Registration No.

201001027747 (911666-D)

INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2020

Registration No.
201001027747 (911666-D)

INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	30.06.2020 RM'000	31.12.2019 RM'000
ASSETS			
Cash and short-term funds	4	64,914	69,387
Deposits and placements with banks and other financial institutions	5	289,392	372,484
Financial investments at amortised cost	6	80,900	85,927
Loans, advances and financing	7	34,884	49,121
Derivative assets	8	-	3
Other assets	9	1,706	922
Deferred taxation		173	294
Statutory deposits with Bank Negara Malaysia	10	100	100
Plant and equipment		217	107
Intangible assets		226	193
Right-of-use assets	11	1,466	1,891
TOTAL ASSETS		473,978	580,429
LIABILITIES AND EQUITY			
Deposits from customers	12	144,050	251,096
Derivative liabilities	13	-	2
Other liabilities	14	957	870
Lease liabilities	15	1,299	1,718
Provision for taxation		212	345
TOTAL LIABILITIES		146,518	254,031
Share capital	16	330,000	330,000
Regulatory reserves		1,714	2,043
Accumulated losses		(4,254)	(5,645)
TOTAL EQUITY OF SHAREHOLDERS		327,460	326,398
TOTAL LIABILITIES AND EQUITY		473,978	580,429
COMMITMENTS AND CONTINGENCIES	25	43,533	38,332

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2019

Registration No.
201001027747 (911666-D)

INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2020

		2nd Quarter Ended		**Six Months Ended**	
		30 Jun 2020	**30 Jun 2019**	**30 Jun 2020**	**30 Jun 2019**
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	17	4,453	4,951	9,633	9,995
Interest expense	18	(1,275)	(1,258)	(2,765)	(2,287)
Net interest income		3,178	3,693	6,868	7,708
Other operating income	19	137	375	399	842
Net income		3,315	4,068	7,267	8,550
Other operating expenses	20	(3,212)	(3,176)	(6,134)	(6,635)
		103	892	1,133	1,915
(Excepted credit losses made) / Write back of excepted credit losses for loans, advances and financing	21	(14)	37	(55)	42
Write back of expected credit losses for loan/financing, commitment and financial guarantee	22	1	-	19	18
Write back for expected credit losses for other financial investments	23	469	53	451	71
Profit before taxation		559	982	1,548	2,046
Taxation	24	(286)	(167)	(486)	(305)
PROFIT FOR THE FINANCIAL PERIOD / TOTAL COMPREHENSIVE PROFIT FOR THE FINANCIAL PERIOD		273	815	1,062	1,741

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2019

Registration No.

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INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2020

	Note	Share capital	Regulatory reserves	Accumulated losses	Total
			RM'000	RM'000	RM'000
Balance as at 1 January 2020		330,000	2,043	(5,645)	326,398
Transfer from regulatory reserves		-	(329)	329	-
Total comprehensive profit for the financial period		-	-	1,062	1,062
Balance as at 30 June 2020		330,000	1,714	4,254	327,460
Balance as at 1 January 2019		330,000	1,711	(8,356)	323,355
Transfer from regulatory reserves		-	906	(906)	-
Total comprehensive profit for the financial period		-	-	1,741	1,741
Balance as at 30 June 2019		330,000	2,617	(7,521)	325,096

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2019

Registration No.
201001027747 (911666-D)

INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2020

	Six Months Ended	
	30 Jun 2020 RM'000	**30 Jun 2019 RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,548	2,046
Adjustments for:		
Depreciation of plant and equipment	55	49
Amortisation of intangible assets	67	32
Depreciation of right of use assets	425	-
Loss on disposal of assets	-	-
Unrealised loss on revaluation of derivative instruments	1	13
Interest expense on lease liability	39	-
Interest income for financial investment at amortised cost	(1,766)	(1,783)
Amortisation of discount/(Accretion of premium paid) for financial investment at amortised cost	56	26
Interest income for money at call and deposit placement with financial institution	(6,687)	(3,274)
Write back of impairment loss on other financial investments	(451)	(65)
Write back of impairment loss on loan/financing commitment and financial guarantee	(19)	(18)
Expected credit losses made (write-back) of impairment loss on loans, advances and financing	55	(42)
Operating loss before working capital changes	(6,677)	(3,016)
Decrease/(Increase) in deposits and placements with financial institution	84,302	(107,700)
Decrease/(Increase) in financial investments at amortised cost	2	(21)
Decrease/(Increase) in other assets	(784)	753
Increase in derivative assets	-	12
Decrease in loans, advances and financing	14,182	2,395
(Decrease)/Increase in deposits from customers	(107,046)	87,387
Decrease in derivative liabilities	-	(12)
Increase/(Decrease) in other liabilities	106	(53)
Cash flows used in operations	(15,915)	(20,255)
Taxation paid	(498)	(380)
Net cash used in operating activities	(16,413)	(20,635)

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INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2020

		Six Months Ended	
		30 Jun 2020 RM'000	**30 Jun 2019 RM'000**
Net cash used in operating activities		(16,413)	(20,635)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(165)	(6)
Purchase of intangible assets		(100)	-
Interest income received for financial investments at amortised cost		1,832	1,930
Interest income received for money at call and deposit placement with financial institution		5,804	4,256
Purchase of financial assets at amortised cost		-	-
Proceeds of matured financial assets at amortised cost		5,000	10,000
Net cash generated from investing activities		12,371	16,180
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of principal lease liabilities		(458)	-
Net cash used in financing activities		(458)	-
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD		(4,500)	(4,455)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD		69,387	84,469
EXPECTED CREDIT LOSSES		27	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	4	64,914	80,014

(i) An analysis of changes in liabilities arising from financing activity is as follows:

	RM'000	RM'000
At the beginning of the period	1,718	-
Effect of adopting MFRS 16	-	2,538
Adjusted 1 January	1,718	2,538
- Repayment of lease liability	(458)	(920)
- Finance cost	39	100
At the end of financial period	1,299	1,718

The Unaudited Condensed Interim Financial Statements should be read in conjunction with the audited financial statements of the Bank for the year ended 31 December 2019

INDIA INTERNATIONAL BANK (MALAYSIA) BERHAD
(Incorporated in Malaysia)

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL HALF YEAR ENDED 30 JUNE 2020.

1 CORPORATE INFORMATION

India International Bank (Malaysia) Berhad ("the Bank") commenced commercial banking business on 11 July 2012. The principal activities of the Bank are banking and related financial services.

The address of the registered office and principal place of operation of the Bank is at 15, Jalan Raja Chulan, Bangunan Yee Seng, 50200 Kuala Lumpur.

The Bank is a company limited by shares and is a licensed Bank, incorporated and domiciled in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with their resolution on 29 May 2020.

2 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

A BASIS OF PREPARATION

The financial statements of the Bank have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention unless otherwise indicated in this summary of the significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Bank's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A BASIS OF PREPARATION (CONTINUED)

Standards, amendments to published standards and interpretations that are effective

The Bank has applied the following standards and amendments for the first time for the financial year beginning on 1 January 2019:

- MFRS 16 'Leases'
- Amendments to MFRS 9 'Prepayment Features with Negative Compensation'
- IC Interpretation 23 'Uncertainty over Income Tax Treatments'
- Annual Improvements to MFRSs 2015 – 2017 Cycle

The Bank has adopted MFRS 16 for the first time in the 2019 financial statements, which resulted in changes in accounting policies. The detailed impacts of change in accounting policies are set out in Note 2(A)(a).

Standards, amendments to published standards and interpretations that are applicable to the Company but not yet effective

The Company will apply these standards, amendments to published standards from:

(i) Financial year beginning on/after 1 January 2020

- Amendments to MFRS 101 and MFRS 108 clarify the definition of materiality and use a consistent definition throughout MFRSs and the Conceptual Framework for Financial Reporting

  The definition of 'material' has been revised as "Information is material if omitting, misstating, or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make based on those financial statements, which provide financial information about a specific reporting entity."

  The amendments also:
  - Clarify that an entity assesses materiality in the context of the financial statements as a whole.
  - Explain the concept of obscuring information in the new definition. Information is obscured if it has the effect similar as omitting or misstating of that information. For example, material transaction is scattered throughout the financial statements, dissimilar items are inappropriately aggregated, or material information is hidden by immaterial information.
  - Clarify the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

  The amendments shall be applied prospectively.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A BASIS OF PREPARATION (CONTINUED)

(a) Change in accounting policies – adoption of MFRS 16 “Leases”

The Bank has adopted MFRS 16 for the first time in the 2019 Financial Statements, which resulted in changes in accounting policies. The Bank has elected to use the simplified retrospective transition method and to apply several practical expedients as provided in MFRS 16.

Under the simplified retrospective transition method, the 2018 comparative information was not restated and the cumulative effects of initial application of MFRS 16 where the Bank is a lessee were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2019. The comparative information continued to be reported under the previous accounting policies governed under MFRS 117 “Leases” and IC Interpretation 4 “Determining whether an arrangement contains a lease”.

The impact of adoption of MFRS 16 to the Bank is summarised as below.

The Bank as a lessee

(i) Leases classified as operating leases under MFRS 117

On adoption of MFRS 16, the Bank recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019.

The associated right-of-use (“ROU”) assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2018.

Summarised below are the effects upon adoption of MFRS 16 as at 1 January 2019.

	Audited as at 31 December 2019 (RM’000)	Effect of adoption of MFRS 16 (RM’000)	Adjusted 1 January 2020 (RM’000)
Assets			
Deferred taxation	171	-	171
Right-of-use assets	2,749	-	2,749
Liabilities			
Other liabilities	1,141	-	1,141
Lease liabilities	2,538	-	2,538

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A BASIS OF PREPARATION (CONTINUED)

(a) Change in accounting policies – adoption of MFRS 16 “Leases” (continued)

(i) Leases classified as operating leases under MFRS 117 (continued)

The reconciliation of the operating lease commitments disclosed under MFRS 117 to MFRS 16 is as follows:

	RM’000
Operating lease commitments as at 31 December 2018	669
Discounted using the incremental borrowing rate	661
Out-of-scope contracts	(41)
Option to extend the lease commitment	1,918
Lease liabilities recognised as at 1 January 2019	2,538
Of which:	
Current lease liabilities	897
Non-current lease liabilities	1,641
Total	2,538

The recognised right-of-use assets relate to the following type of assets:

	RM’000
Properties	2,267
Data center	482
Total	2,749

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B FINANCIAL ASSETS

(a) Classification

Beginning 1 January 2019, the Bank classifies its financial assets in the following manner

- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- Those to be measured at amortised costs.

(b) Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on settlement date, the date on which the Bank settles the commitment to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Bank has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Bank measures financial assets at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expenses in profit or loss.

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Bank's business model for managing the asset and the cash flow characteristics of the asset. The Bank reclassifies debt investments when and only when its business model for managing those assets changes.

There are three measurement categories into which the Bank classifies its debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ("SPPI") are measured at amortised cost. Interest income from these financial assets is included in profit and loss using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the Statement of Comprehensive Income.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B FINANCIAL ASSETS (CONTINUED)

(c) Measurement (continued)

Debt instruments (continued)

(ii) Fair value through other comprehensive income ("FVOCI")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in profit and loss. Interest income from these financial assets is included in "interest income" using the effective interest rate method. Foreign exchange gains and losses are presented in other income and impairment expenses are presented as a separate line item in the Statement of Comprehensive Income.

(iii) Fair value through profit or loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Bank may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes are recognised in profit or loss in the period which it arises.

Business model

The business model reflects how the Bank manages the assets in order to generate cash flows. That is, whether the Bank's objectives are solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these are applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified under the "other" business model and measured at FVTPL. Factors considered by the Bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the Bank's business model for the mortgage loan book is to hold to collect contractual cash flows. Another example is the liquidity portfolio of assets, which is held by the Bank as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified under the "other" business model and measured at FVTPL.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B FINANCIAL ASSETS (CONTINUED)

(c) Measurement (continued)

Solely payments of principal and interest (“SPPI”)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments’ cash flows represent solely payments of principal and interest (the "SPPI test"). In making this assessment, the Bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. profit includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Equity instruments

The Bank subsequently measures all equity investments at fair value. Where the Bank’s management has elected to present fair value gains and losses on equity investments in FVOCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Bank’s right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in “net gains and losses on financial instruments” in the Statement of Comprehensive Income.

(d) Subsequent measurement – Impairment

Impairment for debt instruments and financial guarantee contracts

The Bank assesses on a forward-looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B FINANCIAL ASSETS (CONTINUED)

(d) Subsequent measurement – Impairment (continued)

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Bank expects to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Bank expects to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

General 3-stage approach

At each reporting date, the Bank measures ECL through loss allowance at an amount equal to 12 months ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 33 sets out the measurement details of ECL. The Bank applies 3-stage approach on debt instruments measured at amortised cost, except for those that are under simplified approach, as explained below.

Simplified approach

The Bank applies MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for other assets.

Significant increase in credit risk

The Bank considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Bank compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B FINANCIAL ASSETS (CONTINUED)

(d) Subsequent measurement – Impairment (continued)

Significant increase in credit risk (continued)

The following indicators are incorporated:

- Significant changes in internal price indicators of credit risk as a result of changes in credit risk.
- Changes in the rates or terms of an existing instrument if it is assessed as a newly originated instrument (example more stringent covenants, increased amounts of collateral or guarantees, or higher income coverage) because of changes in the credit risk
- Significant changes in external market indicators of credit risk for a financial instrument.
- Actual or expected significant change in the financial instrument's external credit rating.
- Actual or expected internal credit rating downgrade for the borrower or decrease in behavioural scoring used to assess credit risk internally.
- Existing or forecasted adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations (example increase in interest rates, significant increase in unemployment rates).
- An actual or expected significant change in the operating performance of the borrower (example declining revenues or margins, increasing operating risks, working capital deficiencies, decreasing asset quality, increased balance sheet leverage, liquidity, management problems or changes in the scope of business or organisational structure).
- Significant increases in credit risk on other financial instruments of the same borrower (example CCRIS rating).
- Actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower that may result in a significant change in the borrower's ability to meet its debt obligations (example decreasing sales).
- Actual or expected significant changes in the value of the collateral supporting the obligation.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B FINANCIAL ASSETS (CONTINUED)

(d) Subsequent measurement – Impairment (continued)

Significant increase in credit risk (continued)

- Actual or expected significant changes in the quality of the third-party guarantee provided.

- Actual or expected significant changes such as reductions in financial support from a parent entity/other affiliate, or in the quality of credit enhancement.

- Expected changes in the loan documentation (example an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees) or other changes to the contractual framework of the instrument.

- Significant changes in the expected behaviour of the borrower, including changes in the payment status of borrowers in the group of similar instruments.

- Payment delays and past due information.

Definition of default and credit-impaired financial assets

The Bank defines a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of indicators, which include amongst others, the following criteria:

- Failure to make contractual payment more than 90 days or 3 months of when they fall due.

- Bankruptcy or winding up petition.

The Bank first assesses whether objective evidence of impairment exists for financial assets which are individually significant. If the Bank determines that objective evidence of impairment exists, i.e. credit impaired, for an individually assessed financial asset, a lifetime ECL will be recognised.

Financial assets which are individually significant but non-impaired and not individually significant are grouped on the basis of similar credit risk characteristics (such as credit quality, instrument type, credit risk ratings, credit utilisation, customer types and other relevant factors) for collective assessment.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B FINANCIAL ASSETS (CONTINUED)

(d) Subsequent measurement – Impairment (continued)

Write off policy

The Bank writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery.
Indicators that there is no reasonable expectation of recovery include

- ceasing enforcement activity; and
- where the Bank's recoveries method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

Modification of financing

The Bank sometime renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Bank assesses whether or not the new terms are substantially different to the original terms. The Bank does this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the financing is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the financing.

If the terms are substantially different, the Bank derecognises the original financial asset and recognises a "new" asset at fair value and recalculates a new effective profit rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Bank also assessed whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective profit rate (or credit-adjusted effective profit rate for purchased or originated credit-impaired financial assets).

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B FINANCIAL ASSETS (CONTINUED)

(d) Subsequent measurement – Impairment (continued)

De-recognition other than a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

(i) the Bank transfers substantially all the risks and rewards of ownership, or
(ii) the Bank neither transfer nor retain substantially all the risks and rewards of ownership and the Bank has not retained control.

(e) Regulatory reserve requirements

Pursuant to BNM letter dated 1 November 2018, effective 1 January 2019, the Bank shall maintain, in aggregate, stage 1 and 2 provisions and regulatory reserve of no less than 1% of all credit exposures (on and off balance sheet that are subject to MFRS 9 impairment requirement, excluding exposures to and with an explicit guarantee from the Malaysian Government), net of Stage 3 provision.

C CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 1 month or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

D PLANT AND EQUIPMENT

Plant and equipment are initially stated at cost. Subsequent to initial recognition, all plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

All repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Plant and equipment are depreciated using the straight-line method to allocate costs to their residual values over their estimated useful lives, summarised as follows:

Office equipment and furniture & fittings	7 years
Motor vehicles	5 years
Computers	3 years
Office renovations	7 years

Residual values and useful lives of assets are reviewed and adjusted if appropriate, at the end of each reporting period.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each reporting date.

Intangible assets of the Bank comprise computer software and are amortised over their finite useful lives estimated at 3 to 7 years on a straight-line basis.

Cost associated with maintaining computer software are recognised as an expense as incurred.

F IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation, in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset, in which case it is taken to revaluation surplus reserve.

G PROVISIONS

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the management’s best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H FINANCIAL LIABILITIES

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss. Financial liabilities are initially recognised at fair value plus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial liabilities are de-recognised when extinguished.

The Bank's other financial liabilities include deposits from customers, lease liabilities and other liabilities.

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

I ACCOUNTING BY LEASE

From 1 January 2019, leases are recognised as right-of-use ('ROU') asset and a corresponding liability at the date on which the leased asset is available for use by the Bank (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Bank allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease term

In determining the lease term, the Bank considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Bank reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Bank and affects whether the Bank is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

ROU assets

ROU assets are initially measured at cost comprising the following:
- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I ACCOUNTING BY LEASE (CONTINUED)

ROU assets (continued)

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Bank is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:
- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Bank under residual value guarantees;
- The exercise price of a purchase and extension options if the group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Bank presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the interest expenses in Statement of Comprehensive Income.

Reassessment of lease liabilities

The Bank is also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I ACCOUNTING BY LEASE (CONTINUED)

Short-term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line bases as an expense in Statement of Comprehensive Income.

J FINANCIAL GUARANTEE CONTRACTS AND FINANCING COMMITMENTS

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure financing, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- The expected credit losses model under MFRS 9
- The premium received on initial recognition less income recognised in accordance with the principles of MFRS 15.

Financing commitments provided by the Bank are measured as the amount of the loss allowance. The Bank has not provided any commitment to provide financing/advances at a below-market interest rate, or one that can be settled net in cash or by delivering or issuing another financial instrument. The loss allowance is recognized as expected credit losses for loan/financing commitment and financial guarantee.

K RECOGNITION OF INTEREST INCOME, EXPENSES AND FEE AND OTHER INCOME

(i) Interest income and interest expense

Interest income and expense for all interest-bearing financial instruments are recognised within “interest income” and “interest expense” in the Statement of Comprehensive Income using the effective interest method. The effective interest method is a way of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest method applies the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instruments to the net carrying amount of the financial assets or liabilities.

For the credit impaired financial assets, the effective Interest rate is applied to the net carrying amount of the financial assets (after deduction of the expected credit losses).

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K RECOGNITION OF INTEREST INCOME, EXPENSES AND FEE AND OTHER INCOME (CONTINUED)

(ii) Fee and other income

Fees and commissions are recognised as income when all condition precedents are fulfilled.

Guarantee fees are recognised as income based on performance obligations satisfied.

Brokerage fees are recognised as income based on inception of such transactions.

Dividends are recognised when the right to receive payment is established.

L EMPLOYEE BENEFITS

(i) Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees of the Bank.

(ii) Defined contribution plans

The Bank's contributions to defined contribution plans are charged to the income statement in the financial year to which they relate. Once the contributions have been paid, the Bank has no further payment obligations.

M OPERATING LEASE PAYMENT

Leases where the Bank does not assume substantially all the risk and rewards of the ownership are classified as operating leases, and the leased assets are not recognised on the Bank's financial statements.

Payments made under operating leases are recognised in the profit or loss on a straight-line basis over the lease period.

The Bank has applied this policy until 31 December 2018.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N FOREIGN CURRENCIES

(i) Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the Bank operates (the "functional currency"). These financial statements are presented in Ringgit Malaysia ("RM"), which is the Bank's functional and presentation currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(ii) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'other income'. All other foreign exchange gains and losses are recognised in the income statement within the same line item as the underlying that gives rise to the translation difference.

The principal exchange rates for every unit of foreign currency ruling at reporting date used are as follows:

	30 June 2020	31 December 2019
Indian Rupees	0.0567	0.0574
Singapore Dollars	3.0718	3.0387
United States Dollars	4.2800	4.0925
Hong Kong Dollars	0.5522	0.5257
British Pounds	5.2655	5.3722
Euro	4.8099	4.5852

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O CURRENT AND DEFERRED TAX

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Bank operates and generates taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit and loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences or unused tax losses can be utilised.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome. Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

P DERIVATIVES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each reporting period.

Q OTHER ASSETS

Other assets generally arise from transactions outside the usual operating activities of the Bank.

After recognition, other assets are subsequently measured at amortised cost using the effective interest method, less provision for impairment. See accounting policy Note 2 (F) on impairment of financial assets.

3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires management to exercise their judgement in the process of applying the Bank's accounting policies. Although these estimates and judgements are based on the management's best knowledge of current events and actions, actual results may differ from these estimates.

In determining the carrying amounts of some assets and liabilities, the Bank makes assumptions of the effects of uncertain future events on those assets and liabilities at the date of the statement of financial position. The Bank estimates and assumptions are based on historical experiences and expectations of future events and are reviewed periodically. Revision to accounting estimates are recognised in the period in which the estimates is revised and in any future periods affected.

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (example the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 33, which also sets out key sensitivities of the ECL to changes in these elements.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

4 CASH AND SHORT-TERM FUNDS

	30.06.2020 RM'000	31.12.2019 RM'000
Cash and balances with banks and other financial institutions	39,307	18,672
Money at call and deposit placements maturing within one month	25,609	50,744
Less: Expected Credit Losses		
-Stage 1	(2)	(29)
	64,914	69,387

4 CASH AND SHORT-TERM FUNDS (CONTINUED)

(i) Movements in expected credit losses for cash and short-term funds are as following:

	30.06.2020 Stage 1 RM'000	31.12.2019 Stage 1 RM'000
At the beginning of the period	29	6
Deposit and placements maturing within one month derecognised during the period (other than write-offs)	(27)	(123)
New deposits and placements maturing within one month	-	146
Changes due to changes in credit risk	-	-
At the end of the period	2	29

5 DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

(a) Deposits and placements with banks and other financial institutions

	30.06.2020 RM'000	31.12.2019 RM'000
Licensed banks	289,459	372,878
Less: Expected Credit Losses		
- Stage 1	(67)	(394)
	289,392	372,484

(b) Movements in expected credit losses for deposits and placements with banks and other financial institutions are as following:

	30.06.2020 Stage 1 RM'000	31.12.2019 Stage 1 RM'000
At the beginning of the period	394	61
Deposits and placements derecognised during the period (other than write-offs)	(327)	(61)
New deposits and placements	-	394
Changes due to changes in credit risk		-
At the end of the period	67	394

6 FINANCIAL INVESTMENTS AT AMORTISED COST

	30.06.2020 RM'000	31.12.2019 RM'000
Money market instruments:		
Malaysian Government Securities	20,137	20,126
Cagamas Bond	25,275	30,364
Private Debt Securities	35,605	35,651
Less: Expected Credit Losses		
- Stage 1	(117)	(214)
	80,900	85,927
Total market value for the money market instruments are	81,189	85,773

(i) Movements in expected credit losses for financial investment at amortised cost are as following:

	30.06.2020 Stage 1 RM'000	31.12.2019 Stage 1 RM'000
At the beginning of the period	214	72
Financial investments at amortised cost derecognised during the period (other than write-offs)	-	(2)
New financial investments at amortised cost	-	26
Changes due to changes in credit risk	(97)	118
At the end of the period	117	214

7 LOANS, ADVANCES AND FINANCING

	30.06.2020 RM'000	31.12.2019 RM'000
(i) By type		
Overdrafts	24,814	31,173
Term loans/financing		
- Other term loans/financing	6,693	8,776
Bills receivable	167	4,626
Trust receipt	3,294	4,586
Less: Unearned interest and income	(2)	(13)
	34,966	49,148
Less: Allowance for impairment losses		
- Expected credit losses	(82)	(27)
Net loans, advances and financing	34,884	49,121

	30.06.2020 RM'000	31.12.2019 RM'000
(ii) By classification		
Gross loan, advances and financing		
12 Months ECL (Stage 1)	34,966	49,148
Lifetime ECL credit-impaired (Stage 3)	-	-
	34,884	49,148
Less: Allowance for impairment losses		
- 12- month ECL (Stage 1)	(82)	(27)
- Lifetime ECL credit-impaired (Stage 3)	-	-
Net loans, advances and financing	34,884	49,121

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

		30.06.2020 RM'000	31.12.2019 RM'000
(iii)	By type of customer		
	Domestic business enterprises		
	- Small medium enterprises	34,966	49,148
	Gross loans, advances and financing	34,966	49,148
(iv)	By interest rate sensitivity		
	Variable rate		
	- BLR plus/minus	34,800	44,535
	- Other variable rates	166	4,613
	Gross loans, advances and financing	34,966	49,148
(v)	By residual contractual maturity		
	Maturity within one year	28,273	40,372
	More than five years	6,693	8,776
	Gross loans, advances and financing	34,966	49,148
(vi)	By geographical distribution		
	Malaysia		
	- Kuala Lumpur	22,269	28,508
	- Selangor	7,783	8,892
	- Perak	2,765	2,933
	- Kedah	1,983	4,201
	- Terengganu	166	4,001
	- Melaka	-	613
	Gross loans, advances and financing	34,966	49,148

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

		30.06.2020 RM'000	31.12.2019 RM'000
(vii)	By sector		
	Manufacturing	10,289	17,223
	Construction	1,306	1,125
	Wholesale and retail trade, and restaurants and hotels	19,716	24,082
	Finance, insurance, real estate and business activities	1,359	3,555
	Education, health and others	2,296	3,163
	Gross loans, advances and financing	34,966	49,148
(viii)	Impaired loans, advances and financing analysed by geographical distribution		
	Malaysia		
	- Kuala Lumpur	-	-
	Gross loans, advances and financing	-	-
(ix)	Impaired loans, advances and financing analysed by sector		
	Wholesale and retail trade, and restaurants and hotels	-	-
	Gross loans, advances and financing	-	-

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

(x) Movements in impaired loans, advances and financing (Stage 3) are as follows:

	30.06.2020 RM'000	31.12.2019 RM'000
At the beginning of the financial period	-	2,883
Classified as impaired during the financial period	-	348
Amount recovered	-	(2,666)
Amount written off	-	(565)
At the end of the financial period	-	-
Lifetime ECL credit-impaired (Stage 3)	-	-
Net impaired loans and advances	-	-
Ratio of net impaired loans and advances to gross loans and advances less lifetime ECL credit-impaired (Stage 3)	-	-

(xi) Movements in expected credit losses for loans, advances and financing are as following:

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2020,	27	-	-	27
Changes due to changes in credit risk due to transferred within stages				
Transfer to 12-month ECL (Stage 1)	-	-	-	-
Transfer to lifetime ECL not credit impaired (Stage 2)	-	-	-	-
Loans/financing derecognised during the period (other than write- off)	(2)	-	-	(2)
Bad debt written off	-	-	-	-
New loans/financing originated or Purchased		-	-	-
Changes due to changes in credit Risk	57	-	-	57
At 30 June 2020	82	-	-	82

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

(xi) Movements in expected credit losses for loans, advances and financing are as following (continued):

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2019,	57	-	565	622
Changes due to changes in credit risk due to transferred within stages				
- Transfer to 12-month ECL (Stage 1)	-	-	-	-
- Transfer to lifetime ECL not credit impaired (Stage 2)	-	-	-	-
Bad debt written off	-	-	(565)	(565)
New loans/financing originated or purchased	10	-	-	10
Changes due to changes in credit risk	(40)	-	-	(40)
At 31 December 2019	27	-	-	27

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

(xii) Movements in gross carrying amount of loans, advances and financing that contributed to changes in the expected credit losses are as following:

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2020,	49,148	-	-	49,148
Changes due to changes in credit risk due to transferred within stages				
- Transfer to 12-month ECL (Stage 1)	-	-	-	-
- Transfer to lifetime ECL not credit impaired (Stage 2)	-	-	-	-
Loans/financing derecognised during the period (other than write-offs)	(14,191)	-	-	(14,191)
Write back in respect of full recoveries	-	-	-	-
Bad debt written off	-	-	-	-
New loans/financing originated or purchased	9	-	-	9
Changes due to changes in credit risk	-	-	-	-
At 30 June 2020	34,966	-	-	34,966

7 LOANS, ADVANCES AND FINANCING (CONTINUED)

(xii) Movements in gross carrying amount of loans, advances and financing that contributed to changes in the expected credit losses are as following (continued):

	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
At 1 January 2019,	53,431	-	2,883	56,314
Changes due to changes in credit risk due to transferred within stages				
Transfer to 12-month ECL (Stage 1)	-	-	-	-
Transfer to lifetime ECL not credit impaired (Stage 2)	-	-	-	-
Loans/financing derecognised during the period (other than write-offs)	(2,968)	-	-	(2,968)
Write back in respect of full recoveries	-	-	(2,666)	(2,666)
Bad debt written off	-	-	(565)	(565)
New loans/financing originated or purchased	4,646		348	4,994
Changes due to changes in credit risk	(5,961)	-	-	(5,961)
At 31 December 2019	49,148	-	-	49,148

8 DERIVATIVE ASSETS

	30.06.2020 RM'000	31.12.2019 RM'000
Derivative assets:		
Foreign exchange forwards and spots	-	3

	Contract or underlying principal amount RM'000	Year end positive fair value RM'000
2020		
Foreign exchange forwards and spots	-	-
2019		
Foreign exchange forwards and spots	699	3

9 OTHER ASSETS

	30.06.2020 RM'000	31.12.2019 RM'000
Deposits	205	199
Prepayments	1,501	713
Other receivables	-	10
	1,706	922

10 STATUTORY DEPOSITS WITH BANK NEGARA MALAYSIA

The non-interest bearing statutory deposits are maintained with BNM in compliance with Section 26(2)(c) of the Central Bank of Malaysia Act, 2009. The amount is determined at set percentages of total eligible liabilities.

11 RIGHT-OF-USE ASSETS

	30.06.2020 RM'000	31.12.2019 RM'000
Balance as at the beginning of the financial period		
- As previously reported	1,891	-
- Effect of adoption of MFRS 16	-	2,749
- As restated	1,891	2,749
Depreciation charge for the financial period	(425)	(858)
Balance as at the end of the financial period	1,466	1,891

At 31 December 2019, the short term and low-value leases expenses that are not included in lease liabilities amounted to RM 108,290 and RM 4,020 respectively.

12 DEPOSITS FROM CUSTOMERS

		30.06.2020 RM'000	31.12.2019 RM'000
(i)	By type of deposits		
	Demand deposits	24,593	22,907
	Savings deposits	565	577
	Fixed deposits	118,892	227,612
		144,050	251,096
(ii)	Maturity structure of fixed deposits is as follows:		
	Due within six months	100,673	144,567
	Six months to one year	17,854	78,800
	One year to three years	-	3,900
	Three years to five years	365	345
		118,892	227,612

12 DEPOSITS FROM CUSTOMERS (CONTINUED)

	30.06.2020 RM'000	31.12.2019 RM'000
(iii) The deposits are sourced from the following types of customers:		
Business enterprises	11,689	39,108
Individuals	1,867	933
Foreign entities	126,539	207,154
Non-Bank Financial Institutions	3,544	3,497
Other entities	411	404
	144,050	251,096

13 DERIVATIVE LIABILITIES

	30.06.2020 RM'000	31.12.2019 RM'000
Derivative liabilities:		
Foreign exchange forwards and spots	-	2

	Contract or underlying principal amount RM'000	Year end negative fair value RM'000
2020		
Foreign exchange forwards and spots	171	-
2019		
Foreign exchange forwards and spots	3,437	2

14 OTHER LIABILITIES

	30.06.2020 RM'000	31.12.2019 RM'000
Accruals	611	631
Banker's cheque	-	-
Other payables	346	220
Expected credit loss for loan/financing commitment and financial guarantee - Note (i)	-	19
	957	870

(i) Movements in expected credit losses for loan/financing commitment and financial guarantee are as following:

	30.06.2020 Stage 1 RM'000	31.12.2019 Stage 1 RM'000
At the beginning of the financial period	19	18
New loan/financing commitment and financial guarantee	-	-
Changes due to changes in credit risk	(19)	1
At the end of the financial period	-	19

15 LEASE LIABILITIES

	30.06.2020 RM'000	31.12.2019 RM'000
Lease liabilities	1,299	1,718
Scheduled repayment of lease liabilities:		
- Within one year	729	729
- One year to three years	570	914
- More than three years	-	75
	1,299	1,718

16 SHARE CAPITAL

	30.06.2020 RM'000	31.12.2019 RM'000
Authorised:		
50,000,000 ordinary shares of RM10 each	500,000	500,000
Issued and fully paid:		
Balance as at beginning/end of the financial period	330,000	330,000

There was no issue of shares in the Bank during the financial period.

17 INTEREST INCOME

	2nd Quarter Ended 30 Jun 2020 RM'000	2nd Quarter Ended 30 Jun 2019 RM'000	Six Months Ended 30 Jun 2020 RM'000	Six Months Ended 30 Jun 2019 RM'000
Loans and advances	548	826	1,235	1,942
Money at call and deposit placements with financial institutions	3,070	3,274	6,687	6,297
Financial Investments – Held-for-maturity	835	851	1,711	1,756
Total Interest Income	4,453	4,951	9,633	9,995

18 INTEREST EXPENSE

	2nd Quarter Ended 30 Jun 2020 RM'000	2nd Quarter Ended 30 Jun 2019 RM'000	Six Months Ended 30 Jun 2020 RM'000	Six Months Ended 30 Jun 2019 RM'000
Deposits and placements of banks and other financial institutions	-	3	72	7
Deposits from customers	1,256	1,255	2,654	2,280
Lease liability	19	-	39	-
	1,275	1,258	2,765	2,287

19 OTHER OPERATING INCOME

	2nd Quarter Ended		Six Months Ended	
	30 Jun 2020 RM'000	30 Jun 2019 RM'000	30 Jun 2020 RM'000	30 Jun 2019 RM'000
Commission and fee income:				
Commission	34	58	66	180
Service charges and fees	37	119	111	227
Other income	-	1	1	2
	71	178	178	409
Other income:				
Foreign exchange gain/(loss)	59	200	222	446
Unrealised gain (loss)on revaluation of derivative instruments	7	(3)	(1)	(13)
	137	375	399	842

20 OTHER OPERATING EXPENSES

	2nd Quarter Ended		Six Months Ended	
	30 Jun 2020 RM'000	30 Jun 2019 RM'000	30 Jun 2020 RM'000	30 Jun 2019 RM'000
Personnel costs (Note a)	1,435	1,240	2,608	2,691
Marketing expenses (Note b)	-	2	3	27
Establishments costs (Note c)	1,248	1,318	2,403	2,667
Administration and general expenses (Note d)	529	616	1,120	1,250
	3,212	3,176	6,134	6,635
(a) Personnel costs:				
- Salaries and allowances	1,008	914	1,871	1,874
- Pension fund contributions	140	121	261	255
- Other staff costs	287	205	476	562
	1,435	1,240	2,608	2,691

20 OTHER OPERATING EXPENSES

	2nd Quarter Ended		Six Months Ended	
	30 Jun 2019 RM'000	30 Jun 2019 RM'000	30 Jun 2019 RM'000	30 Jun 2019 RM'000
b) Marketing expenses:				
- Advertising and promotion	-	2	3	27
(c) Establishments costs:				
- Depreciation of plant and equipment	37	24	55	49
- Amortisation of intangible assets	48	16	67	32
- Depreciation of right-of-use assets	201	-	425	-
- Rental - Office premises	-	116	-	241
- Rental – Data centre and data recovery sites	19	80	21	160
- Repair and maintenance	7	5	21	18
- Information technology expenses	780	902	1,516	1,803
- Telecommunication charges	134	155	248	319
- Others	22	20	50	45
	1,248	1,318	2,403	2,667
(d) Administration and general expenses:				
- Legal and professional fees	36	68	66	144
- Auditor's fees	56	60	123	119
- Licencing fees	49	45	94	95
- Directors' fees	52	47	93	93
- Subscriptions	169	158	359	332
- Transport and travelling	-	11	4	11
- Postage and stamps	4	51	36	89
- Security services	29	32	57	64
- General insurance	16	17	33	34
- Swift and Rentas charges	59	56	122	115
- Others	59	71	133	154
	529	616	1,120	1,250

21 WRITE-BACK OF IMPAIRMENT LOSS ON LOANS, ADVANCES AND FINANCING

	30.06.2020 RM'000	30.06.2019 RM'000
Expected credit losses/collective and impairment loss on loans and advances		
12- month ECL (Stage 1):		
- Made during the financial period	(55)	-
- Written back during the financial period	-	42
Lifetime ECL not credit-impaired (Stage 2):		
- Made during the financial period	-	-
- Written back during the financial period	-	-
Lifetime ECL credit-impaired (Stage 3):		
- Made during the financial period	-	-
- Written back during the financial period	-	-
	(55)	42

22 EXPECTED CREDIT LOSSES MADE FOR LOAN/FINANCING COMMITMENT AND FINANCIAL GUARANTEE

	30.06.2020 RM'000	30.06.2019 RM'000
Expected credit loss on commitment and contingency		
12- month ECL (Stage 1):		
- Made during the financial period	-	-
- Written back during the financial period	19	18
	19	18

23 EXPECTED CREDIT LOSSES MADE FOR OTHER FINANCIAL INVESTMENTS

	30.06.2020 RM'000	30.06.2019 RM'000
Expected credit loss on cash and short-term funds		
12- month ECL (Stage 1):		
- Made during the financial period	(78)	(12)
- Written back during the financial period	105	18
Expected credit loss on deposits and placements with financial institution		
12- month ECL (Stage 1):		
- Made during the financial period	(190)	-
- Written back during the financial period	517	61
Expected credit loss on financial investments		
12- month ECL (Stage 1):		
- Made during the financial period	(49)	-
- Written back during the financial period	146	4
	451	71

24 TAXATION

	30.06.2020 RM'000	30.06.2019 RM'000
Malaysian income tax:		
Current period	366	397
Deferred tax	120	(92)
Overprovision in prior years	-	-
Tax charge for the financial period	486	305

25 COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers.

The commitments and contingencies constitute the following:

	Principal amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount RM'000	Risk-weighted assets RM'000
30 June 2020				
Direct credit substitutes	1,972	-	1,972	1,771
Transaction-related contingent items	770	-	385	177
Short-term self-liquidating trade-related contingencies	2,914	-	583	554
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:-				
- Exceeding one year	223	-	111	111
- Not exceeding one year	37,483	-	7,496	6,888
Derivative financial contracts				
Foreign exchange related contracts:				
- Less than one year	171	-	-	-
Total	43,533	-	10,547	9,501

25 COMMITMENTS AND CONTINGENCIES (CONTINUED)

	Principal amount RM'000	Positive fair value of derivative contracts RM'000	Credit equivalent amount RM'000	Risk-weighted assets RM'000
31 December 2019				
Direct credit substitutes	3,526	-	3,526	2,097
Transaction-related contingent items	753	-	376	176
Short-term self-liquidating trade-related contingencies	1,250	-	250	109
Other commitments, such as formal standby facilities and credit lines, with an original maturity of:-				
- Exceeding one year	278	-	139	138
- Not exceeding one year	28,389	-	5,659	1,934
Derivative financial contracts				
Foreign exchange related contracts:				
- Less than one year	4,136	3	-	-
Total	38,332	3	9,950	4,454

26 SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Related parties and relationships

The related parties of, and their relationship with the Bank are as follows:

Related parties	Relationship
Bank of Baroda	Shareholder
Indian Overseas Bank	Shareholder
Union Bank of India (Andhra Bank)	Shareholder
Bank of Baroda - New York Branch	Branch of the Shareholder
Bank of Baroda - Mumbai Branch	Branch of the Shareholder
Bank of Baroda - Brussels Branch	Branch of the Shareholder
Bank of Baroda - London Branch	Branch of the Shareholder
Bank of Baroda – Singapore Branch	Branch of the Shareholder
Bank of Baroda – Sydney Branch	Branch of the Shareholder
Indian Overseas Bank - Chennai Branch	Branch of the Shareholder
Indian Overseas Bank - Singapore Branch	Branch of the Shareholder
Union Bank of India - Mumbai Branch	Branch of the Shareholder

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The key management personnel include all the Directors of the Bank and certain senior management personnel of the Bank.

(b) Significant related party balances

	30.06.2020 RM'000	31.12.2019 RM'000
Amounts due from/(due to):		
Cash and short-term funds with:		
- Bank of Baroda	3,503	3,970
- Indian Overseas Bank	20	27
- Union Bank of India (Andhra Bank)	1	1
Deposits and placements with banks and other financial institutions		
- Bank of Baroda	43,358	124,398
Total	46,882	128,396

26 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(c) Interest income earned from/paid to related parties.

	30.06.2020 RM'000	31.12.2019 RM'000
Interest income earned		
Deposits and placements with banks and other financial institutions		
- Bank of Baroda	1,606	2,699
Interest expense paid		
Deposits and placements from banks and other financial institutions		
- Bank of Baroda	12	8

27 CAPITAL MANAGEMENT

The objective of the Bank's capital management policy is to maintain an adequate level of capital to support business growth strategies under an acceptable risk framework, and to meet its regulatory requirements and market expectations.

The Bank's capital management process involves a careful analysis of the capital requirements to support business growth. The Bank regularly assesses its capital adequacy under various scenarios on a forward looking perspective for the purpose of capital planning and management to ensure that the capital is at the level suitable for the prevailing business conditions.

The Bank's capital requirements and capital adequacy ratios, in accordance with BNM's revised Risk-Weighted Capital Adequacy Framework ("RWCAF"): Standardised Approach for Credit Risk and Market Risk and Basic Indicator Approach for Operational Risk are disclosed in Note 32.

28 CAPITAL ADEQUACY

Bank Negara Malaysia ("BNM") issued revised guidelines on the capital adequacy framework on 13 October 2015, of which took effect beginning 1 January 2016. The revised guidelines set out the regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance with Basel III.

The risk-weighted assets of the Bank are computed in accordance with the Capital Adequacy Framework ("Basel II - Risk-Weighted Assets"). The Standardised Approach is applied for Credit and Market Risk, whilst the Basic Indicator Approach is applied for Operational Risk ("Basel II").

The comparative capital adequacy ratios as at 31 December 2019 were based on BNM's Risk-Weighted Capital Adequacy Framework ("RWCAF") which has regulatory capital requirements concerning capital adequacy ratios and components of eligible regulatory capital in compliance.

The capital adequacy ratio of the Bank are as follows:

	30.06.2020 RM'000	31.12.2019 RM'000
Common Equity Tier 1 Capital		
Paid-up share capital	330,000	330,000
Accumulated losses	(5,645)	(5,645)
Total Common Equity Tier 1 Capital	324,355	324,355
Tier 2 capital		
Stage 1 and 2 ECL	268	683
Regulatory reserves	1,714	2,043
Total Tier 2 capital	1,982	2,726
Total capital base	326,337	327,081
Capital ratios		
Common Equity Tier 1 Capital Ratio	206.255%	179.929%
Total Capital Ratio	207.516%	181.443%

The Bank does not have any innovative, non-innovative, complex or hybrid capital instruments.
The breakdown of risk-weighted assets by major category is as follows:

	30.06.2020 RM'000	31.12.2019 RM'000
Credit risk	127,752	147,251
Market risk	275	3,846
Operational risk	29,232	29,170
Total risk-weighted assets	157,259	180,267

28 CAPITAL ADEQUACY (CONTINUED)

Total risk weighted assets and capital requirements as at 30 June 2020:

Exposure Class	Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Capital requirements RM'000
(a) Credit Risk				
On-balance sheet exposures				
Sovereigns/central banks	21,068	21,068	-	-
Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	352,939	352,939	70,588	5,647
Corporates	95,647	92,485	43,875	3,510
Other assets	4,324	4,324	3,788	303
Total on-balance sheet Exposures	473,978	470,816	118,251	9,460
Off-balance sheet exposures				
Over-the-counter ("OTC") Derivatives	-	-	-	-
Credit derivatives	-	-	-	-
Off balance sheet exposures other than OTC derivatives or credit derivatives	10,547	9,501	9,501	760
Total off-balance sheet exposures	10,547	9,501	9,501	760
Total on and off-balance sheet Exposures	484,525	480,317	127,752	10,220
	Long position	Short position		
(b) Market risk				
Foreign currency risk	275	-	275	22
(c) Operational risk			29,232	2,339
Total risk weighted assets and capital requirements			157,259	12,581

28 CAPITAL ADEQUACY (CONTINUED)

The breakdown of the Bank's credit risk exposures by risk weights is as follows:

	Exposures after netting and credit risk mitigation (RM'000)									
	Sovereigns/ Central banks	Public sector entities	Banks, Development Financial Institutions and MDBs	Corporates	Residential mortgages	Higher risk assets	Other assets	Equity	Total exposures after netting and credit risk mitigation	Total risk weighted assets
30.06.2020 Risk weighted										
0%	21,068	-	-	-	-	-	536	-	21,604	-
20%	-	-	352,939	60,763	-	-	-	-	413,702	82,741
50%	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	41,223	-	-	3,788	-	45,011	45,011
150%	-	-	-	-	-	-	-	-	-	-
Total exposures	21,068	-	352,939	101,986	-	-	4,324	-	480,317	127,752
Risk weighted assets by exposure	-	-	70,588	53,376	-	-	3,788	-		127,752
Average risk weight	-	-	20.00%	52.34%	-	-	87.60 %	-		

28 CAPITAL ADEQUACY (CONTINUED)

Total risk weighted assets and capital requirements as at 31 December 2019:

Exposure Class		Gross exposures RM'000	Net exposures RM'000	Risk weighted assets RM'000	Capital requirements RM'000
(a)	Credit Risk				
	On-balance sheet exposures				
	Sovereigns/central banks	20,839	20,839	-	-
	Banks, Development Financial Institutions ("DFIs") and Multilateral Development Banks ("MDBs")	440,844	440,844	88,169	7,053
	Corporates	114,922	103,862	51,221	4,098
	Other assets	3,824	3,824	3,407	273
	Defaulted exposures	-	-	-	-
	Total on-balance sheet Exposures	580,429	569,369	142,797	11,424
	Off-balance sheet exposures				
	Over-the-counter ("OTC") Derivatives	-	-	-	-
	Credit derivatives	-	-	-	-
	Off balance sheet exposures other than OTC derivatives or credit derivatives	9,950	4,454	4,454	356
	Total off-balance sheet exposures	9,950	4,454	4,454	356
	Total on and off-balance sheet Exposures	590,379	573,823	147,251	11,780
		Long position	Short position		
(b)	Market risk				
	Foreign currency risk	3,846	-	3,846	308
(c)	Operational risk			29,170	2,334
	Total risk weighted assets and capital requirements			180,267	14,422

28 CAPITAL ADEQUACY (CONTINUED)

The breakdown of the Bank's credit risk exposures by risk weights is as follows:

	Exposures after netting and credit risk mitigation (RM'000)									
	Sovereigns/ Central banks	Public sector entities	Banks, Development Financial Institutions and MDBs	Corporates	Residential mortgages	Higher risk assets	Other assets	Equity	Total exposures after netting and credit risk mitigation	Total risk weighted assets
31.12.2019 Risk weighted										
0%	20,839	-	-	-	-	-	417	-	21,256	-
20%	-	-	440,844	65,801	-	-	-	-	506,645	101,329
50%	-	-	-	-	-	-	-	-	-	-
100%	-	-	-	42,515	-	-	3,407	-	45,922	45,922
150%	-	-	-	-	-	-	-	-	-	-
Total exposures	20,839	-	440,844	108,316	-	-	3,824	-	573,823	147,251
Risk weighted assets by exposure	-	-	88,169	55,675	-	-	3,407	-		147,251
Average risk weight	-	-	20.00%	51.40%	-	-	89.10%	-		

29 FINANCIAL RISK MANAGEMENT

A Liquidity risk

Contractual maturity of assets and liabilities

The table below analyses assets and liabilities (including non-financial instruments) of the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines on Financial Reporting for Banking Institutions:

	Up to 1 week RM'000	>1 week to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
30 June 2020								
Assets								
Cash and short-term funds	39,305	25,609	-	-	-	-	-	64,914
Deposits and placements with banks and other financial institutions	-	-	78,315	99,578	111,499	-	-	289,392
Financial investments at amortised cost	-	-	15,224	20,063	10,227	35,386	-	80,900
Loans, advances and financing	3,516	14,784	1,162	3,125	5,717	6,580	-	34,884
Derivative assets	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	1,706	1,706
Deferred taxation	-	-	-	-	-	-	173	173
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	100	100
Plant and equipment	-	-	-	-	-	-	217	217
Intangible assets	-	-	-	-	-	-	226	226
Right of use assets	-	-	-	-	-	-	1,466	1,466
	42,821	40,393	94,701	122,766	127,443	41,966	3,888	473,978

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

A Liquidity risk (continued)

Contractual maturity of assets and liabilities (continued)

The table below analyses assets and liabilities (including non-financial instruments) of the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines on Financial Reporting for Banking Institutions: (continued)

	Up to 1 week RM'000	>1 week to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
30 June 2020								
Liabilities								
Deposits from customers	25,942	4,737	22,776	72,376	17,854	365	-	144,050
Derivative liabilities	-	-	-	-	-	-	-	-
Other liabilities	183	561	2	-	-	-	211	957
Lease liabilities	-	60	117	133	230	759	-	1,299
Provision for taxation	-	-	-	-	-	-	212	212
	26,125	5,358	22,895	72,509	18,084	1,124	423	146,518
Net liquidity gap	16,696	35,035	71,806	50,257	109,359	40,842	3,465	327,460

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

A Liquidity risk (continued)

Contractual maturity of assets and liabilities (continued)

The table below analyses assets and liabilities (including non-financial instruments) of the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines on Financial Reporting for Banking Institutions: (continued)

	Up to 1 week RM'000	>1 week to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
31 December 2019								
Assets								
Cash and short-term funds	18,672	50,715	-	-	-	-	-	69,387
Deposits and placements with banks and other financial institutions	-	-	80,401	103,867	188,216	-	-	372,484
Financial investments at amortised cost	-	-	5,059	-	35,281	45,587	-	85,927
Loans, advances and financing	6,789	7,633	8,633	1,001	16,289	8,776	-	49,121
Derivative assets	3	-	-	-	-	-	-	3
Other assets	-	-	-	-	-	-	922	922
Deferred taxation	-	-	-	-	-	-	294	294
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	-	100	100
Plant and equipment	-	-	-	-	-	-	107	107
Intangible assets	-	-	-	-	-	-	193	193
Right of use assets	-	-	-	-	-	-	1,891	1,891
	25,464	58,348	94,093	104,868	239,786	54,363	3,507	580,429

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

A Liquidity risk (continued)

Contractual maturity of assets and liabilities (continued)

The table below analyses assets and liabilities (including non-financial instruments) of the Bank based on the remaining period to the contractual maturity date in accordance with the requirements of BNM Guidelines on Financial Reporting for Banking Institutions: (continued)

	Up to 1 week RM'000	>1 week to 1 month RM'000	>1 - 3 months RM'000	>3 - 6 months RM'000	>6 - 12 months RM'000	Over 1 year RM'000	No specific maturity RM'000	Total RM'000
31 December 2019								
Liabilities								
Deposits from customers	28,396	28,840	20,082	90,733	78,800	4,245	-	251,096
Derivative liabilities	2	-	-	-	-	-	-	2
Other liabilities	213	446	-	-	-	-	211	870
Lease liabilities	-	73	147	199	310	989	-	1,718
Provision for taxation	-	-	-	-	-	-	345	345
	28,611	29,359	20,229	90,932	79,110	5,234	556	254,031
Net liquidity gap	(3,147)	28,989	73,864	13,936	160,675	49,129	2,951	326,397

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

B Interest rate risk

The following table represents the Bank's carrying assets and liabilities at carrying amounts as at 30 June 2020:

	Non-trading book								
30 June 2020	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	39,771	-	-	-	-	25,143	-	64,914	3.02
Deposits and placements with banks and other financial institutions	-	78,315	211,077	-	-	-	-	289,392	3.04
Financial investments at amortised cost	-	15,224	30,290	35,386	-	-	-	80,900	4.33
Loans, advances and financing	18,300	1,162	8,842	3,820	2,760	-	-	34,884	6.09
Derivative assets	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	1,706	-	1,706	-
Deferred taxation	-	-	-	-	-	173	-	173	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	100	-	100	-
Plant and equipment	-	-	-	-	-	217	-	217	-
Intangible assets	-	-	-	-	-	226	-	226	-
Right of use assets	-	-	-	-	-	1,466	-	1,466	-
Total assets	58,071	94,701	250,209	39,206	2,760	29,031	-	473,978	

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

B Interest rate risk (continued)

The following table represents the Bank's carrying assets and liabilities at carrying amounts as at 30 June 2020 (continued):

	Non-trading book								
30 June 2020	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Liabilities									
Deposits from customers	30,679	22,776	90,230	365	-	-	-	144,050	2.53
Derivative liabilities	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	957	-	957	-
Lease liabilities	-	-	-	-	-	1,299	-	1,299	
Provision for taxation	-	-	-	-	-	212	-	212	-
Total liabilities	30,679	22,776	90,230	365	-	2,468	-	146,518	
On balance sheet-interest rate gap	27,392	71,925	159,979	38,841	2,760	26,563	-	327,460	

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

B Interest rate risk (continued)

The following table represents the Bank's carrying assets and liabilities at carrying amounts as at 31 December 2019:

	Non-trading book								
31 December 2019	Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Assets									
Cash and short-term funds	63,750	-	-	-	-	5,637	-	69,387	3.11
Deposits and placements with banks and other financial institutions	-	80,401	292,083	-	-	-	-	372,484	3.47
Financial investments at amortised cost	-	5,059	35,281	45,587	-	-	-	85,927	4.31
Loans, advances and financing	14,422	8,633	17,290	3,940	4,836	-	-	49,121	6.40
Derivative assets	-	-	-	-	-	-	3	3	-
Other assets	-	-	-	-	-	922	-	922	-
Deferred taxation	-	-	-	-	-	294	-	294	-
Statutory deposits with Bank Negara Malaysia	-	-	-	-	-	100	-	100	-
Plant and equipment	-	-	-	-	-	107	-	107	-
Intangible assets	-	-	-	-	-	193	-	193	-
Right of use assets	-	-	-	-	-	1,891	-	1,891	-
Total assets	78,172	94,093	344,654	49,527	4,836	9,144	3	580,429	

29 FINANCIAL RISK MANAGEMENT (CONTINUED)

B Interest rate risk (continued)

The following table represents the Bank's carrying assets and liabilities at carrying amounts as at 31 December 2019 (continued):

31 December 2019	Non-trading book Up to 1 month RM'000	1 - 3 months RM'000	3 - 12 months RM'000	1 - 5 years RM'000	Over 5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
Liabilities									
Deposits from customers	57,236	20,082	169,533	4,245	-	-	-	251,096	3.05
Derivative liabilities	-	-	-	-	-	-	2	2	-
Other liabilities	-	-	-	-	-	870	-	870	-
Lease liabilities	-	-	-	-	-	1,718	-	1,718	
Provision for taxation	-	-	-	-	-	345	-	345	-
Total liabilities	57,236	20,082	169,533	4,245	-	2,933	2	254,031	
On balance sheet-interest rate gap	20,936	74,010	175,122	45,282	4,836	6,211	1	326,398	