BANGKOK BANK BERHAD
199401014060 (299740-W)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2021

199401014060 (299740-W)

Bangkok Bank Berhad
(Incorporated in Malaysia)

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Directors' report

The directors hereby present their report together with the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2021.

Principal activities

The principal activities of the Bank are banking and related financial services. The principal activity of the subsidiary is the provision of nominee services as disclosed in Note 11 to the financial statements.

There were no significant changes in the nature of the principal activities during the financial year.

Results

	Group 2021 RM'000	Bank 2021 RM'000
Profit for the financial year	20,750	20,748

There were no material transfers to or from reserves, allowances or provisions during the financial year other than as disclosed in Notes 6, 7, 8 and 18 and the statement of changes in equity to the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Bank during the current financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

No dividend has been paid or declared by the Bank since the end of the previous financial year. The directors do not propose any final dividend in respect of the financial year ended 31 December 2021.

Directors

The names of the directors of the Bank in office since the beginning of the financial year to the date of this report are:

Mr. Banlue Chantadisai
Ms. Rushda Theeratharathorn
Mr. Chris Chia Woon Liat
Y.A.M. Tunku Ali Redhauddin Ibni Tuanku Muhriz
Mr. Lee Khee Joo @ Lee Ying Chong
Mr. Chaiyarit Anuchitworawong
Mr. Bordin Unakul
Mr. Por Peng Seong (appointed on 27 October 2021)
Mr. Tham Kwok Meng (resigned on 1 March 2022)

The names of the directors of the subsidiary in office since the beginning of the financial year to the date of this report are disclosed in Note 11 to the financial statements.

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Bank was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Bank or any body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Bank as shown in Note 29 to the financial statements) by reason of a contract made by the Bank or its related corporations with any director or with a firm of which he or she is a member, or with a company in which he or she has a substantial financial interest.

The Bank maintains a liability insurance for the directors of the Group. The total amount of sum insured for directors of the Group for the financial year amounted to RM5,000,000.

Directors' interests

Mr. Banlue Chantadisai and Mr. Bordin Unakul hold 18,000 shares and 4,620 shares respectively in Bangkok Bank Public Company Limited, the holding company of the Bank, as at 31 December 2021.

Directors' interests (cont'd.)

The interest in shares in the holding company of those who was a director at the end of the financial year are as follows:

	No. of ordinary shares of THB10 each ("share")			
	As at 01.01.2021	**Bought**	**Sold**	**As at 31.12.2021**
Mr. Banlue Chantadisai	17,000	1,000	-	18,000
Mr. Bordin Unakul	4,620	-	-	4,620

Other than the above, none of the other directors in office at the end of the financial year had any interest in shares in the Bank or its related corporations during the financial year.

Other statutory information

(a) Before the statements of financial position, income statements and statements of comprehensive income of the Group and of the Bank were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) require any amount to be written off as bad debts or the amount of the allowances for doubtful debts in the financial statements of the Group and of the Bank inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Bank misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Bank which would render any amount stated in the financial statements misleading.

Other statutory information (cont'd.)

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Bank which has arisen since the end of the financial year other than those arising from the normal course of business of the Group and of the Bank.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Bank to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Bank for the financial year in which this report is made.

Business overview for the financial year ended 31 December 2021 and outlook for the financial year 2022

For the financial year 2021, the Bank recorded a profit before tax ('PBT") of RM30.2 million compared with the previous financial year of RM16.8 million mainly due to lower allowance for expected credit loss ("ECL").

Net loans, advances and financing increased by RM154.9 million from RM2.92 billion as at 31 December 2020 to RM3.07 billion as at 31 December 2021 as Malaysia economy is posed to continue on recovery trajectory.

Deposits from customers increased from RM2.17 billion as at 31 December 2020 to RM2.32 billion as at 31 December 2021. The Bank continues to focus on gathering customer deposits to maintain prudent liquidity position and to pace with loan drawdown. Liquidity coverage ratio and net stable funding ratio are well above regulatory requirement as at 31 December 2021.

The occurrence of the coronavirus ("COVID-19") outbreak has become one of the biggest threats to the global economy and financial markets. Rating agency stated that rapid spread of COVID-19 has exacerbated fears of dampened economic growth, and it has certainly added additional risks to the carrying amounts of the assets and liabilities.

Overall, the Bank is expected to remain sound supported by strong capital base. The Bank will continue to realign product offerings to changing landscape and remain steadfast in supporting existing and new customers throughout the pandemic to attain sustainable long term business growth.

Profile of Directors

Mr. Banlue Chantadisai
Chairman / Independent Director

Mr. Banlue Chantadisai, a Thai citizen, holds a Bachelor of Science degree in Civil Engineering from the Massachusetts Institute of Technology and a Master of Business Administration from the University of Chicago Business School.

He is a board member and Chairman of the Audit Committee of Property Perfect Public Co. Ltd. He is also the Executive Director of C.S. Capital Ltd. and a member of the Committee of University Affairs, Navamindradhiraj University.

Mr. Banlue has held various senior positions at Bangkok Bank Public Co. Ltd. ("BBL"), including General Manager of Jakarta branch, General Manager of Singapore branch, and head of the Investment Banking Group. His other working experiences included being the Managing Director of Asia Credit Public Co. Ltd. and Chief Financial Officer of IRPC Public Co. Ltd. Mr. Banlue was appointed to the Board on 1 August 2017 and Chairman on 30 April 2018.

Ms. Rushda Theeratharathorn
Executive Director

Ms. Rushda Theeratharathorn, a Thai citizen, was appointed to the Board on 17 September 1996. She holds a Bachelor of Accountancy degree from Chulalongkorn University, Thailand and Master of Management degree from Sasin Institute of Chulalongkorn University, Thailand.

Ms. Rushda is currently the Senior Executive Vice President of Bangkok Bank Public Co Ltd ("BBL") and is responsible for the overall credit management. Prior to her current position, she assumed various senior positions in BBL, including General Manager, BBL Singapore branch and Head of Credit Acceptance with BBL, Thailand.

Currently, Ms. Rushda sits on the Boards of Bangkok Bank Berhad, Malaysia, Sinnsuptawee Asset Management Co Ltd, Thailand, Bangkok Bank (China) Co Ltd. and Bualuang Ventures Limited, Thailand.

Profile of Directors (cont'd.)

Mr. Chris Chia Woon Liat
Non-Independent Director

Mr. Chris Chia Woon Liat, a Malaysian, was appointed to the Board on 5 October 2006. He holds a Bachelor of Commerce (Accounting & Finance) degree with First Class Honours as well as a Master in Accounting degree (with distinction) from University of Western Australia. He also holds a M.B.A. from Massachusetts Institute of Technology’s Sloan School of Management, USA and a Master of Liberal Arts degree from Harvard University, USA.

Mr. Chris Chia is the Managing Partner of Kendall Court, an investment partnership focused on alternative financing primarily in the Southeast Asian region and across Asia Pacific, managing and invested several funds with assets managed in excess of USD1 billion. The Funds are focused on quasi-equity / mezzanine financing in mid-market buyout transactions and development capital across the Southeast Asian region. Kendall Court has won numerous awards across the industry and across the region for its investment track record and commitment to excellence.

Y.A.M. Tunku Ali Redhauddin Ibni Tuanku Muhriz
Independent Director

Y.A.M. Tunku Ali Redhauddin Ibni Tuanku Muhriz (“Tunku Ali”), a Malaysian, was appointed to the Board of Bangkok Bank Berhad on 10th June 2013.

He is Independent Chairman of Bumi Armada Berhad, a listed oil and gas services company and Taliworks Corporation Berhad, a listed infrastructure services company. In addition, he sits on the boards of Bangkok Bank Malaysia and Sun Life Malaysia Assurance. He is Senior Advisor to TPG Capital, a global private equity firm, sitting on the boards of several TPG portfolio companies, including CVS KL, a specialist heart hospital, Pathology Asia Holdings, a provider of diagnostic laboratory services in South East Asia and Columbia Asia, a hospital group. He is also Chairman of XCL Malaysia, an Education Group. Separately, Tunku Ali is a Partner at Vynn Capital, an early stage Venture Capital investment firm.

He is Chairman of the Board of Trustees of the Munarah Foundation, Chairman and Founding Trustee of Teach for Malaysia (TFM), Chairman of WWF Malaysia, a Trustee of Amanah Warisan Negara (National Heritage Trust of Malaysia), the Chairman of the Board of Governors of Marlborough College Malaysia, Director of Tsinghua Education Foundation Malaysia and Pro-Chancellor of Universiti Sains Islam Malaysia. Tunku Ali is also Brigadier General Colonel and Commander of Regiment 508 of the Territorial Army of Malaysia.

He holds a Masters of Public Administration from the John F Kennedy School of Government, Harvard University and a BA (Hons) in History and Social & Political Sciences from the University of Cambridge. He is an Honorary Bencher of the Inner Temple, United Kingdom. He is presently a candidate for an Executive MBA at the People's Bank of China School of Finance, Tsinghua University, China. In 2013, Tunku Ali was recognised as a Young Global Leader (YGL) by the World Economic Forum, and as an Asia 21 Young Leader by the Asia Society. Previously, Tunku Ali was a management consultant with McKinsey & Company and an investments professional with Khazanah Nasional Berhad, Malaysia’s Sovereign Development fund.

Profile of Directors (cont'd.)

Mr. Lee Khee Joo @ Lee Ying Chong
Independent Director

Mr. Lee Khee Joo @ Lee Ying Chong, a Malaysian, was appointed to the Board on 30 October 2013. Mr. Lee Khee Joo has gained invaluable experience throughout his 38 years in the banking and financial services industry. He holds a Bachelor of Economics (Hons) degree from the University of Malaya as well as a post-graduate Diploma in Accountancy from the same alma mater. He also holds an MBA from the University of Queensland, Australia.

He is a fellow of the Association of Chartered Certified Accountants of United Kingdom (“ACCA”) and a member of the Malaysian Institute of Accountants as well as the Malaysian Institute of Certified Public Accountants.

He has also held various senior positions which included Head of Bank Negara Malaysia’s Financial Sector Talent Enrichment Programme (“FSTEP”), Executive Vice President of former Pacific Bank Berhad, CEO of former Rakyat Merchant Bank, EVP of Malayan Banking Berhad, General Manager of Koperasi Jaya Diri Malaysia Berhad (“KOJADI”) and Technical Advisor of Internal Audit, Hong Leong Bank Berhad.

Mr. Lee has authored two books – “So You Want to be An Accountant” and “Credit Facilities for SMIs - Options and Opportunities”.

Mr. Tham Kwok Meng
Independent Director

Mr. Tham Kwok Meng, a Malaysian, was appointed to the Board on 26 March 2015. He graduated from Imperial College, London in 1982 with a Bachelor of Science degree in Civil Engineering.

Mr. Tham worked in Ove Arup & Partners, an engineering consultancy in London, from 1982 to 1985 before joining HSBC as an International Manager in 1985, and for 28 years before his retirement in 2012, he served in a variety of roles in 9 countries.

He was appointed Chief Operating Officer for HSBC China in 2004, where he helped establish the infrastructure for the bank’s rapid expansion in that country. During his tenure as Chief Executive Officer of HSBC Thailand from 2007 to 2011, he also served as the Chairman of the Association of International Banks in Thailand. He was the Managing Director & Head of Commercial Banking of HSBC Singapore prior to his retirement in 2012.

Profile of Directors (cont'd.)

Mr. Chaiyarit Anuchitworawong
Executive Director

Mr. Chaiyarit Anuchitworawong, a Thai citizen, was appointed to the Board on 26 January 2017. He graduated with a Master of Art in Banking and Finance from University College of North Wales, Bangor, UK and holds a Bachelor of Business Administration in Management (Honors) of Assumption University, Thailand.

Mr. Chaiyarit is a Senior Executive Vice President and Head of International Banking Group at Bangkok Bank Public Co. Ltd. ("BBL"). He is also currently responsible for investor relations. His previous responsibilities at BBL included being the Manager of the Office of the President and the General Manager of BBL's Hong Kong Branch.

Currently, Mr. Chaiyarit sits on the Boards of BBL (Cayman) Company Limited, Bangkok Bank Berhad and Bangkok Bank (China) Company Limited.

Mr. Bordin Unakul
Independent Director

Mr. Bordin Unakul, a Thai citizen, was appointed to the Board on 30 May 2018. He has extensive experience of over 30 years in the Thai capital market. He joined The Stock Exchange of Thailand ("SET") in 2010 as Executive Vice President ("EVP"). At SET, he has been Chief Operating Officer responsible for all operations and Corporate Services which include market operations, corporate communications, human resources, procurement and administration departments. He was also Head of Sustainable Development Division, which comprises of the Corporate Governance Development Department, Social Responsibility Department and Social Development Department with key mission to promote sustainable development of the Thai capital market.

Prior to joining SET, Mr. Bordin was employed by Bangkok Bank Public Company Limited as EVP and had insights into various areas of the banking industry. In addition, Mr. Bordin was a board member of the Thai Financial Planners Association. He had resigned from SET in December 2016 upon the request from the Thai government to assist in various ministries such as the Ministry of Finance, Ministry of Education, Ministry of Social Development, etc. He was appointed by the Ministry of Finance of Thailand on 11 December 2018 as director to the State Enterprises Performance Assessment Committee.

Mr. Bordin earned his bachelor's degree in Business Administration from Hanover College, Indiana, USA, and an MBA in Marketing Management from Western Michigan University, Michigan, USA. He has completed the Directors Certification Program from the Thai Institute of Directors Association. He has also taken an exclusive executive course organized by SET's Capital Market Academy.

Profile of Directors (cont'd.)

Mr. Por Peng Seong
Independent Director

Mr. Por Peng Seong, a Malaysian, was appointed to the Board on 27 October 2021. Mr. Por holds a Bachelor of Commerce degree, majoring in accounting, from the University of Otago, Dunedin, New Zealand. He is a Fellow Chartered Accountant with Chartered Accountants Australia and New Zealand, Chartered Accountant with Malaysian Institute of Accountants, Chartered Banker with the Asian Institute of Chartered Bankers (“AICB”).

Mr. Por began his career in banking in 1984 with BHL Bank Berhad (formerly known as Ban Hin Lee Bank Berhad), starting off as Assistant Manager in the Financial Control Department before spending close to a year in the International & Money Market Department, after which he went on to become the head of the Asset Liability Management Department before finally assuming the role as Senior Manager, Treasury & Risk Control Division, a position he held from July 1995 till June 2000.

Mr. Por was the Head of Risk Management Group, Southern Bank Berhad’s from July till December 2000 following the merger of BHL Bank Berhad and Southern Bank Berhad. He joined United Overseas Bank (Malaysia) Bhd as Executive Director and Country Head of Risk Management from February 2001 till June 2018 and Executive Director and Advisor Risk Management from July till December 2018. He was subsequently appointed as a Rating Committee Member with Rating Agency of Malaysia.

Mr. Por was actively involved with the Banking fraternity. He has held the Chair of the Risk Network Group and Deputy Chairman to the Chief Risk Officers Group. He was the Chairperson for the Development Committee and was also a member of the Board of Examiner in AICB. He was also actively involved with FSTEP, an organisation set up by Bank Negara Malaysia to develop talent for the financial industry.

He has also been actively involved as a speaker and facilitator in various seminars and conferences.

Corporate Governance

Board of Directors Composition

During the financial year of 2021, the Board of the Bank consists of nine (9) members, comprising one (1) Chairman / Independent Director, five (5) Independent Directors, one (1) Non-Independent Director and two (2) Executive Directors.

The roles of the Chairman and CEO are separated to ensure a balance of power and authority, such that no one individual has unfettered power of decisions.

The Bank is helmed by an effective and experienced Board, comprising individuals of caliber credibility and integrity with necessary skills, experiences as well as qualifications to supervise the management of the business and affairs of the Bank. The Board, as a whole, provides a mixture of core competencies including banking, finance, accounting, economics, business management and audit for effective functioning and discharging of the responsibilities of the Board.

The presence of the Independent Directors provides the necessary checks and balances in the functioning of the Board and facilitates the Board in exercising objective judgement in decision making.

A brief profile of current Board members is presented on pages 6 to 9 in this Directors' Report.

Board's Duties and Responsibilities

The Board is chaired by Mr. Banlue Chantadisai.

There are matters specifically reserved for the Board’s decision to ensure that the direction and control of the Bank are firmly in hand. The day-to-day conduct of the Bank’s business is delegated to the CEO and full-time employees of the Bank subject to the authority limit given.

The primary functions of the Board include the following:

(i) To approve the risk appetite, business plans and other initiatives which would, singularly or cumulatively, have a material impact on the Bank’s risk profile;

(ii) To oversee the implementation of the Bank’s governance framework and internal control framework, and periodically review whether these remain appropriate in light of material changes to the size, nature and complexity of the Bank’s operations;

(iii) To promote, together with senior management, a sound corporate culture within the Bank which reinforces ethical, prudent and professional behavior;

Corporate Governance (cont'd.)

Board's Duties and Responsibilities (cont'd.)

(iv) To promote sustainability through appropriate environmental, social and governance considerations in the Bank's business strategies;

(v) To oversee and approve the recovery and resolution as well as business continuity plans for the Bank to restore its financial strength, and maintain or preserve critical operations and critical services when it comes under stress; and

(vi) To maintain oversight and exercise veto powers to reject credit applications or modify the terms of credit applications approved by the Bank's credit decision authority.

The Board also assumes various functions and responsibilities as laid down by the guidelines and directives issued by Bank Negara Malaysia ("BNM") from time to time.

Frequency and conduct of board meetings

The Board meets on a scheduled basis, at least once in every two (2) months, to review the management reports and to deliberate various matters which require its guidance and approval.

The Board met twelve (12) times during the financial year ended 31 December 2021. The attendance of directors at Board Meetings held in the financial year ended 31 December 2021 is as follows:

	Name of Directors	**Designation**	**Attendance**
1.	Mr. Banlue Chantadisai	Chairman / Independent Director	12/12
2.	Ms. Rushda Theeratharathorn	Executive Director	12/12
3.	Mr. Chris Chia Woon Liat	Non-Independent Director	10/12
4.	Y.A.M. Tunku Ali Redhauddin Ibni Tuanku Muhriz	Independent Director	12/12
5.	Mr. Lee Khee Joo @ Lee Ying Chong	Independent Director	12/12
6.	Mr. Tham Kwok Meng	Independent Director	12/12
7.	Mr. Chaiyarit Anuchitworawong	Executive Director	11/12
8.	Mr. Bordin Unakul	Independent Director	12/12
9.	Mr. Por Peng Seong *	Independent Director	2/2

**Mr. Por Peng Seong - appointed on 27.10.2021*

The BNM Policy Document on Corporate Governance requires individual directors to have a minimum attendance of at least 75% of the Board meetings held in each financial year. All the existing directors have complied with the BNM's requirement.

Directors' Training

The Board recognised the importance of training and development needs of the directors which play a vital role in helping the directors to update and enhance their skills and knowledge with the aim for the directors to discharge their duties effectively and efficiently.

Corporate Governance (cont'd.)

Directors' Training (cont'd.)

During the financial year under review, the directors had attended courses, forums and conferences in various topics to further enhance their skills and knowledge in discharging their responsibilities.

Training programmes, conferences and forums attended by the directors for the financial year ended 31 December 2021 were as follows:

FIDE Forum
1. Annual Dialogue with Governor of Bank Negara Malaysia
2. BNM-FIDE FORUM Dialogue: RMiT Implementation
3. BNM-FIDE FORUM Dialogue: The Role of Independent Director
4. BNM-FIDE FORUM Dialogue:The Future of Malaysia’s Financial Sector
5. Bursa-FIDE FORUM Dialogue: Sustainability
6. Focus Group Discussion for BNM-FIDE FORUM Dialogue (Session 1)
7. SC-FIDE FORUM Dialogue: Capital Market Masterplan 3
8. The 2050 Net Zero Carbon Emissions Target: Finance’s Role
9. The Board's role and responsibilities in Crisis Communication
10. Rethinking Our Approach to Cyber Defence in FIs

Other External Seminars / Conferences
1. 8th ACCA Asia Pacific Thought Leadership: ‘Rethinking Risks - Opportunities in the Midst of a Prolonged Crisis'
2. Full Professor of Business Administration with specialisation in Family Business
3. JC3 Flagship Conference 2021: #FinanceForChange
4. Malaysian Code of Corporate Governance (2021 Revision)
5. Masterclass: Board Behavioural Dynamics
6. RAM Credit Summit 2021
7. Succession in family firm to structure the succession process & long term success of family firm
8. E-KYC Regulatory Framework
9. Future of Risk Function

Internal Training Programmes
1. AML / CFT & Targeted Financial Sanctions : Compliance a need to protect business
2. Cyber Risk & Awareness

Corporate Governance (cont'd.)

Board Performance

The Board has established a performance evaluation mechanism to assess the effectiveness of the Board, Board Committees and each director's contribution annually. The Nomination Committee is responsible to undertake the performance evaluation every year and submit the results to the Board for deliberation.

The Board, Board Committees and individual directors' performances are evaluated against identified key areas and key performance indicators ("KPIs") that are based on regulatory requirements and best practices. The key areas and KPIs include but are not limited to the Board and Board Committees' structure, responsibilities, meeting operations, input in policy development, participation in decision making and attendance.

Board Committees

To enhance its effectiveness and in discharging its fiduciary duties, the Board of Directors has established the Nomination Committee, Remuneration Committee, Risk Management Committee and Audit Committee to assist the Board in execution of its duties and responsibilities. The appointment of the members to these committees were approved by the Board of Directors upon recommendation by the Nomination Committee. Each Board Committee operates within its own terms of reference approved by the Board, which clearly define its duties and responsibilities.

(a) Nomination Committee

During the financial year of 2021, the Nomination Committee held six (6) meetings.

The composition of the Nomination Committee and attendance of the members at the meetings held during the financial year 2021 are as follows:

	Committee Members	**Designation**	**Attendance**
1.	Y.A.M. Tunku Ali Redhauddin Ibni Tuanku Muhriz - Chairman	Independent Director	6/6
2.	Ms. Rushda Theeratharathorn	Executive Director	6/6
3.	Mr. Chris Chia Woon Liat	Non-Independent Director	5/6
4.	Mr. Tham Kwok Meng	Independent Director	6/6
5.	Mr. Lee Khee Joo @ Lee Ying Chong	Independent Director	6/6
6.	Mr. Bordin Unakul	Independent Director	6/6

Board Committees (cont'd.)

(a) Nomination Committee (cont'd.)

The Nomination Committee is established to provide a formal and transparent procedure for the appointment of directors and CEO as well as the assessment of effectiveness of individual directors, Board as a whole and performance of CEO and Key Senior Management Officers.

The primary functions of the Nomination Committee include the following:

(i) Establishes the minimum requirements for the Board in terms of required mix of skills, experience, qualification and other core competencies. Establishes minimum requirements for the CEO;

(ii) Recommends and assesses the nominees for directorship, Board Committee members and the CEO;

(iii) Oversees through an annual review of overall composition of the Board in terms of the appropriate size and skills, and the balance between Executive Directors, Non-Executive Directors and Independent Directors;

(iv) Establishes a mechanism for the formal annual assessment on the effectiveness of the Board as a whole and the contribution of each director to the effectiveness of the Board, the contribution of the Board's various Committees and the performance of the CEO and other Key Senior Management Officers;

(v) Oversees the appointment, management succession planning and performance evaluation of Key Senior Management Officers; and

(vi) Assesses on an annual basis that individual directors and Key Senior Management Officers are not disqualified under Section 59(1) of the Financial Services Act, 2013 and continue to comply with the standards for "fit and proper" criteria as approved by the Board.

(b) Remuneration Committee

During the financial year of 2021, the Remuneration Committee held four (4) meetings.

The composition of the Remuneration Committee and attendance of the members at the meetings held during the financial year 2021 are as follows:

	Committee Members	**Designation**	**Attendance**
1.	Mr. Lee Khee Joo @ Lee Ying Chong - Chairman	Independent Director	4/4
2.	Mr. Chris Chia Woon Liat	Non-Independent Director	3/4
3.	Y.A.M. Tunku Ali Redhauddin Ibni Tuanku Muhriz	Independent Director	4/4
4.	Mr. Tham Kwok Meng	Independent Director	4/4

Board Committees (cont'd.)

(b) Remuneration Committee (cont'd.)

The Remuneration Committee is established to provide a formal and transparent procedure for developing a remuneration policy for directors, CEO and Key Senior Management Officers and ensuring that compensation is competitive and consistent with the Bank’s culture, objectives and strategy.

The primary functions of the Remuneration Committee include the following:

(i) Recommends a framework of remuneration for directors, the CEO and other Key Senior Management Officers for the Board’s approval;

(ii) Reviews the remuneration packages of the directors, CEO and Key Senior Management Officers; and

(iii) Recommends to the Board the proposed overall salary increment and overall annual bonus of the staff.

(c) Risk Management Committee

During the financial year of 2021, the Risk Management Committee held seven (7) meetings.

The composition of Risk Management Committee and attendance of the members at the meetings held during the financial year 2021 are as follows:

	Committee Members	**Designation**	**Attendance**
1.	Mr. Tham Kwok Meng - Chairman	Independent Director	7/7
2.	Mr. Lee Khee Joo @ Lee Ying Chong	Independent Director	7/7
3.	Mr. Banlue Chantadisai	Independent Director	7/7
4.	Mr. Bordin Unakul	Independent Director	7/7
5.	Mr. Por Peng Seong *	Independent Director	2/2

**Mr. Por Peng Seong - appointed on 27.10.2021*

The Risk Management Committee is established to oversee senior management’s activities in managing credit, market, liquidity, operational, legal and other risk and to ensure that the risk management process is in place and functioning.

The primary functions of the Risk Management Committee include the following:

(i) Reviews and recommends risk management strategies, policies and risk tolerance for the Board’s approval;

(ii) Reviews and assesses adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risk and extent to which these are operating effective; and

(iii) Reviews management’s periodic reports on risk exposure, risk portfolio composition and risk management activities.

Board Committees (cont'd.)

Risk Management Framework

The Board has in place a Risk Management Framework to provide greater clarity, focus and consistency across different risk areas in the governance of risks in the Bank. The underlying standards adopted in the Framework is consistent with the BASEL II requirements adopted by BNM.

The guiding risk management principles upon which the Bank operates are as follows:

(i) Clear separation of risk-taking business lines and risk supervising unit;

(ii) Identification and coverage of all relevant risk types in risk management;

(iii) Measure risks in order to monitor and control them thereby enabling the implementation of more effective risk-based strategy, aid in decision-making and management of portfolio transactions; and

(iv) Development of strong risk culture and continuous improvement of risk management skills throughout the Bank.

The Risk Management Framework of the Bank comprises three (3) levels and operates in the following manner:

Level 1: Policies, especially those which have impact on the risk framework and risk tolerances shall be approved at the Board's level.

Level 2: Subject-specific risk guidelines and standards are to be approved at Management Committee level, such as choice of appropriate statistical methodologies to compute specific product's market risk exposure.

Level 3: Procedures supporting policy implementation shall be approved at departmental levels. These policies and procedures rely on constant communication, judgment, knowledge of products and markets and controls by business and support units.

The Risk Management Department will be the central resource for quantifying and managing the portfolio of credit risk, market and liquidity risk and operational risk taken by the Board as a whole.

Board Committees (cont'd.)

(d) Audit Committee

During the financial year, the Audit Committee held nine (9) meetings.

The composition of the Audit Committee and attendance of the members at the meetings held during the financial year ended 31 December 2021 are as follows:

	Committee Members	Designation	Attendance
1.	Mr. Bordin Unakul - Chairman	Independent Director	9/9
2.	Mr. Chris Chia Woon Liat	Non-Independent Director	7/9
3.	Mr. Lee Khee Joo @ Lee Ying Chong	Independent Director	9/9
4.	Mr. Tham Kwok Meng	Independent Director	9/9

<u>Terms of Reference</u>

The Audit Committee is established to assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process and the system of internal control. Their roles and responsibilities include:

(i) Review of significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements;

(ii) Review of interim financial reports, the annual financial statements, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles;

(iii) Review other sections of the annual report which includes the chairman's statement, corporate governance disclosures and preliminary announcement and consider the accuracy and completeness of the information;

(iv) Oversight of the functions of the Internal Audit Department to ensure it complies with BNM Guidelines on Internal Audit Function of Licensed Institutions;

(v) Review the adequacy of the annual audit plan and all major changes to the plan to ensure that there are no unjustified restrictions or limitations made;

(vi) Review of the scope of the internal audit program, internal audit findings and recommend actions to be taken by management;

Board Committees (cont'd.)

(d) Audit Committee (cont'd.)

(vii) Review key audit reports and ensuring that senior management is taking necessary corrective actions in a timely manner to address control weaknesses, non-compliance with laws, regulatory requirements, policies and other problems identified by the internal audit and other control functions;

(viii) Noting disagreements between the Chief Internal Auditor and the rest of the senior management team, irrespective of whether these have been resolved, in order to identify any impact the disagreements may have on the audit process or findings;

(ix) Review of the effectiveness of the Bank's internal control system and risk management processes;

(x) Reviewing third-party opinions on the design and effectiveness of the Bank's internal control framework;

(xi) Selection of external auditors for appointment by the Board;

(xii) Assessment of objectivity, performance and independence of external auditors;

(xiii) Review of the external auditors' proposed audit scope and approach;

(xiv) Review of the external auditors' management letter and management's response;

(xv) Approval of the provision of non-audit service by the external auditors;

(xvi) Review any related party transactions that may arise within the Bank; and

(xvii) Monitor compliance with the Board's conflicts of interest policy and keep the Board informed of any potential conflicts of interest.

Audit and control functions

The Chief Internal Auditor reports functionally to the Audit Committee and administratively to the CEO. The Audit and Control Department ("ACD") has unrestricted access to all records and the scope of internal audit covers the audit of all units and operations.

The ACD assists the Audit Committee in effective discharge of their duties and responsibilities. This is achieved through regular review of risk management process, the internal control system and governance process to ensure that they are working effectively. The audit reports, which provide the results of the review and audit recommendations for improvement, are submitted to the Audit Committee for their review.

The Audit Committee also reviews and approves the ACD's annual audit plan and human resource requirements to ensure that the function is adequately resourced with competent and proficient internal auditors.

Board Committees (cont'd.)

Risk management

All banking activities include involvement in analysis, evaluation, acceptance and management of certain degree of risk or combination of risks. The key business risks are credit risk, market risk (including foreign exchange and interest rate risk), liquidity risk and operational risk.

The Bank's risk management objectives are as follows:

(i) To protect the Bank's earnings from unexpected, excessive losses that could threaten the viability of the Bank;

(ii) To assist management to undertake and manage the appropriate levels of risks necessary to attain business and financial objectives;

(iii) To ensure that the Bank is in compliance with regulatory capital adequacy requirements;

(iv) To ensure that the Board and senior management are adequately informed of the Bank's risk profile when making decisions.

The Bank's risk management policy has set out the broad overall risk policy of the Bank for the conduct of business and is applicable to all business and functional lines within the Bank.

The Bank's risk management strategy is to ensure that all the risks undertaken are manageable and within its risk appetite and approved limits.

The risk management processes are broken down into four generic steps as follows:

(i) Identifiing the risks;

(ii) Assessing their potential impact to the Bank;

(iii) Continuous monitoring of risks as risks is dynamic in nature; and

(iv) Managing the risk and reporting those risks to the management and Risk Management Committee.

The Board of Directors is accountable for the management of risk. This is discharged by defining the scope of risk management activities within the Bank, distributing responsibilities at Board level for their management and determining the manner in which risk authorities are set.

Board Committees (cont'd.)

Risk management (cont'd.)

The Board, through the independent Risk Management Committee, determines the Bank's risk appetite and sets the Bank's standards and policies for risk measurement and management. These standards and policies are proposed by the CEO through the Risk Management Committee, which is also accountable for providing independent assurance that risk is being managed, measured and controlled in conformity with the policies and standards set by the Bank.

The Management is accountable for the management of risk, collectively through the Loan Committee, Loan Rehabilitation Committee, Asset and Liability Management Committee and Management Committee.

The respective business and functional lines are responsible for putting in place the appropriate discipline, operating and control procedures, as well as systems within their own units, consistent with the board policies and guidelines set by the Bank. The respective units are accountable for all the risks taken within their units, and should be aware of the type and quantum of risks taken.

The Bank uses various methodologies to identify, monitor, manage and control these risks. Various processes have been established to analyse and identify any weaknesses in these risk areas such as the identification of "red flags", analysis of trends on market volatility, etc. These risks are assessed and measured using various models, methodologies and reports such as Credit Risk Rating ("CRR") models, Earnings At Risk ("EAR") Impact and Economic Value of Equity Impact ("EVE") Methologies, Liquidity Coverage Ratio ("LCR") reports, etc.

Processes and procedures have also been established to monitor and control these risks. These policies and procedures are reviewed periodically and necessary changes would be made to ensure that they are operationally robust. Stress tests covering credit risk, liquidity and market risks and operational risk are also performed under various scenarios to assess the Bank's risk weighted capital adequacy.

The Bank's financial risk management objectives, policies and processes for managing, hedging and mitigating credit risk, market risk, liquidity risk and operational risk are as disclosed in Note 32 to the financial statements.

The Bank's capital management process is further disclosed in Note 30 to the financial statements.

Management information

All the directors have reviewed the Board reports prior to the Board Meetings. Information and materials, duly endorsed by the CEO and the relevant functional heads that are important to the directors' understanding of the agenda items and related topics are distributed in advance prior to the date of the meetings. The Board reports include among others, the monthly performance of the Bank, minutes of the various Board and Management Committees, risk portfolio reports, compliance reports, any other prevailing regulatory developments as well as economic and business environments updates.

Related party transactions

During the financial year ended 31 December 2021, the Bank entered into transactions with its holding company, Bangkok Bank Public Company Limited in the normal course of business. The details and nature of the transactions are disclosed in Note 28 to the financial statements.

Compliance with Bank Negara Malaysia's Expectations on Financial Reporting

In the preparation of the financial statements, the directors have taken reasonable steps to ensure that Bank Negara Malaysia's expectations on financial reporting have been complied with, including those as set out in the Guidelines on Financial Reporting for Financial Institutions.

Remuneration policy

The Bank's remuneration policy is built upon the objectives to attract, reward and retain talents, while encouraging prudent decision-making and reinforcing a culture of high ethical standards. The remuneration policy and its enforcement are supervised at the Board of the Bank.

The Bank's remuneration structure comprises of basic salary, bonus and long term incentive for eligible employees. Remuneration quantum is linked to job size, personal performance, the Bank's performance and compensation benchmarks in the industry. In assessing performance and remuneration, risk and control elements are considered beyond the achievement of business goals. Where relevant, these include elements within the Bank's Risk Appetite Statement.

The performance and remuneration of employees in the control functions are assessed on their achievements in their specific areas, independent of the business targets.

For the senior management team who has direct involvement and influence on the Bank's strategies, growth and developments, the Bank's remuneration policy requires one-third of total variable pay to be deferred as long term incentive, which is vested across a two year period.

Remuneration policy (cont'd.)

The Bank also recognises that there are employees who are not members of senior management who can materially affect the Bank's risk profile and resources. For this group of employees, the remuneration policy would also require one-third of total variable pay to be deferred as long term incentive, should their total variable pay exceeds 6 months' salary equivalent.

The Bank retains its right to clawback any parts of variable pay, whether paid out or not, in the event it is established that the recipient had committed material wrong doings or had not discharged his responsibilities satisfactorily.

The remuneration of the Chief Executive Officer, Senior Management and Other Material Risk Takers for year 2021 is shown in the table below:

	Chief Executive Officer		Senior Management and Other Material Risk Takers	
Total value of remuneration awards for year 2021	**Unrestricted RM'000**	**Deferred RM'000**	**Unrestricted RM'000**	**Deferred RM'000**
Fixed Remuneration	**1,200**	**-**	**6,522**	**-**
Cash-based	1,165	-	6,401	-
Other	35	-	121	-
Variable Remuneration	**503**	**157**	**2,599**	**383**
Cash-based	487	157	2,502	383
Other	16	-	97	-
Grand Total	**1,703**	**157**	**9,121**	**383**

Auditors and auditors' remuneration

The auditors, Messrs Deloitte PLT, have expressed their willingness to continue in office.

The auditors' remuneration is disclosed in Note 24 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors.

Bordin Unakul

Lee Khee Joo @ Lee Ying Chong

Kuala Lumpur, Malaysia
15 APR 2022

199401014060 (299740-W)

Bangkok Bank Berhad
(Incorporated in Malaysia)

Statement by directors
Pursuant to Section 251(2) of the Companies Act, 2016

We, Bordin Unakul and Lee Khee Joo @ Lee Ying Chong, being two of the directors of Bangkok Bank Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 29 to 115 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2021 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors.

Bordin Unakul

Lee Khee Joo @ Lee Ying Chong

Kuala Lumpur, Malaysia

15 APR 2022

Statutory Declaration
Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Kanet Buranasin, being the officer primarily responsible for the financial management of Bangkok Bank Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 29 to 115 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Kanet Buranasin
at Kuala Lumpur in Wilayah Persekutuan

15 APR 2022

Kanet Buranasin

Before me,

PESURUHJAYA SUMPAH
W 639
PHANG SWEET LEE
1.1.2022 - 31.12.2024
MALAYSIA

Level 19, West Block,
Wisma Golden Eagle Realty,
142-C, Jalan Ampang,
50450 Kuala Lumpur.

199401014060 (299740-W)

Deloitte.

Deloitte PLT (LLP0010145-LCA)
Chartered Accountants (AF0080)
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr. Ismail
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INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF BANGKOK BANK BERHAD

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bangkok Bank Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Bank, income statements, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Bank for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 29 to 115.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *By-Laws* (*on Professional Ethics, Conduct and Practice*) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

(Forward)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Bank are responsible for the other information. The other information comprises the *Directors' Report*, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Bank are responsible for the preparation of financial statements of the Group and of the Bank that give a true and fair view in accordance with Malaysian Financial Reporting Standard, International Financial Reporting Standards and the requirements of Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the Directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Bank or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

(Forward)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Bank or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(Forward)

Other Matter

This report is made solely to the member of the Bank, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Deloitte PLT

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

SITI HAJAR BINTI OSMAN
Partner – 03061/04/2023 J
Chartered Accountant

15 April 2022

Bangkok Bank Berhad
(Incorporated in Malaysia)

Statements of financial position as at 31 December 2021

		Group		Bank	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Cash and short-term funds	4	221,477	405,832	220,249	405,703
Deposits and placements with banks and other financial institutions	5	-	90,212	-	90,212
Financial assets at fair value through other comprehensive income ("FVOCI")	6	899,141	961,308	899,141	961,308
Financial assets at amortised costs	7	102,195	102,302	102,195	102,302
Loans, advances and financing	8	3,070,088	2,915,177	3,070,088	2,915,177
Derivative assets		3,548	2,815	3,548	2,815
Tax recoverable		20,389	10,384	20,380	10,381
Other assets	9	4,212	5,295	4,212	5,295
Statutory deposit with Bank Negara Malaysia	10	998	-	998	-
Investment in a subsidiary	11	-	-	10	10
Property and equipment	12	122,062	124,627	122,062	124,627
Intangible assets	13	436	455	436	455
Right-of-use assets	14	6,182	7,049	6,182	7,049
Deferred tax assets	15	18,061	15,342	18,061	15,342
Total assets		4,468,789	4,640,798	4,467,562	4,640,676
Liabilities and shareholder's equity					
Deposits from customers	16	2,323,373	2,171,566	2,323,373	2,171,566
Deposits and placements from banks and other financial institutions	17	817,080	1,156,981	817,080	1,156,981
Derivative liabilities		3,113	2,191	3,113	2,191
Other liabilities	18	30,694	29,785	29,588	29,782
Total liabilities		3,174,260	3,360,523	3,173,154	3,360,520

The accompanying notes form an integral part of the financial statements.

Statements of financial position as at 31 December 2021 (cont'd.)

		Group		Bank	
		2021	**2020**	**2021**	**2020**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Liabilities and shareholder's equity (cont'd.)					
Share capital	19	1,000,000	1,000,000	1,000,000	1,000,000
FVOCI reserve		17,254	23,750	17,254	23,750
Retained profits		277,275	256,525	277,154	256,406
Shareholder's equity		1,294,529	1,280,275	1,294,408	1,280,156
Total liabilities and shareholder's equity		4,468,789	4,640,798	4,467,562	4,640,676
Commitments and contingencies	27	2,789,437	2,352,189	2,789,437	2,352,189

The accompanying notes form an integral part of the financial statements.

Income statements
For the financial year ended 31 December 2021

		Group		Bank	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Interest income	20	136,897	167,665	136,897	167,665
Interest expense	21	(45,015)	(77,877)	(45,015)	(77,877)
Net interest income		91,882	89,788	91,882	89,788
Non-interest income	23	14,069	14,157	14,062	14,150
Net income		105,951	103,945	105,944	103,938
Overhead expenses	24	(57,529)	(56,561)	(57,525)	(56,556)
Operating profit		48,422	47,384	48,419	47,382
Allowance for expected credit losses made, net	22	(18,240)	(30,545)	(18,240)	(30,545)
Profit before taxation		30,182	16,839	30,179	16,837
Taxation	25	(9,432)	(4,133)	(9,431)	(4,132)
Net profit for the financial year		20,750	12,706	20,748	12,705
Earnings per share (sen)					
- basic	26	2.08	1.27		
- diluted	26	2.08	1.27		

The accompanying notes form an integral part of the financial statements.

Bangkok Bank Berhad
(Incorporated in Malaysia)

Statements of comprehensive income
For the financial year ended 31 December 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Net profit for the financial year		20,750	12,706	20,748	12,705
Other comprehensive income that will be reclassified to the income statement subsequently					
Net (loss)/gain on financial assets at FVOCI		(9,066)	8,465	(9,066)	8,465
Income tax relating to components of other comprehensive income	15	2,570	(1,654)	2,570	(1,654)
Other comprehensive (loss)/income for the financial year, net of tax		(6,496)	6,811	(6,496)	6,811
Total comprehensive income for the financial year, net of tax		14,254	19,517	14,252	19,516

The accompanying notes form an integral part of the financial statements.

Bangkok Bank Berhad
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 December 2021

Group	<---Non-distributable--->		Distributable:	
	Share capital RM'000	FVOCI reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2020	1,000,000	16,939	243,819	1,260,758
Total comprehensive income	-	6,811	12,706	19,517
At 31 December 2020	1,000,000	23,750	256,525	1,280,275
At 1 January 2021	1,000,000	23,750	256,525	1,280,275
Total comprehensive income	-	(6,496)	20,750	14,254
At 31 December 2021	1,000,000	17,254	277,275	1,294,529

Bank	<---Non-distributable--->		Distributable:	
	Share capital RM'000	FVOCI reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2020	1,000,000	16,939	243,701	1,260,640
Total comprehensive income	-	6,811	12,705	19,516
At 31 December 2020	1,000,000	23,750	256,406	1,280,156
At 1 January 2021	1,000,000	23,750	256,406	1,280,156
Total comprehensive income	-	(6,496)	20,748	14,252
At 31 December 2021	1,000,000	17,254	277,154	1,294,408

The accompanying notes form an integral part of the financial statements.

Bangkok Bank Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 December 2021

		Group		Bank	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before taxation		30,182	16,839	30,179	16,837
Adjustments for:					
Depreciation of property and equipment	24	4,803	4,769	4,803	4,769
Amortisation of intangible assets	24	287	251	287	251
Depreciation of right-of-use assets	24	1,276	1,223	1,276	1,223
Interest expense on lease liabilities	14	148	230	148	230
Interest income from financial assets	20	(36,489)	(37,634)	(36,489)	(37,634)
Allowance for ECL made	22	18,038	31,057	18,038	31,057
Unrealised loss on foreign exchange forward	23	189	79	189	79
Net gain on sale of					
- Financial assets measured at FVTPL	23	(34)	-	(34)	-
Dividend from financial assets at FVOCI	23	(114)	(105)	(114)	(105)
Gain from redemption of financial assets at FVOCI	23	(2,340)	-	(2,340)	-
Amortisation of premium, net of (accretion of discount)					
- Financial assets measured at FVOCI	20	4,871	2,054	4,871	2,054
Operating profit before working capital changes		20,817	18,763	20,814	18,761
(Increase)/Decrease in operating assets:					
Loans, advances and financing		(171,583)	251,358	(171,583)	251,358
Other assets		1,083	1,243	1,083	1,243
Statutory deposit with Bank Negara Malaysia		(998)	65,500	(998)	65,500
		(150,681)	336,864	(150,684)	336,862

The accompanying notes form an integral part of the financial statements.

Bangkok Bank Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 December 2021 (cont'd.)

	Note	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Cash flows from operating activities (cont'd.)					
Increase/(Decrease) in operating liabilities:					
Deposits from customers		151,807	(811,132)	151,807	(811,132)
Deposits and placements from banks and other financial institutions		(339,901)	217,000	(339,901)	217,000
Other liabilities		1,335	(5,835)	233	(5,834)
Cash used in operating activities		(337,440)	(263,103)	(338,545)	(263,104)
Taxes paid		(19,586)	(13,147)	(19,580)	(13,144)
Taxes refunded		-	5,378	-	5,374
Net cash used in operating activities		(357,026)	(270,872)	(358,125)	(270,874)
Cash flows from investing activities					
Purchase of financial asset at FVOCI		(1,442,461)	(1,894,036)	(1,442,461)	(1,894,036)
Proceeds from redemption of financial asset at FVOCI		1,487,340	2,105,000	1,487,340	2,105,000
Interest received from financial asset at FVOCI		36,260	35,854	36,260	35,854
Purchase of financial asset at FVTPL		(21,071)	-	(21,071)	-
Proceeds from redemption of financial asset at FVTPL		21,136	-	21,136	-
Interest received from financial asset at amortised cost		5,004	5,021	5,004	5,021
Purchase of property and equipment	12	(2,482)	(214)	(2,482)	(214)
Purchase of intangible assets	13	(46)	-	(46)	-
Dividend from financial assets at FVOCI	23	114	105	114	105
Net cash generated from investing activities		83,794	251,730	83,794	251,730

The accompanying notes form an integral part of the financial statements.

Statements of cash flows
For the financial year ended 31 December 2021 (cont'd.)

	Note	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Cash flows used in financing activities					
Payment of lease liabilities	14	(1,335)	(1,354)	(1,335)	(1,354)
Net cash used in financing activities		(1,335)	(1,354)	(1,335)	(1,354)
Net decrease in cash and cash equivalents		(274,567)	(20,496)	(275,666)	(20,498)
Cash and cash equivalents at beginning of financial year		496,044	516,540	495,915	516,413
Cash and cash equivalents at end of financial year		221,477	496,044	220,249	495,915
Cash and cash equivalents comprise:					
Cash and short-term funds		221,477	405,832	220,249	405,703
Deposits and placements with bank and other financial institutions		-	90,212	-	90,212
		221,477	496,044	220,249	495,915

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements - 31 December 2021

1. Corporate information

Bangkok Bank Berhad ("the Bank") is a public limited liability licensed bank, incorporated and domiciled in Malaysia. The registered office of the Bank is located at 1-45-01, Menara Bangkok Bank, Laman Sentral Berjaya, 105 Jalan Ampang, 50450 Kuala Lumpur.

The principal activities of the Bank are banking and related financial services.

The Bank also controls a wholly-owned subsidiary named BBL Nominees (Tempatan) Sdn. Bhd. The principal activity of its subsidiary is provision of nominees services to local clients of the Bank.

There have been no significant changes in the nature of the principal activities during the financial year.

The holding company of the Bank is Bangkok Bank Public Company Limited, a bank incorporated in Thailand.

These financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors.

2. Accounting policies

2.1 Basis of preparation and presentation of the financial statements

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

The financial statements of the Group and the Bank have been prepared under the historical cost basis, unless otherwise stated in the summary of significant accounting policies as disclosed in Note 2.3. The financial statements are presented in Ringgit Malaysia ("RM"), which is the Bank's functional currency, and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

As at the reporting date, the Bank has met the minimum capital requirements as prescribed by the Risk Weighted Capital Adequacy Framework ("RWCAF") issued by Bank Negara Malaysia ("BNM").

2. Accounting policies (cont'd.)

2.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Bank and its subsidiary at each reporting date. The financial statements of the subsidiary are prepared for the same reporting date as the Bank.

The subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised as income in profit or loss on the date of acquisition.

2.3 Summary of significant accounting policies

(a) Investment in subsidiary

A subsidiary is an entity over which the Group is exposed, or has the rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Bank's separate financial statements, the investment in subsidiary is stated at cost less impairment loss. On disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

(b) Revenue recognition

(i) Interest and financing income

Interest income is recognised using the effective interest method. The effective interest method applies the rate that exactly discounts estimated future cash receipts through the effective life of the financial instruments to the net carrying amount of the financial asset. Interest income includes the amortisation of premiums or accretion of discounts.

2. Accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(b) Revenue recognition

(ii) Fee and other income

(a) Fee income earned on the execution of a significant act

Income earned on the execution of a significant act is recognised as revenue when the act is completed (for example, fees arising from negotiating, or participating in the negotiation of, a transaction for a third party, such as an arrangement for the acquisition of shares or other securities).

(b) Fee income earned from provision of services

Income earned from the provision of services is recognised as revenue over the period in which the services are provided.

(c) Fee income that forms an integral part of the effective interest rate ("EIR") of a financial instrument.

Income that forms an integral part of the EIR of a financial instrument is recognised as an adjustment to the effective interest rate (for example, certain loan commitment fees) and recorded as part of ‘interest income’ in the statement of profit or loss.

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(c) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Bank have become a party to the contractual provisions of the instruments.

2. Accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(c) Financial assets (cont'd.)

The classification of financial instruments at initial recognition depends on the financial asset’s contractual terms and their business model for managing them. The Group and the Bank classify all of its financial assets measured at either amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss (“FVTPL”).

The Group and the Bank’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

(i) Financial assets at amortised costs

The Group and the Bank measure financial assets at amortised cost if both of the following conditions are met:

- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI, on the principal amount outstanding; and

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Financial assets at amortised cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group and the Bank's financial assets at amortised cost includes cash and balances with banks and other financial institutions, loans, advances and financing, and other assets.

(ii) Debt instruments at FVOCI

The Group and the Bank apply MFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The contractual terms of the financial asset meet the SPPI test; and

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.

2. Accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(c) Financial assets (cont'd.)

(ii) Debt instruments at FVOCI (cont'd.)

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchanges gains and losses are recognised in profit or loss in the same manner as for financial assets measures at amortised cost. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

(iii) Equity instruments at FVOCI

Upon initial recognition, the Group and the Bank can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under MFRS 132 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the income statements when the right of payment has been established, except when the Group and the Bank benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI and FVOCI reserve. Equity instruments designated at FVOCI are not subject to impairment assessment.

(iv) Financial assets at FVTPL

Financial assets at FVTPL are carried in the statement of financial position at fair value. Any gains or losses from changes in fair value are recognised in profit or loss. Exchange differences, impairment losses, interest, and dividend income are recognized separately in profit or loss as part of other losses or income.

(d) Impairment of financial assets

(i) Definition of credit impaired and default

At each reporting date, the Group and the Bank assess whether financial assets are impaired. In general, loans, advances and financing of the Group and of the Bank are classified as credit-impaired when they fulfil any of the following criteria:

2. Accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(d) Impairment of financial assets (cont'd.)

(i) Definition of credit impaired and default (cont'd.)

- where the principal or interest or both is past due for more than 90 days/3 months. In the case of revolving facilites, the facility shall be classified as impaired where the outstanding amount has remained in excess of the approved limit for a period of more than 90 days/3 months; or

- where the amount is past due or outstanding amount has been in excess of the approved limit for 90 days/3 months or less, but the loan exhibits weaknesses that render a classification appropriate based on the Bank's policy,

- when the loan is classified as rescheduled and restructured in Central Credit Reference Information System (CCRIS) and approved by Loan Committee as impaired.

In making an assessment whether an investment in debt is impaired, the Group and the Bank consider factors such as, but not limited to, market's assessment of creditworthiness as reflected in the bond yields, rating agencies' assessment of creditworthiness and country's ability to access the capital markets for new debt issuance.

The Group and the Bank record allowance for ECL for all financial assets measured at amortised cost which include financing and advances, debt instruments measured at FVOCI and irrevocable loan commitments. Equity instruments measured at FVOCI are not subject to impairment under MFRS 9.

2. Accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(d) Impairment of financial assets (cont'd.)

(ii) Determining a significant increase in credit risk since initial recognition

The assessment of significant deterioration since initial recognition is key in establishing the point of switching between the requirement to measure an allowance based on 12-month ECLs and one that is based on lifetime ECLs. The quantitative and qualitative assessments are required to estimate the significant increase in credit risk by comparing the risk of a default occurring on the financial assets as at reporting date with the risk of default occurring on the financial assets as at the date of initial recognition. The Group and the Bank apply a three-stage approach based on the change in credit quality since initial recognition to recognise the ECL allowance as follows:

3-stage approach	**Stage 1**	**Stage 2**	**Stage 3**
	Performing	**Under-performing**	**Non-performing**
ECL approach	12-month ECL	Lifetime ECL	Lifetime ECL
Criterion	No significant increase in credit risk	Credit risk increased significantly	Credit-impaired
Recognition of interest income	Gross carrying amout	Gross carrying amout	Net carrying amount

(iii) Stage 1 and 2 ECL measurement

There are three main components to measure ECL for financial assets in Stage 1 and 2 which are a probability of default model (“PD”), a loss given default model (“LGD”) and the exposure at default model (“EAD”). These components are determined by evaluating a range of possible outcomes and considering future economic conditions. The assumptions and analysis being used in the evaluation are based on macroeconomic data obtained from various sources, such as, but not limited to regulators, government, and foreign ministries as well as independent research organisations.

When estimating the ECL, the Group and the Bank consider three scenarios and their probability weightings. Each of these scenarios is associated with different PDs, LGDs and EADs.

2. Accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(d) Impairment of financial assets (cont'd.)

(iv) Stage 3 ECL measurement

The Group and the Bank assess financial assets in Stage 3 individually and the ECL is measured based on the expected cash shortfalls. A cash shortfall is the difference between the contractual cash flows due in accordance with the contract and the cah flows that the Group and the Bank expect to receive. The shortfall is then discounted at an approximation to the asset's original EIR.

When estimating the ECL, the Group and the Bank consider three scenarios and their probability weightings. Each of these scenarios is associated with how the non-performing loans are expected to be recovered, including the timing and amount that might be received for selling the collaterals.

(v) Write Off

Financial assets are written off either partially or in their entirely only when the Group and the Bank has deemed uncollectible. Any subsequent recoveries will be recognised in the income statement.

(e) Derognition of financial assets

Derecognition is the removal of a previously recognised financial asset from the Group and the Bank statement of financial position through payment, renegotiation or sale. A financial asset is derecognised when:

(i) The Group and the Bank contractual rights to the asset's contractual rights to the assets's cash flows have expired; or
(ii) The asset has been transferred to a third party (along with the risks and rewards of ownership); or
(iii) The terms of an existing assets are substantially modified typically involve a reduction in the interest rate of the loan or monthly repayment, an extension of the length of the term of the loan, a different type of loan or any combination of the above.

When the financial assets meet the criteria for derognition, the Group and the Bank remove the original assets and the recognition of a new asset.

(f) Property and equipment and depreciation

All items of property and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Bank and the cost of the item can be measured reliably.

2. Accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(f) Property and equipment and depreciation (cont'd.)

Subsequent to reognition, property and equipment except for freehold land and property and equipemt under work-in-progress are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Work in progress is not subject to depreciation or revaluation. Depreciation of other property and equipment is provided for on a straight-line method to allocate their cost to their residual values over their estimated useful lives at the following annual rates:

Buildings	2% - 10%
Motor vehicles	16%
Office equipment, furniture and fittings, and computer equipment	8% - 40%

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is derecognised.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each reporting date.

(g) 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. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives 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 with indefinite useful lives are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

2. Accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(g) Intangible assets (cont'd.)

Intangible assets are amortised over their finite useful lives as follows:

Computer software	2 - 5 years

The Group and the Bank have developed the following criteria to identify computer software or licence to be classified as plant or equipment or intangible assets:

- Software or licence that is embedded in computer-controlled equipment, including operating system that cannot operate without that specific software is an integral part of the related hardware and is treated as property and equipment; and

- Application software that is being used on a computer is generally easily replaced and is not an integral part of the related hardware and is classified as intangible assets.

(h) Leases

(i) Right of use assets

The Group and the Bank recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, lease incentives received. Unless the Group and the Bank are reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are amortised on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

2. Accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(h) Leases (cont'd.)

(ii) Lease liabilities

At the commencement date of the lease, the Group and the Bank recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of the purchase option reasonably certain to be exercised by the Group and the Bank and payments of penalties for terminating a lease, if the lease term reflects the Group and the Bank exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

(iii) Significant judgement in determining the lease term of contracts with renewal option

The Group and the Bank determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Bank have the option, under some of the leases to lease the assets for additional terms of three to five years. The Group and the Bank apply judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group and the Bank reassess the lease term if there is a significant event or change in circumstances that is within control and affect the ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group and the Bank include the renewal period as part of the lease term for leases of office equipment and premises due to the significance of these assets to the operations. These leases have a short non-cancellable period (i.e., three to five years) and there will be a significant negative effect on operation if a replacement is not readily available.

2. Accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(i) Impairment of non-financial assets

At each reporting date, the Group and the Bank review the carrying amounts of non-financial assets to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, the Group and the Bank make an estimate of the asset's recoverable amount to determine the extent of impairment loss (if any).

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets at which are classified as cash-generating unit. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to that asset. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in profit or loss in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss.

2. Accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(i) Impairment of non-financial assets (cont'd.)

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(j) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Group and the Bank become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or at amortised cost.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Bank. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(ii) Financial liabilities at amortised cost

Financial liabilities at amortised cost includes other financial liabilities which are not measured at fair value through profit or loss.

The Group’s and the Bank's other financial liabilities include deposits from customers, deposits and placements of banks and other financial institutions 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.

A financial liability is derecognised when the obligation under the liability is extinguished.

2. Accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(j) Financial liabilities (cont'd.)

(ii) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

When an exiting financial liability is replaced by another from the same lender on substantially different term, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liabilityand the recognition of a new liability.

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If and exchange of debt instruments or modification of terms is accounted for as an extinguishment, the difference between the carrying amount of a financial liability extinguished or tranferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in income statement and any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

(k) Derivative financial instruments

Derivative instruments are initially recognised at fair value, which is normally zero or negligible at inception for non-option derivatives and subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques that include discounted cash flow models. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivatives are recognised immediately in profit or loss.

2. Accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(l) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(m) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rate prevailing at date of transation and they are not re-translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items at rates different from those rates at which they were translated on initial recognition during the period or in previous financial statements, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group’s net investment in foreign operations.

2. Accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(m) Foreign currency transactions (cont'd.)

The Group and Bank do not have any net investment in foreign operations.

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

	2021	2020
United States Dollar	4.17	4.02
Pound Sterling	5.63	5.48
Singapore Dollar	3.09	3.04

(n) Provisions

Provisions are recognised when the Group and the Bank have a present obligation as a result of a past event and 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 reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, current market assessment of time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(o) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group and the Bank. Short-term accumulating compensated balances such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss as incurred.

2. Accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(o) Employee benefits (cont'd.)

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Bank recognise termination benefits as a liability and an expense when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after reporting date are discounted to present value.

(p) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the country where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in other comprehensive income and not in the income statements. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(q) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

2. Accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(q) Deferred tax (cont'd.)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

(r) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents exclude deposits with original maturities of more than 3 months. Cash and cash equivalents comprise of cash and short term funds and deposits and placements with banks and other financial institutions that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(s) Share capital and share issuance expenses

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction, other than in the context of a business combination, are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided. Cost of issuing equity securities in connection with a business combination are included in the cost of acquisition.

(t) Fair value measurement

The Group and the Bank measure certain financial instruments, such as, derivatives at fair value, and currently the Group and the Bank do not have non-financial assets measured at fair value. In addition, fair values of financial instruments measured at amortised cost are also disclosed in Note 33.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

2. Accounting policies (cont'd.)

2.3 Summary of significant accounting policies (cont'd.)

(t) Fair value measurement (cont'd.)

The principal or the most advantageous market must be accessible to by the Group and the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Bank use valuation techniques that are appropriate in the circumstances and for which sufficient date are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i) Level 1: Quoted (unadjusted) market prices in the active markets for identical assets and liabilities

(ii) Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

(iii) Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Bank determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at each reporting period.

2. Accounting policies (cont'd.)

2.4 Changes in accounting policies

The accounting policies adopted in the preparation of the unaudited interim condensed financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2020, except for the adoption of new standard, IC Interpretations and amendments to standards effective as of 1 January 2021 as follows:

Descriptions	**Effective for annual periods beginning on or after**
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform - Phase 2*	1 January 2021
Amendments to MFRS 16 *COVID-19 - Related Rent Concessions beyond 30 June 2021*	1 April 2021

The initial application of the accounting standards, annual improvements to standards and IC Interpretations are not expected to have any significant impact to the financial statements of the Group and the Bank.

2.5 Standards, amendments to standards, annual improvements to standards and IC Interpretations issued but not yet effective

As at the reporting date, the following are standards, amendments to standards, annual improvements to standards and IC Interpretations issued by the Malaysian Accounting Standards Board ("MASB"), but not yet effective, up to the date of issuance of the Group's and of the Bank's financial statements. The Group and the Bank intend to adopt them, if applicable, when they become effective:

Descriptions	**Effective for annual periods beginning on or after**
Amendments to MFRS 3 *Business Combinations: Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 116 *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts-Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020 Cycle (i) Amendments to MFRS 1 *First-time adoption of Malaysian Financial Reporting Standards* (ii) Amendments to MFRS 9 *Financial Instruments* (iii) Amendments to MFRS 16 *Leases* (iv) Amendments to MFRS 141 *Agriculture*	1 January 2022
Amendments to MFRS 101 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to MFRS 101 and MFRS Practice Statement 2: *Disclosure of Accounting Policies*	1 January 2023
Amendments to MFRS 8: *Definition of Accounting Estimates*	1 January 2023
Amendments to MFRS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023

2. Accounting policies (cont'd.)

2.5 Standards, amendments to standards, annual improvements to standards and IC Interpretations issued but not yet effective (cont'd.)

The initial application of the accounting standards, annual improvements to standards and IC Interpretations are not expected to have any significant impact to the financial statements of the Group and the Bank.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's and the Bank's financial statements in accordance with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of revenue, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's and the Bank's accounting policies, management has made the following judgements, estimates and assumptions concerning the future and other key sources of estimation uncertainty at the reporting that, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Group's and the Bank's control and are reflected in the assumptions if and when they occur.

The COVID-19 pandemic and its effect on the global economy have impacted our customers, operations and performance. The outbreak had necessitated the government to respond at unprecedented levels to protect health of the population, local economies and livelihoods.

3.1 Government relief measures

The Malaysian Government had introduced several measures to assist the economy and borrowers/customers affected by COVID-19 pandemic. Some of the relief measures are as follows:

(a) Moratorium on loans repayments/payments of loans and financing

Banking institutions granted an automatic moratorium on loans/financing for all individuals and small-medium enterprise. The automatic moratorium on loans/financing is granted based on the following criteria:

(i) Not in arrears for more than 90 days as at 1st April 2020; and
(ii) Denominated in Ringgit Malaysia

For corporate borrowers/customers, banking institutions are strongly encouraged to facilitate requests for a moratorium on loans/financing repayment/payment, additional financing to support immediate cash flows and the rescheduling and restructuring ("R&R") of existing facilites in a way that will enable viable corporations to preserve jobs and swiftly resume economy when the pandemic is over and stabilised.

3. Significant accounting judgements, estimates and assumptions (cont'd.)

3.1 Government relief measures (cont'd.)

(b) Special Repayment Assistance to facilitate borrowers/customers

BNM had issued a letter on 24 July 2020 to all banking institutions on the additional measures to facilitate loans/repayment assistance for their borrowers/customers affected by COVID-19 pandemic.

These measures further support efforts by banking institutions to help affected borrowers/customers recover from the impact of the pandemic while ensuring that the safety and soundness of banking institutions continue to be preserved.

The following regulatory requirements shall apply be applied:

- The loans/financing shall not be reported as "rescheduled and restructured" in CCRIS;
- The loans/financing shall not be classified as credit-impaired in CCRIS.

The Group and the Bank have exposures to the following sectors which were impacted by COVID-19 as follows:

	Loans, advances and financing On Balance Sheet (net of impairment)	
	2021	**2020**
	RM'000	**RM'000**
Construction	23,613	11,513
Finance, Insurance, Real Estate & Business Activities	60,296	62,877
Manufacturing	234,409	270,729
Mining and quarrying	9,431	5,522
Primary agriculture	135,218	135,693
Transport, storage and communication	22,891	21,979
Wholesale and retail trade and restaurants and hotels	200,504	18,693
Individual	30,401	41,977
	716,762	568,984

3 Significant accounting judgements, estimates and assumptions (cont'd.)

(b) Special Repayment Assistance to facilitate borrowers/customers (cont'd.)

The Group and the Bank have provided relief measures to the customers affected by COVID-19 pandemic. The following table shows the latest status on the relief measures provided by the Group and the Bank:

	Total Customers									
	Retail			Non Retail						
	Housing	Retail Personal Financing	Total	SME			Corporates		Total	Grand Total
				Stage 1	Stage 2	Stage 3	Stage 1	Stage 2		
2021	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Total payment moratoriums, repayment assistances, rescheduling and restructuring ("R&R") granted	1,155	29,298	30,453	273,725	8,730	24,587	486,200	19,588	812,830	843,283
Resumed repayments	53	-	53	34,461	-	9,108	82,899	-	126,468	126,521
Extended and repaying as per revised schedules	1,102	29,298	30,400	239,264	8,730	15,479	403,301	19,588	686,362	716,762
Missed payments	-	-	-	-	-	-	-	-	-	-
	1,155	29,298	30,453	273,725	8,730	24,587	486,200	19,588	812,830	843,283
As a percentage of total:										
Resumed repayments	5%	-	-	13%	-	37%	17%	-	16%	15%
Extended and repaying as per revised schedules	95%	100%	100%	87%	100%	63%	83%	100%	84%	85%
Missed payments	-	-	-	-	-	-	-	-	-	-
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

3 Significant accounting judgements, estimates and assumptions (cont'd.)

(b) Special Repayment Assistance to facilitate borrowers/customers (cont'd.)

	Total Customers									
	Retail			Non Retail						
	Housing	Personal Financing	Total	SME			Corporates		Total	Grand Total
				Stage 1	Stage 2	Stage 3	Stage 1	Stage 2		
2020	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Total payment moratoriums, repayment assistances, rescheduling and restructuring ("R&R") granted	971	60,451	61,422	59,283	11,166	-	485,971	4,797	561,217	622,639
Resumed repayments	12	19,433	19,445	4,985	266	-	28,737	222	34,210	53,655
Extended and repaying as per revised schedules	959	41,018	41,977	54,298	10,900	-	457,234	4,575	527,007	568,984
Missed payments	-	-	-	-	-	-	-	-	-	-
	971	60,451	61,422	59,283	11,166	-	485,971	4,797	561,217	622,639
As a percentage of total:										
Resumed repayments	1%	32%	32%	8%	2%	-	6%	5%	6%	9%
Extended and repaying as per revised schedules	99%	68%	68%	92%	98%	-	94%	95%	94%	91%
Missed payments	-	-	-	-	-	-	-	-	-	-
	100%	100%	100%	100%	100%	-	100%	100%	100%	100%

3. Significant accounting judgements, estimates and assumptions (cont'd.)

3.2 Management Overlay

The current MFRS 9 models are not expected to generate levels of ECL with sufficient reliability in view of the unprecedented and on-going COVID-19 pandemic, overlays and post-model adjustments have been applied to determine a sufficient overall level of ECLs for the year ended 31 December 2021.

These overlays and post-model adjustments were taken to reflect the latest macroeconomic outlook not captured in the modelled outcome and the potential impact to delinquencies and defaults when the various relief and support measures are expiring in 2021.

The overlay and post-model adjustments involved significant level of judgement reflecting the management's views of possible severities of the pandemic and paths of recovery in the forward looking assessment for ECL estimation purposes.

The impact of these post-model adjustments were estimated at portfolio level, remain outside of the core MFRS 9 process amounting to RM90.6 million as at 31 December 2021.

The basis of Management Overlay is determined based on the higher provision rate for those high risk customers in those vulnerable sectors.

3.3 Impairment losses on financial assets

Measurement of impairment losses under MFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and assessment of significant increase in credit risk. These estimates are driven by a number of factors as disclosed in Note 32(a), changes which can result in different levels of allowances.

The Group's and the Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements, estimates and assumptions include:

- The Group's and the Bank's internal credit grading model, which assigns PDs to the individual grades;

- The Group's and the Bank's criteria for assessing if there has been a significant increase in credit risk resulting in impairment losses on financial assets to be measured on a lifetime basis and the qualitative assessment;

- Development of ECL models, including the various formulas and the choice of inputs;

- ECL is adjusted with a management overlay where considered appropriate;

- Determination of associations between macroeconomic factors and the effect on PDs, LGDs and EADs; and

- Selection of forward-looking macroeconomic scenarios and their probability weightings.

3.4 Deferred tax and current tax

In determining the Group's and the Bank’s tax charge for the year it involves estimation and judgement, which includes an interpretation of local tax law and an assessment of whether the tax authority will accept the position taken. The Group and the Bank provide for current tax liabilities at the best estimate based on all available evidence and the amount that is expected to be paid to the tax authority where an outflow is probable.

The recoverability of the Group's and the Bank’s deferred tax assets is based on management’s judgement of the availability of future taxable profits against which the deferred tax assets will be utilised.

4. Cash and short-term funds

	Group 2021 RM'000	Group 2020 RM'000
Cash and balances with banks and Bank Negara Malaysia	46,332	115,472
Deposit and placements maturing within one month	175,684	290,638
	222,016	406,110
ECL allowance charged	(539)	(278)
	221,477	405,832

	Bank 2021 RM'000	Bank 2020 RM'000
Cash and balances with banks and Bank Negara Malaysia	45,104	115,343
Deposit and placements maturing within one month	175,684	290,638
	220,788	405,981
ECL allowance charged	(539)	(278)
	220,249	405,703

Movements in the allowance for ECL on cash and short-term funds are as follows:

	Group and Bank 2021 RM'000	Group and Bank 2020 RM'000
At 1 January	278	168
ECL allowance charged/(written back)	261	(108)
Changes in model	-	218
At 31 December	539	278

The movement relates to Stage 1 ECL for cash and short-term funds. There are no cash and short terms funds in Stage 2 and 3.

5. Deposits and placements with banks and other financial institutions

	Group and Bank	
	2021	**2020**
	RM'000	**RM'000**
Licensed banks	-	90,264
ECL allowance (written back)/charged	-	(52)
	-	90,212

Movements in the allowance for ECL on deposits and placements with banks and other financial institutions are as follows:

	Group and Bank	
	2021	**2020**
	RM'000	**RM'000**
At 1 January	52	10
ECL allowance (written back)/charged	(52)	2
Changes in model	-	40
At 31 December	-	52

The movement relates to Stage 1 ECL for deposits and placements with banks and other financial institutions. There are no deposits and placements with banks and other financial institutions in Stage 2 and 3.

6. Financial assets at fair value through other comprehensive income

	Group and Bank	
	2021	**2020**
	RM'000	**RM'000**
Debt instruments		
Malaysian Government Securities	175,244	84,968
Government Investment Issues	381,223	377,570
Negotiable Instruments of Deposit	80,015	230,258
Corporate bonds	249,199	255,742
	885,681	948,538
Equity instruments		
Unquoted shares	13,460	12,770
	899,141	961,308

6. Financial assets at fair value through other comprehensive income (cont'd.)

The following ECL for debt instruments at FVOCI are not recognised in the statements of financial position as the carrying amount of debt instruments at FVOCI is equivalent to their fair value:

	Stage 1 ECL RM '000	Stage 2 ECL RM '000	Stage 3 ECL RM '000	Total RM '000
Group and Bank				
At 1 January 2021	679	-	-	679
New debt instruments originated	716	-	-	716
ECL allowance charged	562	-	-	562
Debt instruments derecognised	(333)	-	-	(333)
At 31 December 2021	1,624	-	-	1,624

	Stage 1 ECL RM '000	Stage 2 ECL RM '000	Stage 3 ECL RM '000	Total RM '000
Group and Bank				
At 1 January 2020	262	-	-	262
New debt instruments originated	18	-	-	18
ECL allowance writen back	(95)	-	-	(95)
Debt instruments derecognised	(122)	-	-	(122)
Change in model	616	-	-	616
At 31 December 2020	679	-	-	679

7. Financial assets at amortised cost

	Group and Bank 2021 RM'000	Group and Bank 2020 RM'000
Debt instruments		
Corporate bonds	102,374	102,374
Unquoted securities:		
Corporate bonds	529	568
	102,903	102,942
ECL allowance charged	(708)	(640)
	102,195	102,302

7. Financial assets at amortised cost (cont'd.)

Movements in the allowance for ECL on financial assets at amortised cost are as follows:

Group and Bank	Stage 1 ECL RM'000	Stage 2 ECL RM'000	Stage 3 ECL RM'000	Total RM'000
At 1 January 2021	73	-	567	640
ECL allowance charged	106	-	-	106
ECL allowance written back	-	-	(38)	(38)
At 31 December 2021	179	-	529	708
Group and Bank				
At 1 January 2020	23	-	568	591
ECL allowance written back	(16)	-	-	(16)
Debt instruments derecognised	-	-	(1)	(1)
Change in model	66	-	-	66
At 31 December 2020	73	-	567	640

8. Loans, advances and financing

	Group and Bank 2021 RM'000	2020 RM'000
At amortised cost		
Overdrafts	79,167	66,752
Term loans:		
- Housing loans	1,295	2,129
- Syndicated term loan	55,616	175,043
- Other term loans	751,556	746,586
Revolving credits	1,476,214	1,409,802
Bills receivables	358,538	149,288
Trust receipts	74,232	97,130
Bankers' acceptances	456,561	493,912
Staff loans	288	371
	3,253,467	3,141,013
Unearned interest	(2,375)	(2,077)
Gross loans, advances and financing	3,251,092	3,138,936
Less: allowance for ECL		
- Stage 1	(15,308)	(6,723)
- Stage 2	(7,049)	(10,509)
- Stage 3	(67,966)	(106,821)
- Management overlay	(90,681)	(99,706)
Net loans, advances and financing	3,070,088	2,915,177

8. Loans, advances and financing (cont'd.)

(i) The maturity structure of loans, advances and financing are as follows:

	Group and Bank 2021 RM'000	2020 RM'000
Maturing within one year	2,552,126	2,286,457
One year to three years	143,950	219,356
Three years to five years	221,167	264,957
Over five years	333,849	368,166
	3,251,092	3,138,936

(ii) Loans, advances and financing according to economic sectors are as follows:

	Group and Bank 2021 RM'000	2020 RM'000
Primary agriculture	361,620	345,777
Mining and quarrying	9,431	9,111
Manufacturing	818,144	923,563
Electricity, gas and water supply	11,384	40,394
Construction	448,206	411,978
Wholesale and retail trade and restaurants and hotels	438,308	302,703
Transport, storage and communication	60,477	64,695
Finance, insurance, real estate and business activities	1,069,260	992,605
Household	34,262	48,110
	3,251,092	3,138,936

8. Loans, advances and financing (cont'd.)

(iii) Loans, advances and financing according to type of customer are as follows:

	Group and Bank 2021 RM'000	Group and Bank 2020 RM'000
Domestic non-bank financial institutions	579,271	552,113
Domestic business enterprises		
- Small medium enterprises	444,966	448,000
- Others	2,192,593	2,090,713
Individuals	34,262	48,110
	3,251,092	3,138,936

(iv) Loans, advances and financing according to interest/profit rate sensitivity are as follows:

	Group and Bank 2021 RM'000	Group and Bank 2020 RM'000
Fixed rate		
- Other fixed rate loan/financing	54,789	54,789
Variable rate		
- Base lending rate plus	175,160	179,115
- Cost-plus	2,097,059	1,936,778
- Other variable rates	924,084	968,254
	3,251,092	3,138,936

(v) All loans, advances and financing of the Group and the Bank are to customers in Malaysia.

8. Loans, advances and financing (cont'd.)

(vi) Movements in impaired loans, advances and financing are as follows:

	Group and Bank	
	2021 RM'000	**2020 RM'000**
At 1 January	131,197	149,328
Classified as impaired during the year	15,527	1,562
Amount recovered during the year	(210)	(13,728)
Amount written off during the year	(59,427)	(5,965)
At 31 December	87,087	131,197
Allowance for ECL Stage 3	(67,966)	(106,821)
Net impaired loans, advances and financing	19,121	24,376
Ratio of net impaired loans, advances and financing to gross loans, advances and financing less Stage 3 ECL allowance	0.60%	0.80%

Definition of impaired loan is disclosed in Note 2.3(d)(i).

(vii) Movements in the allowance for ECL on loans, advances and financing are as follows:

	Stage 1 ECL RM '000	Stage 2 ECL RM '000	Stage 3 ECL RM '000	Total RM '000
Group and Bank				
At 1 January 2021	6,723	10,509	106,821	124,053
New loans, advances and financing originated	1,239	-	-	1,239
Loans, advances and financing derecognised (other than write-off)	(506)	(818)	(913)	(2,237)
Transfer to Stage 1	7,654	(7,501)	(153)	-
Transfer to Stage 2	(104)	104	-	-
Transfer to Stage 3	-	(13,798)	13,798	-
Net measurement due to changes in credit risk	302	18,553	7,840	26,695
Amount written off	-	-	(59,427)	(59,427)
Management overlay	-	-	-	90,681
At 31 December 2021	15,308	7,049	67,966	181,004

8. Loans, advances and financing (cont'd.)

(vii) Movements in the allowance for impairment on loans, advances and financing are as follows:

	Stage 1 ECL RM '000	Stage 2 ECL RM '000	Stage 3 ECL RM '000	Total RM '000
Group and Bank				
At 1 January 2020	50,974	27,201	112,081	190,256
New loans, advances and financing originated	5,759	1,263	-	7,022
Loans, advances and financing derecognised (other than write-off)	(1,295)	(8,272)	(2,623)	(12,190)
Transfer to Stage 1	274	(274)	-	-
Transfer to Stage 2	(5,188)	5,188	-	-
Transfer to Stage 3	-	-	-	-
Net measurement due to changes in credit risk	(2,189)	22,009	3,328	23,148
Changes in model	(41,612)	(36,606)	-	(78,218)
Amount written off	-	-	(5,965)	(5,965)
Management overlay	-	-	-	99,706
At 31 December 2020	6,723	10,509	106,821	223,759

(viii) Impaired loans, advances and financing according to economic sectors are as follows:

	Group and Bank 2021 RM'000	Group and Bank 2020 RM'000
Manufacturing	64,702	122,469
Wholesale and retail trade and restaurants and hotels	21,623	7,180
Household	762	1,548
	87,087	131,197

9. Other assets

	Group and Bank	
	2021	2020
	RM'000	RM'000
Deposits and prepayments	2,328	2,358
Other receivables	1,884	2,937
	4,212	5,295

10. Statutory deposit with Bank Negara Malaysia

The non-interest bearing statutory deposit is maintained with Bank Negara Malaysia in compliance with Section 26(2)(c) and Section 26(3) of the Central Bank of Malaysia Act 2009, the amounts of which are determined as a set percentage of total eligible liabilities of the Bank.

Effective 16 May 2020, Bank Negara Malaysia issued a guideline, that all banking institutions may recognise Malaysian Government Securities (MGS) and Malaysian Government Investment Issues (GII) as part of the Bank's Statutory Reserve Requirement compliance.

	Group and Bank	
	2021	2020
	RM'000	RM'000
Statutory deposit with Bank Negara Malaysia	1,000	-
Allowance for ECL written back	(2)	-
	998	-

10. Statutory deposit with Bank Negara Malaysia (cont'd.)

Movements in the allowance for ECL on statutory deposit with Bank Negara Malaysia are as follows:

	Group and Bank 2021 RM'000	Group and Bank 2020 RM'000
At 1 January	-	21
Allowance for ECL charged/(written back)	2	(21)
At 31 December	2	-

The movement relates to Stage 1 ECL for statutory deposit with Bank Negara Malaysia. There are no statutory deposit with Bank Negara Malaysia in Stage 2 and 3.

11. Investment in a subsidiary

	Bank 2021 RM'000	Bank 2020 RM'000
Unquoted shares, at cost	10	10

Details of the subsidiary, which is incorporated in Malaysia, are as follows:

Name of company	Percentage of equity held 2021 %	Percentage of equity held 2020 %	Principal activity
BBL Nominees (Tempatan) Sdn Bhd	100	100	Provision of nominee services to local clients of the Bank

The names of the directors of the subsidiary in office since the beginning of the financial year to the date of this report are:

Mr. Kanet Buranasin (appointed on 3 November 2021)
Mr. Surayud Kanchanabhogin (appointed on 31 December 2021)
Ms. Kaan Wai May
Mr. Choo Joon Keong (resigned on 3 November 2021)
Mr. Chiravit Supatanakul (resigned on 31 December 2021)

12. Property and equipment

Group and Bank

	Note	Freehold land and buildings* RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings and computer equipment RM'000	Work in progress RM'000	Total RM'000
2021						
Cost						
At 1 January 2021		151,252	1,761	19,216	820	173,049
Additions		31	-	1,122	1,329	2,482
Reclassification	13	123	-	311	(656)	(222)
Adjustment ^		-	-	-	(22)	(22)
At 31 December 2021		151,406	1,761	20,649	1,471	175,287
Accumulated depreciation						
At 1 January 2021		32,783	1,544	14,095	-	48,422
Charge for the year	24	2,745	58	2,000	-	4,803
At 31 December 2021		35,528	1,602	16,095	-	53,225
Net carrying amount		115,878	159	4,554	1,471	122,062
2020						
Cost						
At 1 January 2020		151,252	1,761	18,352	1,470	172,835
Additions		-	-	540	143	683
Reclassification		-	-	324	(324)	-
Adjustment ^		-	-	-	(469)	(469)
At 31 December 2020		151,252	1,761	19,216	820	173,049
Accumulated depreciation						
At 1 January 2020		29,807	1,486	12,360	-	43,653
Charge for the year	24	2,976	58	1,735	-	4,769
At 31 December 2020		32,783	1,544	14,095	-	48,422
Net carrying amount		118,469	217	5,121	820	124,627

* Included in the above is freehold land costing RM714,000 (2020: RM714,000)
^ Relates to reversal and accruals for property and equipment

13. Intangible assets

	Note	Group and Bank 2021 RM'000	Group and Bank 2020 RM'000
Computer software			
Cost			
At 1 January		4,650	4,650
Additions		46	-
Reclassified from property and equipment	12	222	-
At 31 December		4,918	4,650
Accumulated amortisation			
At 1 January		4,195	3,944
Charge for the year	24	287	251
At 31 December		4,482	4,195
Net carrying amount		436	455

14. Right-of-use assets and lease liabilities

Right-of-use assets		Group and Bank 2021 RM'000	Group and Bank 2020 RM'000
At 1 January		7,049	7,444
Non-cash addition		409	828
Depreciation of right-of-use assets	24	(1,276)	(1,223)
At 31 December		6,182	7,049
Lease liabilities			
At 1 January		7,359	7,655
Non-cash addition		409	828
Accretion of interest expense	21	148	230
Lease payment		(1,335)	(1,354)
At 31 December	18	6,581	7,359

15. Deferred tax assets

	Note	Group and Bank 2021 RM'000	2020 RM'000
At 1 January		15,342	5,150
Recognised in income statements	25	149	11,846
Recognised in equity		2,570	(1,654)
At 31 December		18,061	15,342
Presented after appropriate offsetting as follows:			
Deferred tax assets		22,009	21,971
Deferred tax liabilities		(3,948)	(6,629)
		18,061	15,342

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Group and Bank

Deferred tax assets

	Stage 1 and 2 ECL allowance RM'000	Lease liabilities RM'000	Provision for other liabilities RM'000	Deferred Income RM'000	Total RM'000
At 1 January 2020	5,447	1,836	1,937	1,129	10,349
Recognised in income statements	12,156	(70)	69	(533)	11,622
At 31 December 2020	17,603	1,766	2,006	596	21,971
At 1 January 2021	17,603	1,766	2,006	596	21,971
Recognised in income statements	354	(186)	(17)	(113)	38
At 31 December 2021	17,957	1,580	1,989	483	22,009

Deferred tax liabilities

	FVOCI reserve RM'000	Right-of -use assets RM'000	Property and equipment RM'000	Total RM'000
At 1 January 2020	1,875	1,786	1,538	5,199
Recognised in income statement	-	(94)	(130)	(224)
Recognised in equity	1,654	-	-	1,654
At 31 December 2020	3,529	1,692	1,408	6,629
At 1 January 2021	3,529	1,692	1,408	6,629
Recognised in income statement	-	(208)	97	(111)
Recognised in equity	(2,570)	-	-	(2,570)
At 31 December 2021	959	1,484	1,505	3,948

16. Deposits from customers

(i) By type of deposit

	Group and Bank	
	2021	**2020**
	RM'000	**RM'000**
Fixed deposits	1,577,223	1,531,625
Current accounts	169,784	202,394
Savings deposits	9,405	10,107
Short term deposits	566,961	427,440
	2,323,373	2,171,566

(ii) The maturity structure of fixed deposits and short term deposits is as follows:

	Group and Bank	
	2021	**2020**
	RM'000	**RM'000**
Due within six months	1,874,957	1,641,444
Six months to one year	267,430	315,523
One year to three years	639	1,104
Over three years	1,158	994
	2,144,184	1,959,065

(iii) The deposits are sourced from the following customers:

	Group and Bank	
	2021	**2020**
	RM'000	**RM'000**
Business enterprises	2,002,620	1,762,892
Individuals	320,753	408,674
	2,323,373	2,171,566

(iv) All the deposits from customers are unsecured.

17. Deposits and placements from banks and other financial institutions

	Group and Bank	
	2021	**2020**
	RM'000	**RM'000**
Licensed banks	464,614	816,817
Other financial institutions	352,466	340,164
	817,080	1,156,981

Included in deposits and placements are deposits and placements from the holding company and its branches amounting to RM276,958,000 (2020: RM121,678,000) as disclosed in Note 28.

18. Other liabilities

		Group	
		2021	**2020**
	Note	**RM'000**	**RM'000**
Accruals		10,350	8,617
Allowance for ECL on loans, advances and financing commitments and financial guarantees		8,586	8,235
Lease liability	14	6,581	7,359
Other payables		5,177	5,574
		30,694	29,785

		Bank	
		2021	**2020**
		RM'000	**RM'000**
Accruals		9,244	8,614
Allowance for ECL on loans, advances and financing commitments and financial guarantees		8,586	8,235
Lease liability	14	6,581	7,359
Other payables		5,177	5,574
		29,588	29,782

Included in other payables are deferred income of RM2,406,000 (2020: RM2,500,000)

18. Other liabilities (cont'd.)

Movements in the allowance for ECL on loans, advances and financing commitments and financial guarantees are as follows:

	Stage 1 ECL RM '000	Stage 2 ECL RM '000	Stage 3 ECL RM '000	Total RM '000
Group and Bank				
At 1 January 2021	1,031	1,031	6,173	8,235
New loans, advances and financing commitments, and financial guarantees originated	87	-	-	87
Loans, advances and financing commitments and financial guarantees derecognised	(74)	(104)	-	(178)
Transfer to Stage 1	495	(495)	-	-
Transfer to Stage 2	(13)	13	-	-
Transfer to Stage 3	-	-	-	-
Net measurement due to changes in credit risk	130	118	194	442
At 31 December 2021	1,656	563	6367	8586

	Stage 1 ECL RM '000	Stage 2 ECL RM '000	Stage 3 ECL RM '000	Total RM '000
Group and Bank				
At 1 January 2020	6,384	10,705	-	17,089
New loans, advances and financing commitments, and financial guarantees originated	2,422	776	-	3,198
Loans, advances and financing commitments, and financial guarantees derecognised	(1,895)	(658)	-	(2,553)
Transfer to Stage 1	152	(152)	-	-
Transfer to Stage 2	(1,046)	1,046	-	-
Transfer to Stage 3	-	(2,372)	2,372	-
Net measurement due to changes in credit risk	(499)	762	3,801	4,064
Changes in model	(4,487)	(9,076)	-	(13,563)
At 31 December 2020	1,031	1,031	6,173	8,235

19. Share capital

	Group and Bank			
	Number of ordinary shares of RM1 each		Amount	
	2021 '000	2020 '000	2021 RM'000	2020 RM'000
Issued and fully paid-up:				
At 1 January/31 December	1,000,000	1,000,000	1,000,000	1,000,000

The holder of ordinary shares is entitled to receive dividends as and when declared by the Bank, after obtaining the regulatory approval from Bank Negara Malaysia prior to the declaration of dividends.

All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Bank's residual assets.

20. Interest income

	Group and Bank	
	2021 RM'000	2020 RM'000
Loans, advances and financing		
- Interest income other than recoveries from impaired loans	97,992	121,625
- Recoveries from impaired loans	-	285
- Interest income on impaired loans	1,047	1,668
Deposits and placements with banks and other financial institutions	6,240	8,507
Financial assets at FVOCI	31,499	32,613
Financial assets at FVTPL	24	-
Financial assets at amortised costs	4,966	5,021
	141,768	169,719
Amortisation of premiums, net		
- Financial assets at FVOCI	(4,871)	(2,054)
	136,897	167,665

21. Interest expense

	Note	Group and Bank 2021 RM'000	2020 RM'000
Deposits from customers		42,971	72,256
Deposits and placements from banks and other financial institutions		1,896	5,391
Lease liability expense	14	148	230
		45,015	77,877

22. Allowance for expected credit losses made, net

	Group and Bank 2021			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Allowance for ECL made				
- Cash and short term funds	261	-	-	261
- Financial assets at FVOCI	1,278	-	-	1,278
- Financial assets at amortised costs	106	-	-	106
- Loans, advances and financing	9,188	6,532	20,734	36,454
- Statutory deposit with Bank Negara Malaysia	2	-	-	2
- Commitment and contingencies	1,032	196	194	1,422
	11,867	6,728	20,928	39,523
Allowance for ECL written back				
- Deposits and placements with banks and other financial institutions	(52)	-	-	(52)
- Financial assets at FVOCI	(333)	-	-	(333)
- Financial assets at amortised costs	-	-	(38)	(38)
- Loans, advances and financing	(603)	(9,992)	(162)	(10,757)
- Management overlay	-	-	-	(9,025)
- Commitment and contingencies	(407)	(664)	-	(1,071)
	(1,395)	(10,656)	(200)	(21,276)
Impaired loans, advances and financing recovered	-	-	(7)	(7)
Total	10,472	(3,928)	20,721	18,240

22. Allowance for expected credit losses made, net

	Group and Bank 2020 Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Allowance for ECL made				
- Cash and short term funds	110	-	-	110
- Deposits and placements with banks and other financial institutions	42	-	-	42
- Financial assets at FVOCI	540	-	-	540
- Financial assets at amortised costs	50	-	-	50
- Loans, advances and financing	64,496	36,161	3,324	103,981
- Commitment and contingencies	245	2	6,172	6,419
	65,483	36,163	9,496	111,142
Allowance for ECL written back				
- Financial assets at FVOCI	(122)	-	-	(122)
- Financial assets at amortised costs	-	-	(1)	(1)
- Loans, advances and financing	(44,224)	(17,668)	(2,623)	(64,515)
- Statutory deposit with Bank Negara Malaysia	(21)	-	-	(21)
- Commitment and contingencies	(5,597)	(9,677)	-	(15,274)
	(49,964)	(27,345)	(2,624)	(79,933)
Impaired loans, advances and financing recovered	-	-	(664)	(664)
Total	15,519	8,818	6,208	30,545

23. Non-interest income

	Group 2021 RM'000	Group 2020 RM'000	Bank 2021 RM'000	Bank 2020 RM'000
Fee income:				
Commission	2,919	3,231	2,912	3,224
Service charges and fees	1,126	1,573	1,126	1,573
Guarantee fees	2,046	3,428	2,046	3,428
	6,091	8,232	6,084	8,225
Investment income:				
Net gain on disposal of				
- Financial assets measured at FVTPL	34	-	34	-
Dividend from financial assets measured at FVOCI	114	105	114	105
Gain from redemption of financial assets at FVOCI	2,340	-	2,340	-
	2,488	105	2,488	105
Other income:				
Foreign exchange gain	4,556	4,702	4,556	4,702
Unrealised loss on foreign exchange forwards	(189)	(79)	(189)	(79)
Rental income	1,112	1,101	1,112	1,101
Others	11	96	11	96
	5,490	5,820	5,490	5,820
Total	14,069	14,157	14,062	14,150

24. Overhead expenses

		Group		Bank	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Personnel costs					
Salaries, allowances and bonuses *		30,991	30,949	30,991	30,949
Employees Provident Fund		4,648	4,856	4,648	4,856
Others		1,984	1,604	1,984	1,604
		37,623	37,409	37,623	37,409
Establishment costs					
Depreciation of property and equipment	12	4,803	4,769	4,803	4,769
Amortisation of intangible assets	13	287	251	287	251
Depreciation of right-of-use assets	14	1,276	1,223	1,276	1,223
Repair and maintenance		2,665	2,338	2,665	2,338
Rental of premises		7	-	7	-
Information technology expenses		1,312	1,654	1,312	1,654
Others		2,194	2,092	2,194	2,092
		12,544	12,327	12,544	12,327
Marketing costs					
Advertising and publicity		120	161	120	161
Others		28	32	28	32
		148	193	148	193
Administration and general costs					
Communication expenses		1,125	1,251	1,125	1,251
Subscriptions		2,300	1,756	2,300	1,756
Professional fees		1,144	637	1,144	637
Auditors' remunerations		325	354	321	349
Directors' fees and remuneration		1,189	1,177	1,189	1,177
Insurance		233	244	233	244
Travelling		53	199	53	199
Others		845	1,014	845	1,014
		7,214	6,632	7,210	6,627
Total		57,529	56,561	57,525	56,556

24. Overhead expenses (cont'd.)

The above expenses include the following statutory disclosures:

		Group		Bank	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors' fee and remuneration	29	1,189	1,177	1,189	1,177
Hire of equipment		101	118	101	118
Auditors' remunerations					
- Statutory audit		222	222	220	220
- Other regulated related services		78	174	78	174
- Other services		29	24	29	24

* The salaries, allowances and bonuses include overtime and benefits-in-kind.

25. Taxation

		Group		Bank	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income tax:					
Current year		9,979	17,679	9,978	17,678
Over provision in prior years		(398)	(1,700)	(398)	(1,700)
		9,581	15,979	9,580	15,978
Deferred tax:					
Relating to origination and reversal of temporary differences	15	(149)	(11,846)	(149)	(11,846)
Tax expense		9,432	4,133	9,431	4,132

Income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Bank is as follows:

25. Taxation (cont'd.)

	Group		Bank	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before taxation	30,182	16,839	30,179	16,837
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	7,244	4,041	7,243	4,041
Effect of expenses not deductible for tax purposes	2,614	1,817	2,613	1,816
Income not subject to tax	(27)	(25)	(27)	(25)
Over provision of income tax in prior year	(398)	(1,700)	(398)	(1,700)
Tax expense for the year	9,433	4,133	9,431	4,132

26. Earnings per share

Basic earnings per share of the Group is calculated by dividing the profit for the financial year attributable to shareholder for the financial year by the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2021	2020
Profit for the year ("RM000")	20,750	12,706
Weighted average number of ordinary shares in issue ("000")	1,000,000	1,000,000
Basic earnings per share (sen)	2.08	1.27

There is no dilutive potential in the ordinary shares as at 31 December 2021 and 31 December 2020.

27. Commitments and contingencies

In the normal course of business, the Group and the Bank make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

The Group and Bank do not enter into over-the-counter ("OTC") derivative transactions, repo-style transactions and credit derivative contracts booked in its trading and banking books other than the involvement in derivatives restricted to foreign forward exchange contracts. The policies of market risk management in respect of foreign exchange risk are disclosed in Note 32(b).

27. Commitments and contingencies (cont'd.)

Risk-weighted exposures of the Group and of the Bank as at the reporting date are as below:

Group and Bank	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
31 December 2021				
Direct credit substitutes	29,756	-	29,756	27,491
Transaction-related contingent items	242,188	-	114,727	112,150
Short-term self-liquidating trade-related contingencies	39,528	-	7,906	7,596
Forward foreign exchange contracts - less than one year	913,470	3,548	11,596	5,371
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity more than one year	61,579	-	30,790	30,790
- maturity less than one year	1,457,198	-	291,439	290,204
Any commitment that are unconditionally cancelled at any time without prior notice	45,718	-	-	-
Total	2,789,437	3,548	486,214	473,602
31 December 2020				
Direct credit substitutes	30,356	-	30,356	30,356
Transaction-related contingent items	289,130	-	141,453	137,081
Short-term self-liquidating trade-related contingencies	39,397	-	7,879	7,879
Forward foreign exchange contracts - less than one year	210,892	2,815	5,314	4,604
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity more than one year	175,355	-	87,678	87,678
- maturity less than one year	1,574,825	-	314,965	312,853
Any commitment that are unconditionally cancelled at any time without prior notice	32,234	-	-	-
Total	2,352,189	2,815	587,645	580,451

The credit equivalent amount and risk-weighted amount are arrived at using the credit conversion factors as defined in Bank Negara Malaysia's revised Risk Weighted Capital Adequacy Framework: Standardised Approach (Basel II).

28. Significant related party transactions and balances

In addition to the related party information disclosed elsewhere in the financial statements, the following are the significant related party transactions and balances of the Group and of the Bank:

(i) Related party transactions

	Group and Bank	
	2021	**2020**
	RM'000	**RM'000**
Income		
Interest on advances to holding company and its branches	1	18
Expenditure		
Interest on advances from holding company and its branches	501	2,761
Administrative expenses to holding company	440	737

(ii) Related party balances

Amount due to		
Deposits and placements from holding company and its branches	276,958	121,678
Amount due from		
Cash and short-term funds placed with holding company and its branches	16,639	17,934

(iii) Key management personnel

Key management personnel ("KMP") 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 directors of the Bank, the Chief Executive Officer ("CEO") and Deputy CEO. The remuneration of KMP during the year are as follows:

	Group and Bank	
	2021	**2020**
	RM'000	**RM'000**
CEO and Deputy CEO:		
Salary and emoluments*	2,486	2,241
Defined contribution plan	168	191
Benefits-in-kind	165	136
	2,819	2,568
Directors' remuneration including benefits-in-kind (Note 29)	1,189	1,177
	4,008	3,745

* Includes estimate for bonus

29. Directors' fees and remuneration

The total remuneration (including benefits-in-kind) of the directors of the Bank are as follows:

Group and Bank

2021	Salary RM'000	Fees RM'000	Bonus RM'000	Other emoluments* RM'000	Benefits-in-kind RM'000	Total remuneration RM'000
Executive Directors:						
Ms. Rushda Theeratharathorn	-	96	-	17	-	113
Mr. Chaiyarit Anuchitworawong	-	96	-	15	-	111
	-	192	-	32	-	224
Independent Directors:						
Y.A.M. Tunku Ali Redhauddin Ibni Tuanku Muhriz	-	127	-	18	-	145
Mr. Lee Khee Joo @ Lee Ying Chong	-	120	-	37	-	157
Mr. Tham Kwok Meng	-	120	-	38	-	158
Mr. Banlue Chantadisai	-	144	-	26	-	170
Mr. Bordin Unakul	-	120	-	37	-	157
Mr. Por Peng Seong	-	30	-	3	-	33
Non-independent Directors:						
Mr. Chris Chia Woon Liat	-	120	-	25	-	145
	-	781	-	184	-	965
Total directors' remuneration	-	973	-	216	-	1,189

* Includes allowances and EPF

29. Directors' fees and remuneration (cont'd.)

The total remuneration (including benefits-in-kind) of the directors of the Bank are as follows (cont'd.):

Group and Bank

2020	Salary RM'000	Fees RM'000	Bonus RM'000	Other emoluments* RM'000	Benefits-in-kind RM'000	Total remuneration RM'000
Executive Directors:						
Ms. Rushda Theeratharathorn	-	96	-	18	-	114
Mr. Chaiyarit Anuchitworawong	-	96	-	17	-	113
	-	192	-	35	-	227
Independent Directors:						
Y.A.M. Tunku Ali Redhauddin Ibni Tuanku Muhriz	-	127	-	17	-	144
Mr. Lee Khee Joo @ Lee Ying Chong	-	120	-	42	-	162
Mr. Tham Kwok Meng	-	120	-	42	-	162
Mr. Banlue Chantadisai	-	144	-	29	-	173
Mr. Bordin Unakul	-	120	-	39	-	159
Non-independent Directors:						
Mr. Chris Chia Woon Liat	-	120	-	30	-	150
	-	751	-	199	-	950
Total directors' remuneration	-	943	-	234	-	1,177

* Includes allowances and EPF

30. Capital management

The objective of the Group's and 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 Group's and the Bank's capital management process involves a careful analysis of the capital requirement to support business growth, including potential crisis scenarios, and the source of capital, both from financial performance as well as external funding sources, if necessary. The Group and the Bank regularly assess their 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 are disclosed in Note 31.

31. Capital adequacy

(a) The capital adequacy ratios of the Bank are computed in accordance with BNM's revised Capital Adequacy Frameworks on Capital Components and Basel II - Risk-weighted Assets issued on 2 February 2018. The minimum regulatory capital adequacy ratios before including capital conservation buffer and countercyclical capital buffer ("CCyB") for Common Equity Tier 1 ("CET 1") Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio are 4.5%, 6.0% and 8.0% respectively.

The total risk-weighted assets of the Bank are computed based on the following approaches:

(i) Standardised Approach for Credit Risk;
(ii) Standardised Approach for Market Risk;
(iii) Basic Indicator Approach for Operational Risk.

For the purpose of consolidation for financial reporting, the Group comprised the consolidated results of Bank and its wholly-owned subsidiary, BBL Nominees (Tempatan) Sdn. Bhd. (Note 11), which is not involved in banking operations. The subsidiary is fully consolidated in the Group's financial statements.

As the Bank's subsidiary is not involved in banking operations and is of an immaterial size relative to the Bank, the Group does not prepare and submit separate Group's capital adequacy ratios for the purpose of consolidation for regulatory reporting.

(b) Banking institutions are also required to maintain a capital conservation buffer of up to 2.5% and a CCyB above the minimum regulatory capital adequacy ratios above. Under the transition arrangements, capital conservation buffer will be phased-in as follows:

Calendar Year	**Capital Conservation Buffer**
2018	1.875%
2019 onwards	2.500%

A CCyB is required to be maintained if this buffer is applied by regulators in countries which the Bank have exposures to, determined based on the weighted average of prevailing CCyB rates applied in those jurisdictions.

31. Capital adequacy (cont'd.)

(c) The capital adequacy ratios of the Bank as at the reporting date, are as follows:

	2021	**2020**
CET 1 Capital Ratio	30.58%	29.36%
Tier 1 Capital Ratio	30.58%	29.36%
Total Capital Ratio	31.77%	30.55%

(d) The components of Common Equity Tier 1 and Tier 2 capital of the Bank are as follows:

	2021 RM'000	**2020 RM'000**
CET 1 Capital		
Paid-up share capital	1,000,000	1,000,000
Unrealised gain on financial assets at FVOCI	17,254	23,750
Retained profits	277,154	256,406
Less: Regulatory adjustments, applied on CET1 Capital:		
- Other intangibles	(436)	(455)
- Deferred tax assets	(18,061)	(15,342)
- 55% of unrealised gain on financial assets at FVOCI	(9,490)	(13,063)
Total CET 1 Capital	1,266,421	1,251,296
Tier 2 Capital		
Stage 1 and Stage 2 ECL*	49,069	50,677
Less: Investment in subsidiary	(10)	(10)
Total Tier 2 Capital	49,059	50,667
Total capital		
CET 1 Capital	1,266,421	1,251,296
Tier 2 Capital	49,059	50,667
Total Capital	1,315,480	1,301,963

*General provisions are subject to a maximum of 1.25% of the total credit RWA determined under the Standardised Approach for credit risk.

Terms and conditions of the main features of all capital instruments are disclosed in the respective notes. The Bank does not have any innovative, non-innovative, complex or hybrid capital instruments.

31. Capital adequacy (cont'd.)

(e) The breakdown of risk-weighted assets (excluding deferred tax assets) of the Bank in the various categories of risk-weights are as follows:

	Principal 2021 RM'000	Risk-weighted assets 2021 RM'000	Principal 2020 RM'000	Risk-Weighted assets 2020 RM'000
0%	674,101	-	541,062	-
20%	392,431	78,486	587,538	117,508
35%	773	271	505	176
50%	168,574	84,287	444,949	222,475
75%	1,614	1,211	2,615	1,961
100%	3,761,287	3,761,287	3,712,032	3,712,032
Total risk-weighted assets for credit risk		3,925,542		4,054,152
Total risk-weighted assets for market risk		23,615		14,488
Total risk-weighted assets for operational risk		191,836		193,759
Total risk-weighted assets		4,140,993		4,262,399

32. Financial risk management objectives, policies, and processes

Risk management is one of the critical success factors in banking and is an essential element of the Group's and the Bank's overall business strategy.

The Board of Directors recognises that a critical factor in the Group's and the Bank's continued survival, profitability and success depends on the effectiveness of its risk management capabilities and risk return management. Therefore, the Group's and the Bank's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and the Bank's business whilst managing its foreign exchange, interest rate, credit and liquidity risks. The Group and the Bank operate within clearly defined guidelines that were approved by the Board.

Heightened US-China trade tensions and economic impact from COVID-19 outbreaks skewed the overall economy to the downside. The Group and the Bank have continuously tracked and updated macro economic parameters for different cases of stress scenarios. Additional accounts to be emplaced under the vulnerable accounts that will be severely affected by the prolonged COVID-19 outbreak have been identified. Overall, based on risk assessments, capital planning and stress testing conducted, the Total Capital Ratio ("TCR") is above the BNM's regulatory requirement of 10.5% and minimum TCR under stress test. There will be no material change in the capital structure and the Group and the Bank remain focused in pursuit of prudent credit risk management while upholding sound risk management practices.

32. Financial risk management objectives, policies, and processes (cont'd.)

Major areas of the Group's and the Bank's risk management are as follows:

(a) Credit risk management

Credit risk is the potential loss of revenue and principal losses in the form of impairment as a result of partial or total default of a loan by the borrower. As such, management of credit risk is not only vital in protecting the Group's asset quality but also to sustain profits. Various credit committees are set up to supervise credit activities and management of credit risks.

The Group's and the Bank's credit risk grading system is used to grade the quality of all commercial and business loans. A key objective of the rating system is to track the movement of the Group's and the Bank's credit risk profile and to assist in the early detection of weak borrowers to commence early rehabilitation and to prevent the emergence of new impaired loans.

An effective preventive measure to identify and manage emerging problem loans is the independent review of performing loans by a special unit. This review is carried out with the prime objective of implementing prompt and pre-emptive measures on loans where credit risks have increased.

For corrective measures, loans which are three months in arrears and above would be under the purview of the Loan Rehabilitation Committee. This committee meets monthly to direct efforts towards effective collection, restructuring and rehabilitation of delinquent loans to minimise and recover impaired loans expeditiously.

It is not the policy of the Group and the Bank to use credit derivatives as part of their credit risk management.

(i) Credit quality of gross loans, advances and financing

Gross loans, advances and financing are analysed as follows:

Group and Bank	2021 RM'000	2020 RM'000
Neither past due nor impaired	3,144,417	2,984,278
Past due but not impaired	19,588	23,461
Impaired	87,087	131,197
	3,251,092	3,138,936

32. Financial risk management objectives, policies, and processes (cont'd.)

(a) Credit risk management (cont'd.)

(i) Credit quality of gross loans, advances and financing (cont'd.)

Neither past due nor impaired
Gross loans, advances and financing which are neither past due nor impaired are classified as "PASS" internally. Facilities with "PASS" classification refers to loans, advances and financing which have no past due or no overdue in the principle or interest for a period of less than one (1) month.

Past due but not impaired
Past due but not impaired refers to loans where the customer has failed to make a principal or interest payment when contractually due, and includes loans, advances and financing which are due more than one month but less than (3) months.

(ii) Ageing analysis of past due but not impaired assets

	Months in arrears		
	1 to 2 months	**2 to 3 months**	**Total**
Group and Bank	**RM'000**	**RM'000**	**RM'000**
2021			
Corporate loans/financing	19,588	-	19,588
2020			
Corporate loans/financing	23,461	-	23,461

Impaired
The definition of impaired loans, advances and financing is described in Note 3(d)(i).

(iii) Collateral

Effects of holding collateral

The credit risk of financial assets of the Group and the Bank is mitigated by the collaterals held against the financial assets.

All impaired loans, advances and financing are subject to individual assessment impairment review as at the current and previous financial year end. The collateral mitigates credit risk and would reduce the extent of impairment allowance for the assets subject to impairment review.

32. Financial risk management objectives, policies, and processes (cont'd.)

(a) Credit risk management (cont'd.)

(iii) Collateral (cont'd.)

Effects of holding collateral (cont'd.)

For loan, advances and financing, Stage 3 ECL allowance as at the reporting date would have been higher by approximately RM19,272,000 (2020: RM24,886,000) for the Group and the Bank without the collaterals.

Repossessed collateral

For the financial years ended 31 December 2021 and 2020, there are no repossessed collaterals.

(iv) Credit risk exposure and concentration

The Bank's concentration of risk is managed by industry sector, risk grade asset quality and large customer limit. The Bank monitors the large exposures to single counterparty risk as per BNM GP5 - Guidelines on Credit Limit to a Single Customer.

The following tables shows the exposures to credit risk from financial instruments including derivatives by industry.

32. Financial risk management objectives and policies (cont'd.)

(a) Credit risk management (cont'd.)

(v) Industry analysis

As at 31 December 2021	Government and central bank RM'000	Primary Agriculture RM'000	Manufacturing RM'000	Electricity, gas and water supply RM'000	Construction RM'000	Wholesale & Retails RM'000	Finance, Insurance, Real Estate & Business Services RM'000	Transport, Storage & Telecomm RM'000	Others RM'000	Total RM'000
Group										
Cash and short-term funds	110,724	-	-	-	-	-	110,753	-	-	221,477
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	556,467	-	-	-	-	-	342,674	-	-	899,141
Financial assests at amortised costs	-	-	-	-	-	-	102,195	-	-	102,195
Loans, advances and financing		361,620	818,144	11,384	448,206	438,308	1,069,260	60,477	43,693	3,251,092
less Expected Credit Loss	-	-	-	-	-	-	-	-	-	(181,004)
Derivative assets	-	310	592	-	-	718	1,928	-	-	3,548
Statutory Deposit with Bank Negara Malaysia	998	-	-	-	-	-	-	-	-	998
Commitments										
Commitments and Contingencies	-	255,819	661,539	4,160	509,911	284,080	1,019,297	18,837	35,794	2,789,437
Bank										
Cash and short-term funds	110,724	-	-	-	-	-	109,525	-	-	220,249
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	556,467	-	-	-	-	-	342,674	-	-	899,141
Financial assests at amortised costs	-	-	-	-	-	-	102,195	-	-	102,195
Loans, advances and financing	-	361,620	818,144	11,384	448,206	438,308	1,069,260	60,477	43,693	3,251,092
less Expected Credit Loss	-	-	-	-	-	-	-	-	-	(181,004)
Derivative assets	-	310	592	-	-	718	1,928	-	-	3,548
Statutory Deposit with Bank Negara Malaysia	998	-	-	-	-	-	-	-	-	998
Commitments										
Commitments and Contingencies	-	255,819	661,539	4,160	509,911	284,080	1,019,297	18,837	35,794	2,789,437

32. Financial risk management objectives and policies (cont'd.)

(a) Credit risk management (cont'd.)

(v) Industry analysis

As at 31 December 2020	Government and central bank RM'000	Primary Agriculture RM'000	Manufacturing RM'000	Electricity, gas and water supply RM'000	Construction RM'000	Wholesale & Retails RM'000	Finance, Insurance, Real Estate & Business Services RM'000	Transport, Storage & Telecomm RM'000	Others RM'000	Total RM'000
Group										
Cash and short-term funds	75,065	-	-	-	-	-	330,767	-	-	405,832
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	90,212	-	-	90,212
Financial assets at fair value through other comprehensive income	462,538	-	-	-	-	-	498,770	-	-	961,308
Financial assests at amortised costs	-	-	-	-	-	-	102,302	-	-	102,302
Loans, advances and financing	-	345,777	923,563	40,394	411,978	302,703	992,605	64,695	57,221	3,138,936
less Expected Credit Loss	-	-	-	-	-	-	-	-	-	(223,759)
Derivative assets	-	-	2,316	-	-	450	49	-	-	2,815
Commitments										
Commitments and Contingencies	22	220,954	818,098	9,647	485,883	367,752	436,359	9,881	3,593	2,352,189
Bank										
Cash and short-term funds	75,065	-	-	-	-	-	330,638	-	-	405,703
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	90,212	-	-	90,212
Financial assets at fair value through other comprehensive income	462,538	-	-	-	-	-	498,770	-	-	961,308
Financial assests at amortised costs	-	-	-	-	-	-	102,302	-	-	102,302
Loans, advances and financing	-	345,777	923,563	40,394	411,978	302,703	992,605	64,695	57,221	3,138,936
less Expected Credit Loss	-	-	-	-	-	-	-	-	-	(223,759)
Derivative assets	-	-	2,316	-	-	450	49	-	-	2,815
Commitments										
Commitments and Contingencies	22	220,954	818,098	9,647	485,883	367,752	436,359	9,881	3,593	2,352,189

32. Financial risk management objectives, policies, and processes (cont'd.)

(b) Market risk management

Market risk is the risk of loss arising from movement in the level of market prices or rates, the two key components being foreign currency exchange risk and interest rate risk. Another risk area would be liquidity risk which arise from the Bank's failure to meet financial obligations when they fall due.

In order to manage risk in investment holding, the Group and the Bank mark-to-market their investment positions and make comparisons against predetermined market risk limits. The market risk limits are set taking into consideration the risk appetite of the Group and of the Bank, which have traditionally been prudent.

(i) Foreign exchange risk management

Foreign currency exchange risk arises from exchange rate movements, which may affect the profit of the Group and of the Bank from their foreign exchange open positions taken from time to time. This risk is principally managed by setting predetermined limits on open foreign exchange positions and the setting and monitoring of cut-loss mechanisms. The Group and the Bank enter into foreign exchange related derivatives, namely spot and forward contracts, as part of its strategies to manage foreign currency risk.

The following table shows the sensitivity of the Group's and Bank's profit before taxation to a possible change in exchange rates with all other variables remaining constant.

	2021			2020		
	Currency	Exchange Rate		Currency	Exchange Rate	
		+10%	-10%		+10%	-10%
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Currency						
Group and Bank						
USD	3,637	364	(364)	162	16	(16)
GBP	114	11	(11)	918	92	(92)
SGD	664	66	(66)	469	47	(47)
Others	3,043	304	(304)	6,049	605	(605)

(ii) Interest rate risk management

Interest rate risk refers to the volatility in net interest income as a result of changes in the levels of interest rates and shifts in the composition of the assets and liability. The Group's and the Bank's Asset and Liabilities Management Committee regularly review the interest rate outlook, assess the vulnerability of net interest income and develop strategies to mitigate interest rate risk.

The Group and the Bank are exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on their financial positions and cash flows. The following table indicates the effective interest rates at the reporting date and the periods in which the financial instruments reprice or mature, whichever is earlier.

32. Financial risk management objectives and policies (cont'd.)

(b) Market risk management (cont'd.)

(ii) Interest rate risk management (cont'd.)

Group	Non-trading book							
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
As at 31 December 2021								
Assets								
Cash and short-term funds	220,734	-	-	-	743	-	221,477	1.75
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	80,014	30,423	101,639	673,605	13,460	-	899,141	3.54
Financial assets at amortised costs	-	-	-	102,195	-	-	102,195	4.98
Loans, advances and financing								
- non-impaired *	3,050,967	-	-	-	-	-	3,050,967	3.61
- impaired **	19,121	-	-	-	-	-	19,121	
Other non-interest sensitive balances	-	-	-	-	172,340	3,548	175,888	
Total assets	3,370,836	30,423	101,639	775,800	186,543	3,548	4,468,789	

* This is arrived at after deducting the Stage 1 and Stage 2 ECL from gross loans outstanding.
** This is arrived at after deducting the Stage 3 ECL from impaired gross loans outstanding.

32. Financial risk management objectives and policies (cont'd.) -

(b) Market risk management (cont'd.)

(ii) Interest rate risk management (cont'd.)

Group	Non-trading book: Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
As at 31 December 2021								
Liabilities								
Deposits from customers	1,262,931	482,459	576,185	1,798	-	-	2,323,373	1.77
Deposits and placements of banks and other financial institutions	245,847	562,552	8,681	-	-	-	817,080	0.33
Other non-interest sensitive balances	-	-	-	-	30,694	3,113	33,807	
Total liabilities	1,508,778	1,045,011	584,866	1,798	30,694	3,113	3,174,260	
Shareholder's equity	-	-	-	-	1,294,529	-	1,294,529	
Total liabilities and shareholder's equity	1,508,778	1,045,011	584,866	1,798	1,325,223	3,113	4,468,789	
On-balance sheet interest sensitivity gap representing total interest sensitivity gap	1,862,058	(1,014,588)	(483,227)	774,002	(1,138,680)	435	-	

32. Financial risk management objectives and policies (cont'd.)

(b) Market risk management (cont'd.)

(ii) Interest rate risk management (cont'd.)

Group	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	← Non-trading book				→			
As at 31 December 2020								
Assets								
Cash and short-term funds	404,583	-	-	-	1,249	-	405,832	1.13
Deposits and placements with banks and other financial institutions	-	90,212	-	-	-	-	90,212	1.88
Financial assets at fair value through other comprehensive income	150,042	145,474	107,441	545,581	12,770	-	961,308	3.62
Financial assets at amortised costs	-	-	-	102,302	-	-	102,302	4.98
Loans, advances and financing								
- non-impaired *	2,908,932	-	-	-	-	-	2,908,932	4.19
- impaired **	6,245	-	-	-	-	-	6,245	
Other non-interest sensitive balances	-	-	-	-	163,152	2,815	165,967	
Total assets	3,469,802	235,686	107,441	647,883	177,171	2,815	4,640,798	

* This is arrived at after deducting the Stage 1 and Stage 2 ECL from gross loans outstanding.
** This is arrived at after deducting the Stage 3 ECL from impaired gross loans outstanding.

32. Financial risk management objectives and policies (cont'd.)

(b) Market risk management (cont'd.)

(ii) Interest rate risk management (cont'd.)

Group	Non-trading book Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
As at 31 December 2020								
Liabilities								
Deposits from customers	1,089,723	406,411	673,336	2,096	-	-	2,171,566	2.65
Deposits and placements of banks and other financial institutions	588,677	544,619	23,685	-	-	-	1,156,981	1.06
Other non-interest sensitive balances	-	-	-	-	29,785	2,191	31,976	
Total liabilities	1,678,400	951,030	697,021	2,096	29,785	2,191	3,360,523	
Shareholder's equity	-	-	-	-	1,280,275	-	1,280,275	
Total liabilities and shareholder's equity	1,678,400	951,030	697,021	2,096	1,310,060	2,191	4,640,798	
On-balance sheet interest sensitivity gap representing total interest sensitivity gap	1,791,402	(715,344)	(589,580)	645,787	(1,132,889)	624	-	

32. Financial risk management objectives and policies (cont'd.)

(b) Market risk management (cont'd.)

(ii) Interest rate risk management (cont'd.)

Bank	Non-trading book							
	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
As at 31 December 2021								
Assets								
Cash and short-term funds	219,506	-	-	-	743	-	220,249	1.75
Deposits and placements with banks and other financial institutions	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	80,014	30,423	101,639	673,605	13,460	-	899,141	3.54
Financial assets at amortised costs	-	-	-	102,195	-	-	102,195	4.98
Loans, advances and financing								
- non-impaired *	3,050,967	-	-	-	-	-	3,050,967	3.61
- impaired **	19,121	-	-	-	-	-	19,121	
Other non-interest sensitive balances	-	-	-	-	172,341	3,548	175,889	
Total assets	3,369,608	30,423	101,639	775,800	186,544	3,548	4,467,562	

* This is arrived at after deducting the Stage 1 and Stage 2 ECL from gross loans outstanding.
** This is arrived at after deducting the Stage 3 ECL from impaired gross loans outstanding.

32. Financial risk management objectives and policies (cont'd.)

(b) Market risk management (cont'd.)

(ii) Interest rate risk management (cont'd.)

Bank	Non-trading book: Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
As at 31 December 2021								
Liabilities								
Deposits from customers	1,262,931	482,459	576,185	1,798	-	-	2,323,373	1.77
Deposits and placements with banks and other financial institutions	245,847	562,552	8,681	-	-	-	817,080	0.33
Other non-interest sensitive balances	-	-	-	-	29,588	3,113	32,701	
Total liabilities	1,508,778	1,045,011	584,866	1,798	29,588	3,113	3,173,154	
Shareholder's equity	-	-	-	-	1,294,408	-	1,294,408	
Total liabilities and shareholder's equity	1,508,778	1,045,011	584,866	1,798	1,323,996	3,113	4,467,562	
On-balance sheet interest sensitivity gap representing total interest sensitivity gap	1,860,830	(1,014,588)	(483,227)	774,002	(1,137,452)	435	-	

32. Financial risk management objectives and policies (cont'd.)

(b) Market risk management (cont'd.)

(ii) Interest rate risk management (cont'd.)

Bank	Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
	← Non-trading book				→			
As at 31 December 2020								
Assets								
Cash and short-term funds	404,454	-	-	-	1,249	-	405,703	1.13
Deposits and placements with banks and other financial institutions	-	90,212	-	-	-	-	90,212	1.88
Financial assets at fair value through other comprehensive income	150,042	145,474	107,441	545,581	12,770	-	961,308	3.62
Financial assets at amortised costs	-	-	-	102,302	-	-	102,302	4.98
Loans, advances and financing								
- non-impaired *	2,908,932	-	-	-	-	-	2,908,932	4.19
- impaired **	6,245	-	-	-	-	-	6,245	
Other non-interest sensitive balances	-	-	-	-	163,159	2,815	165,974	
Total assets	3,469,673	235,686	107,441	647,883	177,178	2,815	4,640,676	

* This is arrived at after deducting the Stage 1 and Stage 2 ECL from gross loans outstanding.
** This is arrived at after deducting the Stage 3 ECL from impaired gross loans outstanding.

32. Financial risk management objectives and policies (cont'd.)

(b) Market risk management (cont'd.)

(ii) Interest rate risk management (cont'd.)

Bank	Non-trading book Up to 1 month RM'000	> 1-3 months RM'000	> 3-12 months RM'000	1-5 years RM'000	Non-interest sensitive RM'000	Trading book RM'000	Total RM'000	Effective interest rate %
As at 31 December 2020								
Liabilities								
Deposits from customers	1,089,723	406,411	673,336	2,096	-	-	2,171,566	2.65
Deposits and placements with banks and other financial institutions	588,677	544,619	23,685	-	-	-	1,156,981	1.06
Other non-interest sensitive balances	-	-	-	-	29,782	2,191	31,973	
Total liabilities	1,678,400	951,030	697,021	2,096	29,782	2,191	3,360,520	
Shareholder's equity	-	-	-	-	1,280,156	-	1,280,156	
Total liabilities and shareholder's equity	1,678,400	951,030	697,021	2,096	1,309,938	2,191	4,640,676	
On-balance sheet interest sensitivity gap representing total interest sensitivity gap	1,791,273	(715,344)	(589,580)	645,787	(1,132,760)	624	-	

32. Financial risk management objectives and policies (cont'd.)

(b) Market risk management (cont'd.)

(ii) Interest rate risk management (cont'd.)

The following table shows the impact on Net Interest Income ("NII") or Earning at Risk (EAR) and Economic Value of Equity ("EVE") based on a 100 basis points (bps) parallel shift in interest rates at the beginning of the year from 1 January for a period of 12 months:

	2021	**2020**
	RM'million	**RM'million**
Movement in basis points	**+/- 100 bps**	**+/- 100 bps**
Effect on Net Interest Income	+/- 7.0	+/- 9.4
Effect on Economic Value of Equity	+/- 15.4	+/- 9.8

As at the reporting date, if interest rate increases/decreases by 100 bps with all the other variables held constant, the Group's and the Bank's Net Interest Income ("NII") or Earning at Risk (EAR) and Economic Value of Equity ("EVE") would have increased/decreased by RM7.0 million and RM15.4 million (2020: RM9.4 million and RM9.8 million) respectively. The assumed movement in basis points for interest rate sensitivity analysis is based on the current observed market environment.

Note:
A +ve sign followed by a -ve sign indicate gains if interest rates were to hike and loss if interest rates were to dip. A reversal order of such sign will indicate a loss if interest rates were to hike and gain if interest rate were to dip. NII will impact the Profit and Loss Account whereas EVE will impact the reserves on statement of financial position.

(c) Liquidity risk management

Liquidity risk management is the risk of financial loss arising from the inability to fund increase in assets and/or meet obligations as they fall due. Financial obligations arise from withdrawal of deposits, funding of loans committed and repayment of borrowed funds.

To manage liquidity risk, the Group and Bank adopt the Liquidity Coverage Ratio ("LCR") as one of the liquidity measurement methods and the Net Stable Funding Ratio ("NSFR") as one of the funding requirement methods. In additional to ensuring compliance to LCR & NSFR, the Group and Bank maintain liquidity and funding compliance buffers to meet any unexpected cash outflows. The LCR and NSFR are further supplemented with the Group’s and Bank’s internal liquidity and funding risk management policies and procedures. These policies ensure that the liquidity surpluses are within the limits. The liquidity risk management activities are carried out through a combination of management of cash flow report, maintenance of high quality short term and long-term marketable securities that can be readily be converted into cash, diversification of the funding base and proactive management of the Group’s and of the Bank’s customer’s deposits.

32. Financial risk management objectives and policies (cont'd.)

(c) Liquidity risk management (cont'd.)

(i) Analysis of Financial Assets and Liabilities By Remaining Contractual Maturities

Group	Up to 1 month RM'000	> 1-3 months RM'000	> 3-6 months RM'000	> 6-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000	Non specific maturity RM'000	Total RM'000
As at 31 December 2021								
Assets								
Cash and short-term funds	221,287	-	-	-	-	-	-	221,287
Financial assets at fair value through other comprehensive income	86,976	31,119	83,743	20,000	621,286	63,234	-	906,358
Financial assets at amortised costs	-	-	-	-	102,374	529	-	102,903
Loans, advances and financing	1,422,112	570,230	559,384	93,669	417,325	108,437	-	3,171,157
Derivative financial asset	1,097	2,090	361	-	-	-	-	3,548
Statutory deposit with Bank Negara Malaysia	-	-	-	-	-	-	1,000	1,000
Total assets	1,731,472	603,439	643,488	113,669	1,140,985	172,200	1,000	4,406,253
Liabilities								
Deposits from customers	1,161,568	586,281	337,767	244,647	1,881	-	-	2,332,144
Deposits and placements of banks and other financial institutions	234,034	575,304	8,720	41	-	-	-	818,099
Derivative financial liabilities	1,273	864	832	-	-	-	-	2,969
Total liabilities	1,396,875	1,162,449	347,319	244,688	1,881	-	-	3,153,212
Net maturity mismatch	334,597	(559,010)	296,169	(131,019)	1,139,104	172,200	1,000	1,253,041

32. Financial risk management objectives and policies (cont'd.)

(c) Liquidity risk management (cont'd.)

(i) Analysis of Financial Assets and Liabilities By Remaining Contractual Maturities (cont'd.)

Group	Up to 1 month RM'000	> 1-3 months RM'000	> 3-6 months RM'000	> 6-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000	Non specific maturity RM'000	Total RM'000
As at 31 December 2020								
Assets								
Cash and short-term funds	404,962	-	-	-	-	-	-	404,962
Deposits and placements with banks and other financial institutions	-	90,472	-	-	-	-	-	90,472
Financial assets at fair value through other comprehensive income	150,988	145,348	20,000	85,000	510,040	-	-	911,376
Financial assets at amortised costs	2,483	-	-	2,469	109,960	567	-	115,479
Loans, advances and financing	1,621,690	449,604	184,495	93,832	559,388	101,288	-	3,010,297
Derivative financial asset	275	1,929	611	-	-	-	-	2,815
Total assets	2,180,398	687,353	205,106	181,301	1,179,388	101,855	-	4,535,401
Liabilities								
Deposits from customers	1,089,395	408,816	387,139	293,437	2,189	-	-	2,180,976
Deposits and placements of banks and other financial institutions	588,881	545,469	23,846	54	-	-	-	1,158,250
Derivative financial liabilities	36	2,047	-	-	-	-	-	2,083
Total liabilities	1,678,312	956,332	410,985	293,491	2,189	-	-	3,341,309
Net maturity mismatch	502,086	(268,979)	(205,879)	(112,190)	1,177,199	101,855	-	1,194,092

* Contractual maturity refers to the maturity

32. Financial risk management objectives and policies (cont'd.)

(c) Liquidity risk management (cont'd.)

(i) Analysis of Financial Assets and Liabilities By Remaining Contractual Maturities (cont'd.)

Bank	Up to 1 month RM'000	> 1-3 months RM'000	> 3-6 months RM'000	> 6-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000	Non specific maturity RM'000	Total RM'000
As at 31 December 2021								
Assets								
Cash and short-term funds	220,059	-	-	-	-	-	-	220,059
Financial assets at fair value through other comprehensive income	86,976	31,119	83,743	20,000	621,286	63,234	-	906,358
Financial assets at amortised costs	-	-	-	-	102,374	529	-	102,903
Loans, advances and financing	1,422,112	570,230	559,384	93,669	417,325	108,437	-	3,171,157
Derivative financial asset	1,097	2,090	361	-	-	-	-	3,548
Statutory Deposit with Bank Negara Malaysia	-	-	-	-	-	-	1,000	1,000
Total assets	1,730,244	603,439	643,488	113,669	1,140,985	172,200	1,000	4,405,025
Liabilities								
Deposits from customers	1,161,568	586,281	337,767	244,647	1,881	-	-	2,332,144
Deposits and placements of banks and other financial institutions	234,034	575,304	8,720	41	-	-	-	818,099
Derivative financial liabilities	1,273	864	832	-	-	-	-	2,969
Total liabilities	1,396,875	1,162,449	347,319	244,688	1,881	-	-	3,153,212
Net maturity mismatch	333,369	(559,010)	296,169	(131,019)	1,139,104	172,200	1,000	1,251,813

32. Financial risk management objectives and policies (cont'd.)

(c) Liquidity risk management (cont'd.)

(i) Analysis of Financial Assets and Liabilities By Remaining Contractual Maturities (cont'd.)

Bank	Up to 1 month RM'000	> 1-3 months RM'000	> 3-6 months RM'000	> 6-12 months RM'000	> 1-5 years RM'000	Over 5 years RM'000	Non specific maturity RM'000	Total RM'000
As at 31 December 2020								
Assets								
Cash and short-term funds	404,833	-	-	-	-	-	-	404,833
Deposits and placements with banks and other financial institutions	-	90,472	-	-	-	-	-	90,472
Financial assets at fair value through other comprehensive income	150,988	145,348	20,000	85,000	510,040	-	-	911,376
Financial assets at amortised costs	2,483	-	-	2,469	109,960	567	-	115,479
Loans, advances and financing	1,621,690	449,604	184,495	93,832	559,388	101,288	-	3,010,297
Derivative financial asset	275	1,929	610	-	-	-	-	2,814
Total assets	2,180,269	687,353	205,105	181,301	1,179,388	101,855	-	4,535,271
Liabilities								
Deposits from customers	1,089,395	408,816	387,139	293,437	2,189	-	-	2,180,976
Deposits and placements of banks and other financial institutions	588,881	545,469	23,846	54	-	-	-	1,158,250
Derivative financial liabilities	36	2,047	-	-	-	-	-	2,083
Total liabilities	1,678,312	956,332	410,985	293,491	2,189	-	-	3,341,309
Net maturity mismatch	501,957	(268,979)	(205,880)	(112,190)	1,177,199	101,855	-	1,193,962

32. Financial risk management objectives and policies (cont'd.)

(d) Operational risk management

The Bank has implemented the Operational Risk Management Policy which stipulates the operational risk management framework governing identification of risks, assessment of inherent risks, identification of controls, assessment of residual risk, mitigation of risks, monitor and review of risks and communication and consultation.

Operational Risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk but excludes strategic and reputational risk.

The Bank understands that good operational risk management is vital to sustainable business success, particularly in the current environment of uncertainties, both domestic and international. The Bank therefore places great importance on effective operational risk management with sufficient coverage of all aspects of operations and is well-prepared to deal promptly with any unpredictable event.

All business units in the Bank are directly responsible for managing their respective operational risks and establishing measures to mitigate and control risks to an acceptable level.

The Bank has a dedicated operational risk management unit, i.e. Operational Risk Management Unit ("ORU"), which is responsible for developing and managing the relevant tools and methodologies to manage operational risks in the Bank.

All operational risk incidents are reported to Management, Risk Management Committee ("RMC") and Board of Directors.

33. Fair values of financial instruments

The following table summarises the carrying amounts and fair values of the financial assets and liabilities, which were not presented at fair value in the Group's and the Bank's statements of financial position:

	Group and Bank			
	2021		2020	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial Assets				
Financial Assets at amortised costs	102,195	103,382	102,302	103,928
Loans, advances and financing	3,070,088	3,070,168	2,915,177	2,915,210

The fair values of the Group's and the Bank's financial assets, money market instruments and corporate bonds are estimated at their market values as disclosed in Note 6 and 7.

The fair value of loans is based on the carrying value of the loans and accrued interest receivable net of impairment allowance as most of the loans are floating rate loans.

33. Fair values of financial instruments (cont'd.)

The nominal/notional amount and fair value of derivatives are:

	Group and Bank 2021 Nominal/ notional amount RM'000	Group and Bank 2021 Positive fair value RM'000	Group and Bank 2021 Negative fair value RM'000
Forward foreign exchange contracts	913,470	3,548	(3,113)

	Group and Bank 2020 Nominal/ notional amount RM'000	Group and Bank 2020 Positive fair value RM'000	Group and Bank 2020 Negative fair value RM'000
Forward foreign exchange contracts	210,892	2,815	(2,191)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and cash equivalents, deposits and placements with banks and other financial institutions, deposits from customers, banks and other financial institutions, bills and acceptances payable, other assets/liabilities

The fair value of financial assets measured through profit and loss, other comprehensive income and amortised costs are estimated based on broker/dealer price quotations. Unquoted securities were revalued using Cost/Asset Based Approach, specifically the Adjusted Net Assets Method.

(ii) Derivative financial instruments

Derivative products valued using valuation technique with significant market observable inputs are mainly interest rate swaps, currency swaps and forward exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange and forward rates and interest rate curves.

(iii) Determination of fair value and fair value hierarchy

The Group and the Bank use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly;
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

33. Fair values of financial instruments (cont'd.)

(iii) Determination of fair value and fair value hierarchy (cont'd.)

The following table shows the analysis of financial instruments recorded or disclosed at their fair values by level of hierarchy:

Group and Bank 31 December 2021	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets at FVOCI (Note 6)				
Money market instruments:				
Malaysian Government Securities	-	175,244	-	175,244
Government Investment Issue	-	381,223	-	381,223
Negotiable Instruments of Deposit	-	80,015	-	80,015
Unquoted securities in Malaysia:				
Corporate bonds	-	249,199	-	249,199
Shares	-	-	13,460	13,460
	-	885,681	13,460	899,141
Derivatives				
Derivative financial assets				
Unrealised gain on derivatives	-	3,548	-	3,548
Derivative financial liabilities				
Unrealised loss on derivatives	-	(3,113)	-	(3,113)

There was no financial assets measured at fair value through profit and loss in the current financial year ended 31 December 2021.

Movement in Level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value:

2021 Group and Bank	Equity instrument at FVOCI RM'000
Balance at beginning of financial year	12,770
Gain recognised in other comprehensive income	690
Balance at end of financial year	13,460

33. Fair values of financial instruments (cont'd.)

(iii) Determination of fair value and fair value hierarchy (cont'd.)

Group and Bank 31 December 2020	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Financial assets at FVOCI (Note 6)				
Money market instruments:				
Malaysian Government Securities	-	84,968	-	84,968
Government Investment Issue	-	377,570	-	377,570
Negotiable Instruments of Deposit	-	230,258	-	230,258
Unquoted securities in Malaysia:				
Corporate bonds	-	255,742	-	255,742
Shares	-	-	12,770	12,770
	-	948,538	12,770	961,308
Derivatives				
Derivative financial assets				
Unrealised gain on derivatives	-	2,815	-	2,815
Derivative financial liabilities				
Unrealised loss on derivatives	-	(2,191)	-	(2,191)

There was no financial assets measured at fair value through profit and loss in the current financial year ended 31 December 2020.

Movement in Level 3 financial instruments measured at fair value

The following table shows a reconciliation of the opening and closing amounts of Level 3 financial assets which are recorded at fair value:

2020 Group and Bank	**Equity instrument at FVOCI RM'000**
Balance at beginning of financial year	11,613
Gain recognised in other comprehensive income	1,157
Balance at end of financial year	12,770