

**The Bank of Nova Scotia Berhad**

(Company No. 199401022356 (308035 U))

(Incorporated in Malaysia)

**Unaudited Condensed Interim Financial Statements**

**31 July 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: 25 August 2023

## THE BANK OF NOVA SCOTIA BERHAD

(Company No. 199401022356 (308035 U))

(Incorporated in Malaysia)

### UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2023

	Note	31 July 2023 RM'000	31 October 2022 RM'000
<b>ASSETS</b>			
Cash and short-term funds	11	426,071	420,562
Financial assets at fair value through profit or loss	12	-	1,772
Loans and advances	13	40,805	47,472
Other assets	15	839	1,553
Statutory deposits with Bank Negara Malaysia		553	553
Property and equipment including right-of-use assets		328	918
Tax recoverable		2,945	2,911
<b>TOTAL ASSETS</b>		<b>471,541</b>	<b>475,741</b>
<b>LIABILITIES</b>			
Other liabilities	16	21,640	26,233
Amounts owing to holding company		-	217
<b>TOTAL LIABILITIES</b>		<b>21,640</b>	<b>26,450</b>
<b>EQUITY</b>			
Share capital		165,000	165,000
Reserves		284,901	284,291
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDER OF THE BANK</b>		<b>449,901</b>	<b>449,291</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>471,541</b>	<b>475,741</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 COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 JULY 2023

	Note	3rd Quarter Ended		Nine Months Ended	
		31 July 2023 RM'000	31 July 2022 RM'000	31 July 2023 RM'000	31 July 2022 RM'000
Interest income	18	4,087	3,134	11,695	13,473
Interest expense	19	(3)	(4)	(15)	(191)
Net interest income		4,084	3,130	11,680	13,282
Net fee and commission income	20	-	109	-	189
Net (losses)/gains on financial instruments	21	(431)	81	(1,060)	(669)
Net income		3,653	3,320	10,620	12,802
Other operating expenses	22	(3,020)	(3,835)	(9,195)	(13,407)
Operating profit/(loss)		633	(515)	1,425	(605)
Allowance for credit losses	24	(241)	53	(258)	(2,698)
Wind down expenses	25	(186)	(546)	(557)	(2,100)
Profit/(Loss) before taxation		206	(1,008)	610	(5,403)
Taxation		-	22	-	216
<b>Profit/(Loss) for the period</b>		<b>206</b>	<b>(986)</b>	<b>610</b>	<b>(5,187)</b>
<b>Total comprehensive profit/(loss) for the period attributable to owners of the Bank</b>		<b>206</b>	<b>(986)</b>	<b>610</b>	<b>(5,187)</b>
Basic earnings/(loss) per share (sen)		0.17	(0.81)	0.50	(4.24)

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

	Share capital RM'000	Non-distributable Regulatory reserves RM'000	Distributable Retained earnings RM'000	Total 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	-	-	(5,187)	(5,187)
Transfer from regulatory reserves to retained earnings	-	(1,173)	1,173	-
Dividend paid	-	-	(550,000)	(550,000)
<b>As at 31 July 2022</b>	<u>165,000</u>	<u>-</u>	<u>296,794</u>	<u>461,794</u>
<b>As at 1 November 2022</b>	165,000	5	284,286	449,291
Net profit/Total comprehensive profit for the period	-	-	610	610
<b>As at 31 July 2023</b>	<u>165,000</u>	<u>5</u>	<u>284,896</u>	<u>449,901</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

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(Incorporated in Malaysia)

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

	<b>31 July 2023 RM'000</b>	<b>31 July 2022 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit/(Loss) before taxation	610	(5,403)
Adjustments for non-cash item	2,520	3,384
Operating profit/(loss) before working capital changes	3,130	(2,019)
Changes in working capital:		
Net changes in operating assets	7,337	232,466
Net changes in operating liabilities	(4,745)	(134,103)
Income taxes paid	(34)	(482)
<b>Net cash generated from operating activities</b>	5,688	95,862
<b>Net cash generated from investing activities</b>	449	69
<b>Net cash used in financing activities</b>	(622)	(550,496)
<b>Net increase/(decrease) in cash and cash equivalents</b>	5,515	(454,565)
<b>Cash and cash equivalents at beginning of the financial period</b>	420,572	875,688
<b>Cash and cash equivalents at end of the financial period</b>	426,087	421,123
<b>Cash and cash equivalents comprise:</b>		
Cash and short term funds	426,087	421,123
Less: Expected credit loss allowance	(16)	(23)
	426,071	421,100

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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### **REVIEW OF PERFORMANCE**

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

Profit before taxation for the third quarter ended 31 July 2023 has increased by RM1.19 million compared to the previous corresponding quarter, mainly driven by a RM0.95 million increase in interest income earned in the rising interest rates environment and RM0.82 million reduction in operating expenses in line with lower level of business activities. This was offset by lower fee income earned of RM0.11 million and higher net losses on financial instruments of RM0.51 million.

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

Net income of the Bank for the financial period ended 31 July 2023 has decreased by RM2.18 million compared to the previous corresponding period due to lower lending volumes.

Nevertheless, expenses and credit losses have also decreased by RM5.76 million and RM2.44 million respectively, contributing to profit after taxation of RM0.61 million, compared to loss after taxation of RM5.19 million in the previous financial period.

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

Total assets of the Bank as of 31 July 2023 has declined by RM4.20 million to RM471.54 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 RM6.67 million and RM1.77 million respectively. This was offset by increase in cash and short term funds of RM5.51 million.

Total liabilities has decreased by RM4.81 million to RM21.64 million, mainly contributed by payments and utilisation of provisions and accruals.

Total capital ratio has increased from 426.444% to 593.814% 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 31 JULY 2023

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

The unaudited interim financial statements of the Bank for the financial period ended 31 July 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*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 112, *Income Taxes – International Tax Reform -- Pillar Two Model Rules, paragraphs 4A and 88A*

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*
- Amendments to MFRS 112, *Income Taxes – International Tax Reform -- Pillar Two Model Rules, paragraphs 88B-88D*

### **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*
- Amendment to MFRS 107, *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosures – Supplier Finance Arrangement*

### **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.

## 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.



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**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 July 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 July 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 July 2023.

**7. Dividend**

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

**9. Subsequent events**

Below are the non-adjusting events which have occurred after the reporting period ended 31 July 2023:

**(i) Sale of performing retail loan portfolio**

The Bank had entered into an asset sale agreement with an external party for its performing retail loan portfolio on 20 April 2023. The sale was completed on 7 August 2023 with no material financial impact upon derecognition of the performing retail loan portfolio.

**(ii) Recovery from loan written off**

On 18 August 2023, the Bank received distributions of RM525,667 from the liquidator of a corporate borrower, which has been written off in prior year. The amount would be credited to the income statement in the next financial quarter ending 31 October 2023.

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 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b>31 July 2023</b>				
Financial assets at fair value through profit or loss	-	-	-	-
Loans and advances	-	-	40,805	40,805
	<u>-</u>	<u>-</u>	<u>40,805</u>	<u>40,805</u>
<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
	<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.

	<b>Financial assets at FVTPL RM'000</b>	<b>Loans and advances RM'000</b>	<b>Total 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 losses	(864)	(146)	(1,010)
<b>At 31 October 2022 / 1 November 2022</b>	<u>1,772</u>	<u>47,472</u>	<u>49,244</u>
Settlements	-	(6,916)	(6,916)
Sold	(400)	-	(400)
Recognised in profit or loss			
- Realised losses	(1,372)	-	(1,372)
- Unrealised gains	-	249	249
<b>At 31 July 2023</b>	<u>-</u>	<u>40,805</u>	<u>40,805</u>

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## 10. Fair value of financial instruments (contd.)

### Significant observable inputs

Financial assets at FVTPL comprised of unquoted shares. Valuation for these shares were assessed by reference to third party pricing of the shares and adjusted net tangible assets of the investee. If discount factors used had been 1% higher or lower, fair value of the shares as at 31 October 2022 would have decreased or increased by RM0.10 million and 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 31 July 2023 would increase or decrease by RM2.04 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 July 2023 RM'000	31 October 2022 RM'000
Cash and balances with banks and other financial institutions	11 (i)	664	2,651
Money at call and deposit placements maturing within one month		425,423	417,921
		426,087	420,572
Less: Expected credit loss ("ECL") allowance		(16)	(10)
		426,071	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
<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)	11	(5)	6
<b>At 31 July 2023</b>	16	-	16

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

	<b>31 July 2023 RM'000</b>	<b>31 October 2022 RM'000</b>
Unquoted shares in Malaysia	-	1,772

**13. Loans and advances**

	<b>31 July 2023 RM'000</b>	<b>31 October 2022 RM'000</b>
<b>(i) By type</b>		
<b>At fair value</b>		
Term loans		
- housing loans	33,355	38,707
- other term loans	7,450	8,765
Total loans and advances	<u>40,805</u>	<u>47,472</u>
<b>(ii) By type of customer</b>		
Individuals	34,454	39,528
Foreign entities	6,351	7,944
Total loans and advances	<u>40,805</u>	<u>47,472</u>

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

	<b>31 July 2023 RM'000</b>	<b>31 October 2022 RM'000</b>
<b>(iii) By geographical distribution</b>		
Northern region	233	243
Southern region	1,523	1,490
Central region	34,393	40,358
Outside Malaysia	4,656	5,381
Total loans and advances	<u>40,805</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>31 July 2023 RM'000</b>	<b>31 October 2022 RM'000</b>
<b>(iv) By interest rate sensitivity</b>		
Variable rate:		
- Base Lending Rate plus	40,805	47,472
Total loans and advances	<u>40,805</u>	<u>47,472</u>
<b>(v) By sector</b>		
Purchase of landed property:		
- Residential	33,355	38,707
- Non-residential	6,445	7,501
Consumption credit	1,005	1,264
Total loans and advances	<u>40,805</u>	<u>47,472</u>

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

	<b>31 July 2023 RM'000</b>	<b>31 October 2022 RM'000</b>
<b>(vi) By residual contractual maturity</b>		
Within one year	2,052	2,135
One year to five years	8,346	8,604
Over five years	30,407	36,733
Total loans and advances	<u>40,805</u>	<u>47,472</u>

**14. Impaired loans and advances**

	<b>31 July 2023 RM'000</b>	<b>31 October 2022 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	2,966	7,695
Reclassified as performing during the financial period/year	(1,905)	(3,282)
Amount recovered	(335)	(44,667)
Amount written off	-	(89,681)
<b>Gross impaired loans and advances at end of financial period/year</b>	<u>2,139</u>	<u>1,413</u>
Fair value revaluation loss	(1,717)	(1,121)
<b>Net impaired loans and advances</b>	<u>422</u>	<u>292</u>
Ratio of net impaired loans and advances to net loans and advances (less lifetime credit impaired ECL allowance)	<u>1.03%</u>	<u>0.62%</u>
<b>(ii) By geographical distribution</b>		
Southern region	-	34
Central region	384	231
Outside Malaysia	38	27
	<u>422</u>	<u>292</u>

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

	<b>31 July 2023 RM'000</b>	<b>31 October 2022 RM'000</b>
<b>(iii) By sector</b>		
Purchase of landed property:		
- Residential	366	232
- Non-residential	53	27
Consumption credit	3	33
	<u>422</u>	<u>292</u>

**15. Other assets**

	<b>31 July 2023 RM'000</b>	<b>31 October 2022 RM'000</b>
Interest receivable	327	653
Other receivables, deposits and prepayments	805	900
	<u>1,132</u>	<u>1,553</u>
Less: ECL allowance	(293)	-
	<u>839</u>	<u>1,553</u>

Movements in ECL allowance on other receivables are as follow:

**12-Month ECL Stage 1**

At 1 November	-	-
Allowance written back during the financial period/year	293	-
At end of the financial period/year	<u>293</u>	<u>-</u>

**16. Other liabilities**

	<b>31 July 2023 RM'000</b>	<b>31 October 2022 RM'000</b>
Provision for wind down expenses	18,657	19,528
Other payables and accruals	2,631	5,731
Lease liabilities	352	974
	<u>21,640</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 July 2023, the allowance for non-credit impaired exposures and regulatory reserve stands at 107.15% (31 October 2022: 1.31%).



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**18. Interest income**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 July 2023</b>	<b>31 July 2022</b>	<b>31 July 2023</b>	<b>31 July 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans and advances at amortised cost:				
- Interest income other than on impaired loans	-	880	-	3,317
- Interest income on impaired loans	-	117	-	2,351
Loans and advances at FVTPL				
- Interest income other than on impaired loans	869	-	2,655	-
- Interest income on impaired loans	70	-	157	-
Money at call and deposit placements with financial institutions	3,148	2,137	8,883	7,805
<b>Total interest income</b>	<b>4,087</b>	<b>3,134</b>	<b>11,695</b>	<b>13,473</b>

**19. Interest expense**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 July 2023</b>	<b>31 July 2022</b>	<b>31 July 2023</b>	<b>31 July 2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits and placements of banks and other financial institutions	-	-	-	25
Deposits from customers	-	-	-	155
Lease liabilities	3	4	15	11
	<b>3</b>	<b>4</b>	<b>15</b>	<b>191</b>

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**20. Net fee and commission income**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 July</b>	<b>31 July</b>	<b>31 July</b>	<b>31 July</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	-	96	-	145
Acceptance commissions	-	-	-	24
Others	-	13	-	20
	<u>-</u>	<u>109</u>	<u>-</u>	<u>189</u>

**21. Net gains/(losses) on financial instruments**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 July</b>	<b>31 July</b>	<b>31 July</b>	<b>31 July</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 arising from dealing in foreign currency	51	33	14	718
Unrealised revaluation losses in foreign exchange	-	(1)	-	(613)
Unrealised revaluation (losses)/gains on loans and advances at FVTPL	(531)	-	249	-
Unrealised revaluation gains/(losses) on financial assets at FVTPL	1,372	-	-	(823)
Realised losses on sale of financial assets at FVTPL	(1,372)	-	(1,372)	-
Dividend income from financial assets at FVTPL	49	49	49	49
	<u>(431)</u>	<u>81</u>	<u>(1,060)</u>	<u>(669)</u>

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**22. Other operating expenses**

	3rd Quarter Ended		Nine Months Ended	
	31 July	31 July	31 July	31 July
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Personnel costs:				
- Salaries and bonuses	1,299	1,479	3,876	4,978
- Pension fund contributions	229	257	696	953
- Other staff costs	276	(16)	995	658
Marketing expenses:				
- Advertising and promotion	20	14	20	25
- Others	10	11	29	36
Establishment costs:				
- Depreciation of property and equipment including ROU assets	197	640	590	2,372
- Rental	18	15	37	53
- Others	248	594	782	2,467
Administrative expenses:				
- Fees	360	797	1,480	1,036
- Others	363	44	690	829
	<u>3,020</u>	<u>3,835</u>	<u>9,195</u>	<u>13,407</u>

**23. Significant related party transactions**

	3rd Quarter Ended		Nine Months Ended	
	31 July	31 July	31 July	31 July
	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	(7)	168	322	612
Technical and support fees	125	414	334	1,798
Interest and other fees	-	116	-	355
	<u>-</u>	<u>116</u>	<u>-</u>	<u>355</u>
(ii) <b>By country</b>				
Singapore	(32)	116	-	355
Canada	31	216	329	751
Hong Kong, SAR China	76	317	222	1,371
India	43	49	105	288
	<u>43</u>	<u>49</u>	<u>105</u>	<u>288</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. Allowance for credit losses**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 July</b>	<b>31 July</b>	<b>31 July</b>	<b>31 July</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>
ECL allowance (written back)/made on:				
- Loans and advances	-	(5,249)	-	(2,498)
- Deposits and short term funds	(12)	22	6	23
- Other financial assets	293	-	293	-
Impaired loans and advances:				
- written off	-	5,175	-	5,175
- recovered	(40)	(1)	(41)	(2)
	<u>241</u>	<u>(53)</u>	<u>258</u>	<u>2,698</u>

**25. Wind down expenses**

	<b>3rd Quarter Ended</b>		<b>Nine Months Ended</b>	
	<b>31 July</b>	<b>31 July</b>	<b>31 July</b>	<b>31 July</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>
Provision for severance payments	<u>186</u>	<u>546</u>	<u>557</u>	<u>2,100</u>

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## 26. Capital adequacy

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

	<b>31 July 2023 RM'000</b>	<b>31 October 2022 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	309	10
Tier 2 capital	<u>314</u>	<u>15</u>
Total capital	<u>449,600</u>	<u>449,301</u>
CET 1 / Tier 1 capital ratio	593.399%	426.429%
Total capital ratio	<u>593.814%</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>31 July 2023</b>		<b>31 October 2022</b>	
	<b>Principal RM'000</b>	<b>Risk- weighted RM'000</b>	<b>Principal RM'000</b>	<b>Risk- weighted RM'000</b>
Credit risk	483,663	35,951	488,130	43,000
Market risk	-	-	-	961
Operational risk	-	39,763	-	61,399
	<u>483,663</u>	<u>75,714</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.