>RM'000</b> | <b>31 October<br/>2022<br/>RM'000</b> |
|---|-------------------------------------|---------------------------------------|
| <b>(iii) By geographical distribution</b> |                                     |                                       |
| Northern region                           | 238                                 | 243                                   |
| Southern region                           | 1,531                               | 1,490                                 |
| Central region                            | 36,811                              | 40,358                                |
| Outside Malaysia                          | 4,932                               | 5,381                                 |
| Total loans and advances                  | <u>43,512</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.

|  | <b>30 April<br/>2023<br/>RM'000</b> | <b>31 October<br/>2022<br/>RM'000</b> |
|--|-------------------------------------|---------------------------------------|
| <b>(iv) By interest rate sensitivity</b> |                                     |                                       |
| Variable rate:                           |                                     |                                       |
| - Base Lending Rate plus                 | 43,512                              | 47,472                                |
| Total loans and advances                 | <u>43,512</u>                       | <u>47,472</u>                         |
| <b>(v) By sector</b>                     |                                     |                                       |
| Purchase of landed property:             |                                     |                                       |
| - Residential                            | 35,566                              | 38,707                                |
| - Non-residential                        | 6,878                               | 7,501                                 |
| Consumption credit                       | 1,068                               | 1,264                                 |
| Total loans and advances                 | <u>43,512</u>                       | <u>47,472</u>                         |

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**13. Loans and advances (contd.)**

|   | <b>30 April<br/>2023<br/>RM'000</b> | <b>31 October<br/>2022<br/>RM'000</b> |
|---|-------------------------------------|---------------------------------------|
| <b>(vi) By residual contractual maturity</b>  |                                     |                                       |
| Within one year   | 2,046                               | 2,135                                 |
| One year to five years  | 8,399                               | 8,604                                 |
| Over five years   | 33,067                              | 36,733                                |
| Total loans and advances  | <u>43,512</u>                       | <u>47,472</u>                         |
| <b>(vii)</b>  |                                     |                                       |
| On 20 April 2023, the Bank has entered into an asset sale agreement with an external party for its performing retail loan portfolio. The completion of the disposal is subject to fulfilment of certain conditions precedent of the agreement. The corresponding financial impact can only be quantified upon its completion. |                                     |                                       |

**14. Impaired loans and advances**

|  | <b>30 April<br/>2023<br/>RM'000</b> | <b>31 October<br/>2022<br/>RM'000</b> |
|--|-------------------------------------|---------------------------------------|
| <b>(i) Movements in impaired loans and advances</b>  |                                     |                                       |
| At beginning of financial period/year  | 1,413                               | 131,348                               |
| Classified as impaired during the financial period/year  | 1,843                               | 7,695                                 |
| Reclassified as performing during the financial period/year  | (1,347)                             | (3,282)                               |
| Amount recovered   | (252)                               | (44,667)                              |
| Amount written off   | -                                   | (89,681)                              |
| <b>Gross impaired loans and advances at end of financial period/year</b>   | <u>1,657</u>                        | <u>1,413</u>                          |
| Fair value revaluation loss  | (1,298)                             | (1,121)                               |
| <b>Net impaired loans and advances</b>   | <u>359</u>                          | <u>292</u>                            |
| Ratio of net impaired loans and advances to net loans and advances (less lifetime credit impaired ECL allowance) | <u>0.83%</u>                        | <u>0.62%</u>                          |
| <b>(ii) By geographical distribution</b>   |                                     |                                       |
| Southern region  | -                                   | 34                                    |
| Central region   | 336                                 | 231                                   |
| Outside Malaysia   | 23                                  | 27                                    |
|  | <u>359</u>                          | <u>292</u>                            |

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**14. Impaired loans and advances (contd.)**

|                              | <b>30 April<br/>2023<br/>RM'000</b> | <b>31 October<br/>2022<br/>RM'000</b> |
|------------------------------|-------------------------------------|---------------------------------------|
| <b>(iii) By sector</b>       |                                     |                                       |
| Purchase of landed property: |                                     |                                       |
| - Residential                | 312                                 | 232                                   |
| - Non-residential            | 23                                  | 27                                    |
| Consumption credit           | 24                                  | 33                                    |
|                              | <u>359</u>                          | <u>292</u>                            |

**15. Other assets**

|   | <b>30 April<br/>2023<br/>RM'000</b> | <b>31 October<br/>2022<br/>RM'000</b> |
|---|-------------------------------------|---------------------------------------|
| Interest receivable                         | 486                                 | 653                                   |
| Other receivables, deposits and prepayments | 1,185                               | 900                                   |
|   | <u>1,671</u>                        | <u>1,553</u>                          |

**16. Other liabilities**

|                                  | <b>30 April<br/>2023<br/>RM'000</b> | <b>31 October<br/>2022<br/>RM'000</b> |
|----------------------------------|-------------------------------------|---------------------------------------|
| Provision for wind down expenses | 18,471                              | 19,528                                |
| Other payables and accruals      | 4,944                               | 5,731                                 |
| Lease liabilities                | 560                                 | 974                                   |
|                                  | <u>23,975</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 30 April 2023, the allowance for non-credit impaired exposures and regulatory reserve stands at 12.76% (31 October 2022: 1.31%).



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**18. Interest income**

|  | 2nd Quarter Ended |              | Six Months Ended |               |
|--|-------------------|--------------|------------------|---------------|
|  | 30 April          | 30 April     | 30 April         | 30 April      |
|  | 2023              | 2022         | 2023             | 2022          |
|  | RM'000            | RM'000       | RM'000           | RM'000        |
| Loans and advances at amortised cost:                            |                   |              |                  |               |
| - Interest income other than on impaired loans                   | -                 | 876          | -                | 2,437         |
| - Interest income on impaired loans                              | -                 | 793          | -                | 2,234         |
| Loans and advances at FVTPL                                      |                   |              |                  |               |
| - Interest income other than on impaired loans                   | 858               | -            | 1,786            | -             |
| - Interest income on impaired loans                              | 42                | -            | 87               | -             |
| Money at call and deposit placements with financial institutions | 2,853             | 1,795        | 5,735            | 5,668         |
| Total interest income  | <u>3,753</u>      | <u>3,464</u> | <u>7,608</u>     | <u>10,339</u> |

**19. Interest expense**

|   | 2nd Quarter Ended |          | Six Months Ended |            |
|---|-------------------|----------|------------------|------------|
|   | 30 April          | 30 April | 30 April         | 30 April   |
|   | 2023              | 2022     | 2023             | 2022       |
|   | RM'000            | RM'000   | RM'000           | RM'000     |
| Deposits and placements of banks and other financial institutions | -                 | -        | -                | 25         |
| Deposits from customers   | -                 | 1        | -                | 155        |
| Lease liabilities   | 5                 | 5        | 12               | 7          |
|   | <u>5</u>          | <u>6</u> | <u>12</u>        | <u>187</u> |

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**20. Net fee and commission income**

|                              | <b>2nd Quarter Ended</b> |                 | <b>Six Months Ended</b> |                 |
|------------------------------|--------------------------|-----------------|-------------------------|-----------------|
|                              | <b>30 April</b>          | <b>30 April</b> | <b>30 April</b>         | <b>30 April</b> |
|                              | <b>2023</b>              | <b>2022</b>     | <b>2023</b>             | <b>2022</b>     |
|                              | <b>RM'000</b>            | <b>RM'000</b>   | <b>RM'000</b>           | <b>RM'000</b>   |
| Other fees relating to loans | -                        | 24              | -                       | 49              |
| Acceptance commissions       | -                        | -               | -                       | 24              |
| Others                       | -                        | -               | -                       | 7               |
|                              | <u>-</u>                 | <u>24</u>       | <u>-</u>                | <u>80</u>       |

**21. Net losses on financial instruments**

|   | <b>2nd Quarter Ended</b> |                 | <b>Six Months Ended</b> |                 |
|---|--------------------------|-----------------|-------------------------|-----------------|
|   | <b>30 April</b>          | <b>30 April</b> | <b>30 April</b>         | <b>30 April</b> |
|   | <b>2023</b>              | <b>2022</b>     | <b>2023</b>             | <b>2022</b>     |
|   | <b>RM'000</b>            | <b>RM'000</b>   | <b>RM'000</b>           | <b>RM'000</b>   |
| Gains/(Losses) arising from dealing in foreign currency     | 35                       | 154             | (37)                    | 685             |
| Unrealised revaluation losses in foreign exchange           | -                        | (117)           | -                       | (612)           |
| Unrealised revaluation gains on loans and advances at FVTPL | 465                      | -               | 780                     | -               |
| Unrealised revaluation losses on financial assets at FVTPL  | <u>(1,372)</u>           | <u>(823)</u>    | <u>(1,372)</u>          | <u>(823)</u>    |
|   | <u>(872)</u>             | <u>(786)</u>    | <u>(629)</u>            | <u>(750)</u>    |

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**22. Other operating expenses**

|   | 2nd Quarter Ended |              | Six Months Ended |              |
|---|-------------------|--------------|------------------|--------------|
|   | 30 April          | 30 April     | 30 April         | 30 April     |
|   | 2023              | 2022         | 2023             | 2022         |
|   | RM'000            | RM'000       | RM'000           | RM'000       |
| Personnel costs:  |                   |              |                  |              |
| - Salaries and bonuses  | 1,299             | 1,639        | 2,577            | 3,499        |
| - Pension fund contributions                                  | 230               | 364          | 467              | 696          |
| - Other staff costs   | 284               | 321          | 719              | 674          |
| Marketing expenses:   |                   |              |                  |              |
| - Advertising and promotion                                   | -                 | 11           | -                | 11           |
| - Others  | 9                 | 13           | 19               | 25           |
| Establishment costs:  |                   |              |                  |              |
| - Depreciation of property and equipment including ROU assets | 196               | 866          | 393              | 1,732        |
| - Rental  | 9                 | 15           | 19               | 38           |
| - Others  | 30                | 982          | 534              | 1,873        |
| Administrative expenses:                                      |                   |              |                  |              |
| - Fees  | 566               | (507)        | 1,120            | 239          |
| - Others  | 212               | 220          | 327              | 785          |
|   | <u>2,835</u>      | <u>3,924</u> | <u>6,175</u>     | <u>9,572</u> |

**23. Significant related party transactions**

|                                | 2nd Quarter Ended |            | Six Months Ended |            |
|--------------------------------|-------------------|------------|------------------|------------|
|                                | 30 April          | 30 April   | 30 April         | 30 April   |
|                                | 2023              | 2022       | 2023             | 2022       |
|                                | RM'000            | RM'000     | RM'000           | RM'000     |
| <b>Expenditure:</b>            |                   |            |                  |            |
| <i> Holding company</i>        |                   |            |                  |            |
| (i) <b>By type of services</b> |                   |            |                  |            |
| Support fees                   | 172               | 255        | 329              | 444        |
| Technical and support fees     | (96)              | 694        | 209              | 1,384      |
| Interest and other fees        | -                 | 107        | -                | 239        |
|                                | <u>-</u>          | <u>107</u> | <u>-</u>         | <u>239</u> |
| (ii) <b>By country</b>         |                   |            |                  |            |
| Singapore                      | 32                | 107        | 32               | 239        |
| Canada                         | 140               | 301        | 298              | 535        |
| Hong Kong, SAR China           | (145)             | 507        | 146              | 1,054      |
| India                          | 49                | 141        | 62               | 239        |
|                                | <u>49</u>         | <u>141</u> | <u>62</u>        | <u>239</u> |
| <b>Income:</b>                 |                   |            |                  |            |
| <i> Holding company</i>        |                   |            |                  |            |
| Technical fees                 | -                 | -          | -                | 7          |
|                                | <u>-</u>          | <u>-</u>   | <u>-</u>         | <u>7</u>   |

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#### 24. Credit exposures to connected parties

The Bank does not have any credit exposures to connected parties, as defined by Bank Negara Malaysia's "*Guidelines on Credit Transactions and Exposures with Connected Parties*" as at the end of the reporting periods.

#### 25. Allowance for credit losses

|                                       | 2nd Quarter Ended |                  | Six Months Ended |                  |
|---------------------------------------|-------------------|------------------|------------------|------------------|
|                                       | 30 April<br>2023  | 30 April<br>2022 | 30 April<br>2023 | 30 April<br>2022 |
|                                       | RM'000            | RM'000           | RM'000           | RM'000           |
| ECL allowance made/(written back) on: |                   |                  |                  |                  |
| - Loans and advances                  | -                 | 340              | -                | 2,751            |
| - Deposits and short term funds       | (12)              | -                | 18               | 1                |
| Impaired loans and advances:          |                   |                  |                  |                  |
| - recovered                           | -                 | (1)              | (1)              | (1)              |
|                                       | <u>(12)</u>       | <u>339</u>       | <u>17</u>        | <u>2,751</u>     |

#### 26. Wind down expenses

|                                  | 2nd Quarter Ended |                  | Six Months Ended |                  |
|----------------------------------|-------------------|------------------|------------------|------------------|
|                                  | 30 April<br>2023  | 30 April<br>2022 | 30 April<br>2023 | 30 April<br>2022 |
|                                  | RM'000            | RM'000           | RM'000           | RM'000           |
| Provision for severance payments | <u>185</u>        | <u>771</u>       | <u>371</u>       | <u>1,554</u>     |

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## 27. Capital adequacy

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

|   | <b>30 April<br/>2023<br/>RM'000</b> | <b>31 October<br/>2022<br/>RM'000</b> |
|---|-------------------------------------|---------------------------------------|
| <b>Common Equity Tier 1 ("CET1") / Tier 1 capital</b>     |                                     |                                       |
| 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>                        |
| <b>Tier 2 capital</b>                                     |                                     |                                       |
| Regulatory reserve *                                      | 5                                   | 5                                     |
| 12-months and lifetime non-credit impaired ECL allowances | 28                                  | 10                                    |
| Tier 2 capital  | <u>33</u>                           | <u>15</u>                             |
| Total capital   | <u>449,319</u>                      | <u>449,301</u>                        |
| CET 1 / Tier 1 capital ratio                              | 535.636%                            | 426.429%                              |
| Total capital ratio                                       | <u>535.675%</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:

|                  | <b>30 April 2023</b>        |                                      | <b>31 October 2022</b>      |                                      |
|------------------|-----------------------------|--------------------------------------|-----------------------------|--------------------------------------|
|                  | <b>Principal<br/>RM'000</b> | <b>Risk-<br/>weighted<br/>RM'000</b> | <b>Principal<br/>RM'000</b> | <b>Risk-<br/>weighted<br/>RM'000</b> |
| Credit risk      | 485,251                     | 37,990                               | 488,130                     | 43,000                               |
| Market risk      | -                           | -                                    | -                           | 961                                  |
| Operational risk | -                           | 45,889                               | -                           | 61,399                               |
|                  | <u>485,251</u>              | <u>83,879</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.