

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

Unaudited Interim Condensed Financial Statements
30 June 2021

199401014060 (299740-W)

**Bangkok Bank Berhad
(Incorporated in Malaysia)**

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**Bangkok Bank Berhad
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Performance review for the six-month period ended 30 June 2021 and commentary on the prospects

Bangkok Bank Berhad (“BBB”) registered a profit before tax (“PBT”) of RM18.5 million for the six-month period ended 30 June 2021 as compared to loss before tax of RM9.2 million recorded during the previous corresponding period. Net interest income increased slightly by RM1.0 million as compared with previous corresponding period given Malaysia economy is poised to continue on recovery trajectory despite challenging operating environment due to various imposition of containment measures to address the resurgence of COVID-19 pandemic.

Gross loans dropped marginally from RM3.1 billion as at 31 December 2020 to RM3.0 billion as at 30 June 2021. Malaysia's bank path to normalization is likely to be protracted. Prolonged lockdowns are straining bank asset quality and causing inevitable disruptions in near-term economic prospects.

Deposits from customers remained constant at RM2.2 billion for 31 December 2020 and 30 June 2021. The Bank has heightened efforts 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 requirements as at 30 June 2021.

Overall, the Bank is expected to remain sound supported by strong capital base. The Bank will continue to realign product offerings to changing market condition and remain resilient assessing key downside risks stemming from the evolving nature and prolonged impact of the COVID-19 outbreak.

Bangkok Bank Berhad
(Incorporated in Malaysia)

Unaudited interim condensed statements of financial position as at 30 June 2021

	Note	Group		Bank	
		30.6.2021 RM'000	31.12.2020 RM'000	30.6.2021 RM'000	31.12.2020 RM'000
Assets					
Cash and short-term funds		71,612	405,832	71,483	405,703
Deposits and placements with banks and other financial institutions		-	90,212	-	90,212
Financial assets at fair value through other comprehensive income ("FVOCI")	12	1,140,264	961,308	1,140,264	961,308
Financial assets at amortised costs	13	102,170	102,302	102,170	102,302
Loans, advances and financing	14	2,802,176	2,915,177	2,802,176	2,915,177
Derivative assets		813	2,815	813	2,815
Tax recoverable		9,196	10,384	9,189	10,381
Other assets	15	5,155	5,295	5,155	5,295
Statutory deposit with Bank Negara Malaysia	16	-	-	-	-
Investment in subsidiary		-	-	10	10
Property and equipment	17	122,783	124,627	122,783	124,627
Intangible assets		553	455	553	455
Right-of-use assets	18	6,598	7,049	6,598	7,049
Deferred tax assets		17,221	15,342	17,221	15,342
Total assets		4,278,541	4,640,798	4,278,415	4,640,676
Liabilities and shareholder's equity					
Deposits from customers	19	2,236,624	2,171,566	2,236,624	2,171,566
Deposits and placements from banks and other financial institutions	20	720,561	1,156,981	720,561	1,156,981
Derivative liabilities		1,622	2,191	1,622	2,191
Other liabilities	21	29,626	29,785	29,621	29,782
Total liabilities		2,988,433	3,360,523	2,988,428	3,360,520

These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and accompanying explanatory notes attached to these unaudited interim condensed financial statements.

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Unaudited interim condensed statements of financial position as at 30 June 2021 (cont'd.)

	Note	Group		Bank	
		30.6.2021 RM'000	31.12.2020 RM'000	30.6.2021 RM'000	31.12.2020 RM'000
Liabilities and shareholder's equity (cont'd.)					
Share capital		1,000,000	1,000,000	1,000,000	1,000,000
FVOCI reserve		21,078	23,750	21,078	23,750
Retained profits		269,030	256,525	268,909	256,406
Shareholder's equity		<u>1,290,108</u>	<u>1,280,275</u>	<u>1,289,987</u>	<u>1,280,156</u>
Total liabilities and shareholder's equity		<u>4,278,541</u>	<u>4,640,798</u>	<u>4,278,415</u>	<u>4,640,676</u>
Commitments and contingencies	27	<u>2,740,120</u>	<u>2,352,189</u>	<u>2,740,120</u>	<u>2,352,189</u>

These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and accompanying explanatory notes attached to these unaudited interim condensed financial statements.

Bangkok Bank Berhad
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Unaudited interim condensed income statements
For the financial period ended 30 June 2021

	Note	Group			
		Second Quarter Ended		Cumulative 6 Months Ended	
		1.4.2021	1.4.2020	1.1.2021	1.1.2020
		to	to	to	to
		30.06.2021	30.06.2020	30.06.2021	30.06.2020
		RM'000	RM'000	RM'000	RM'000
Interest income	22	33,390	42,508	68,377	92,778
Interest expense	23	(11,044)	(20,610)	(22,840)	(48,292)
Net interest income		22,346	21,898	45,537	44,486
Non-interest income	25	5,419	3,588	8,028	6,574
Net income		27,765	25,486	53,565	51,060
Overhead expenses	26	(14,529)	(14,826)	(27,887)	(28,162)
Operating profit		13,236	10,660	25,678	22,898
(Allowance for)/writeback of expected credit losses, net	24	(3,171)	(4,080)	(7,141)	(32,130)
Profit/(loss) before taxation		10,065	6,580	18,537	(9,232)
Taxation		(2,413)	(2,725)	(6,032)	478
Net profit/(loss) for the financial period		7,652	3,855	12,505	(8,754)
Earnings/(loss) per share (sen)					
- basic		0.77	0.39	1.25	(0.88)
- diluted		0.77	0.39	1.25	(0.88)

These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and accompanying explanatory notes attached to these unaudited interim condensed financial statements.

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Unaudited interim condensed income statements
For the financial period ended 30 June 2021 (cont'd.)

	Note	Bank			
		Second Quarter Ended		Cumulative 6 Months Ended	
		1.4.2021	1.4.2020	1.1.2021	1.1.2020
		to	to	to	to
		30.06.2021	30.06.2020	30.06.2021	30.06.2020
		RM'000	RM'000	RM'000	RM'000
Interest income	22	33,390	42,508	68,377	92,778
Interest expense	23	(11,044)	(20,610)	(22,840)	(48,292)
Net interest income		22,346	21,898	45,537	44,486
Non-interest income	25	5,417	3,586	8,024	6,569
Net income		27,763	25,484	53,561	51,055
Overhead expenses	26	(14,527)	(14,824)	(27,885)	(28,160)
Operating profit		13,236	10,660	25,676	22,895
(Allowance for)/writeback of expected credit losses, net	24	(3,171)	(4,080)	(7,141)	(32,130)
Profit/(loss) before taxation		10,065	6,580	18,535	(9,235)
Taxation		(2,412)	(2,725)	(6,032)	479
Net profit/(loss) for the financial period		7,653	3,855	12,503	(8,756)
Earnings/(loss) per share (sen)					
- basic		0.77	0.39	1.25	(0.88)
- diluted		0.77	0.39	1.25	(0.88)

These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and accompanying explanatory notes attached to these unaudited interim condensed financial statements.

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Bangkok Bank Berhad
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Unaudited interim condensed statements of comprehensive income
For the financial period ended 30 June 2021

	Group			
	Second Quarter Ended		Cumulative 6 Months Ended	
	1.4.2021	1.4.2020	1.1.2021	1.1.2020
	to	to	to	to
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) for the period	<u>7,655</u>	<u>3,855</u>	<u>12,505</u>	<u>(8,754)</u>
Other comprehensive income that will be reclassified to the income statement subsequently:				
Net (loss)/gain on financial assets at FVOCI	1,440	7,819	(4,127)	7,819
Income tax relating to components of other comprehensive income	<u>232</u>	<u>(1,642)</u>	<u>1,455</u>	<u>(1,642)</u>
Other comprehensive (loss)/income for the period, net of tax	<u>1,672</u>	<u>6,177</u>	<u>(2,672)</u>	<u>6,177</u>
Total comprehensive income/(loss) for the period, net of tax	<u>9,327</u>	<u>10,032</u>	<u>9,833</u>	<u>(2,577)</u>

These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and accompanying explanatory notes attached to these unaudited interim condensed financial statements.

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Bangkok Bank Berhad
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Unaudited interim condensed statements of comprehensive income
For the financial period ended 30 June 2021 (cont'd.)

	Bank			
	Second Quarter Ended		Cumulative 6 Months Ended	
	1.4.2021	1.4.2020	1.1.2021	1.1.2020
	to	to	to	to
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Net profit/(loss) for the period	7,653	3,855	12,503	(8,756)
Other comprehensive income that will be reclassified to the income statement subsequently:				
Net (loss)/gain on financial assets at FVOCI	1,440	7,819	(4,127)	7,819
Income tax relating to components of other comprehensive income	232	(1,642)	1,455	(1,642)
Other comprehensive (loss)/income for the period, net of tax	1,672	6,177	(2,672)	6,177
Total comprehensive income/(loss) for the period, net of tax	9,325	10,032	9,831	(2,579)

These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and accompanying explanatory notes attached to these unaudited interim condensed financial statements.

Bangkok Bank Berhad
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Unaudited interim condensed statements of changes in equity
For the financial period ended 30 June 2021

Group	<--- Non-distributable--->		Distributable	Total
	Share capital RM'000	FVOCI reserve RM'000	Retained profits RM'000	
At 1 January 2020	1,000,000	16,939	243,819	1,260,758
Total comprehensive income/(loss)	-	6,177	(8,754)	(2,577)
At 30 June 2020	<u>1,000,000</u>	<u>23,116</u>	<u>235,065</u>	<u>1,258,181</u>
At 1 January 2021	1,000,000	23,750	256,525	1,280,275
Total comprehensive (loss)/income	-	(2,672)	12,505	9,833
At 30 June 2021	<u>1,000,000</u>	<u>21,078</u>	<u>269,030</u>	<u>1,290,108</u>
Bank	<--- Non-distributable--->		Distributable	Total
	Share capital RM'000	FVOCI reserve RM'000	Retained profits RM'000	
At 1 January 2020	1,000,000	16,939	243,701	1,260,640
Total comprehensive income/(loss)	-	6,177	(8,756)	(2,579)
At 30 June 2020	<u>1,000,000</u>	<u>23,116</u>	<u>234,945</u>	<u>1,258,061</u>
At 1 January 2021	1,000,000	23,750	256,406	1,280,156
Total comprehensive (loss)/income	-	(2,672)	12,503	9,831
At 30 June 2021	<u>1,000,000</u>	<u>21,078</u>	<u>268,909</u>	<u>1,289,987</u>

These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and accompanying explanatory notes attached to these unaudited interim condensed financial statements.

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Unaudited interim condensed statements of cash flows
For the financial period ended 30 June 2021

	Note	Group		Bank	
		1.1.2021 to 30.06.2021 RM'000	1.1.2020 to 30.06.2020 RM'000	1.1.2021 to 30.06.2021 RM'000	1.1.2020 to 30.06.2020 RM'000
Cash flows from operating activities					
Profit/(loss) before taxation		18,537	(9,232)	18,535	(9,235)
Adjustments for:					
Depreciation	26	2,393	2,397	2,393	2,397
Amortisation of intangible assets	26	124	129	124	129
Depreciation of right-of-use assets	26	629	597	629	597
Interest expense on lease liability	18	82	133	82	133
Interest income from debt instruments at amortised cost	22	(2,442)	(2,510)	(2,442)	(2,510)
Interest income from debt instruments at FVOCI	22	(16,288)	(18,069)	(16,288)	(18,069)
Allowance for ECL made	24	7,308	32,290	7,308	32,290
Unrealised loss on foreign exchange forward	25	1,433	2,412	1,433	2,412
Dividend from financial assets at FVOCI	25	(95)	(55)	(95)	(55)
Gain from redemption of financial asset at FVOCI	25	(2,340)	-	(2,340)	-
Amortisation of premium, net of (accretion of discount)	22	2,419	424	2,419	424
Operating profit before working capital changes		11,760	8,516	11,758	8,513

These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and accompanying explanatory notes attached to these unaudited interim condensed financial statements.

Bangkok Bank Berhad
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Unaudited interim condensed statements of cash flows
For the financial period ended 30 June 2021 (cont'd.)

	Group		Bank	
	1.1.2021 to 30.06.2021 RM'000	1.1.2020 to 30.06.2020 RM'000	1.1.2021 to 30.06.2021 RM'000	1.1.2020 to 30.06.2020 RM'000
Cash flows from operating activities				
(cont'd.)				
Balance carried forward	11,760	8,516	11,758	8,513
Decrease in operating assets:				
Loans, advances and financing	108,297	180,612	108,297	180,612
Other assets	140	914	140	914
Statutory deposits with Bank Negara Malaysia	-	65,479	-	65,479
Increase/(Decrease) in operating liabilities:				
Deposits from customers	65,058	(709,756)	65,058	(709,756)
Deposits and placement from banks and other financial institutions	(436,420)	(96,773)	(436,420)	(96,773)
Other liabilities	(1,047)	(7,857)	(1,047)	(7,857)
Cash generated from operating activities	(252,212)	(558,865)	(252,214)	(558,868)
Taxes paid	(5,265)	(8,216)	(5,263)	(8,213)
Taxes refunded	-	5,374	-	5,374
Net cash used in operating activities	(257,477)	(561,707)	(257,477)	(561,707)
Cash flows from investing activities				
Purchase of financial assets at FVOCI	(922,677)	(954,063)	(922,677)	(954,063)
Proceeds from sale of financial assets at FVOCI	754,544	1,239,633	754,544	1,239,633
Proceeds from partial redemption/ interest of financial assets at amortised costs	2,483	2,539	2,483	2,539
Purchase of property and equipment	(771)	(390)	(771)	(390)
Dividend from financial assets at FVOCI	95	55	95	55
Net cash (used in)/ generated from investing activities	(166,326)	287,774	(166,326)	287,774

These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and accompanying explanatory notes attached to these unaudited interim condensed financial statements.

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Bangkok Bank Berhad
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Unaudited interim condensed statements of cash flows
For the financial period ended 30 June 2021 (cont'd.)

	Note	Group		Bank	
		1.1.2021 to 30.06.2021 RM'000	1.1.2020 to 30.06.2020 RM'000	1.1.2021 to 30.06.2021 RM'000	1.1.2020 to 30.06.2020 RM'000
Cash flows from financing activities					
Payment of lease liabilities	18	(629)	(666)	(629)	(666)
Net cash used in financing activities		(629)	(666)	(629)	(666)
Net (decrease) in cash and cash equivalents		(424,432)	(274,599)	(424,432)	(274,599)
Cash and cash equivalents at beginning of financial period		496,044	516,540	495,915	516,413
Cash and cash equivalents at end of financial period		71,612	241,941	71,483	241,814
Cash and cash equivalents comprise:					
Cash and short-term funds		71,612	241,941	71,483	241,814
Deposits and placements of banks and other financial institutions		-	-	-	-
		71,612	241,941	71,483	241,814

These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and accompanying explanatory notes attached to these unaudited interim condensed financial statements.

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**Bangkok Bank Berhad
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Notes to the unaudited interim condensed financial statements - 30 June 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 period.

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

2. Basis of preparation of the financial statements

2.1 Basis of preparation and presentation of the unaudited interim condensed financial statements

The unaudited interim condensed financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board ("IASB").

The unaudited interim condensed financial statements have been prepared under the historical cost convention except for the following assets which are stated at fair value: financial assets at FVTPL, financial assets at FVOCI and derivatives. The unaudited interim condensed 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.

The unaudited interim condensed financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2020. These explanatory notes attached to the unaudited interim condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Bank since the financial year ended 31 December 2020.

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2. Basis of preparation of the financial statements (cont'd.)

2.2 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 <i>Interest Rate Benchmark Reform - Phase 2</i>	1 January 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.

2.3 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.

Descriptions	Effective for annual periods beginning on or after
Amendments to MFRS 3 <i>Business Combinations: Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts-Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020 Cycle	
(i) Amendments to MFRS 1 <i>First-time adoption of Malaysian Financial Reporting Standards</i>	
(ii) Amendments to MFRS 9 <i>Financial Instruments</i>	1 January 2022
Amendments to MFRS 101 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Bank plan to adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are expected to have no significant impact to the financial statements of the Group and the Bank upon their initial application.

2. Basis of preparation of the financial statements (cont'd.)

2.4 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.

(a) Impairment losses on financial assets

The measurement of impairment losses under MFRS 9 across all categories of financial assets requires judgement, in particular, 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, changes which can result in different levels of allowances.

The Group and the Bank's Expected Credit Loss ("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 and estimates 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.

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2. Basis of preparation of the financial statements (cont'd.)

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

(b) Deferred tax and current tax

In determining the Group's and the Bank's tax charge for the year 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.

3. Auditors' report on preceding annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2020 was not subject to any qualification.

4. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group and the Bank during the financial period ended 30 June 2021.

5. Comments about seasonal or cyclical factors

The business operations of the Group and the Bank are not materially affected by any seasonal or cyclical factors.

6. Changes in estimates

There were no significant changes in estimates of amounts reported in prior financial period that have a material effect in the current financial period.

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7. Debt and equity securities

There were no issuances, repurchases and repayments of debt and equity securities during the six months ended 30 June 2021.

8. Subsequent events

There were no material events subsequent to the end of the current period that require disclosure or adjustments to the interim condensed financial statements.

9. Changes in composition of the Group

There were no changes in the composition of the Group during the financial period ended 30 June 2021.

10. Dividends paid

No dividend was declared or paid during the financial period ended 30 June 2021.

11. Segmental information

As the Group does not have foreign operations, the Group is not required to present separate identifiable geographical segments.

12. Financial assets at fair value through other comprehensive income

	Group and Bank	
	30.6.2021	31.12.2020
	RM'000	RM'000
Debt instruments		
Malaysian Government Securities	94,302	84,968
Government Investment Issues	436,032	377,570
Negotiable Instruments of Deposit	331,139	230,258
Corporate bonds	265,331	255,742
	<u>1,126,804</u>	<u>948,538</u>
Equity instruments		
Unquoted shares	13,460	12,770
	<u>1,140,264</u>	<u>961,308</u>

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

The following ECL for debt instruments at FVOCI are not recognised in the statement 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	883	-	-	883
ECL allowance charged	570	-	-	570
Debt instruments derecognised	(211)	-	-	(211)
At 30 June 2021	<u>1,921</u>	<u>-</u>	<u>-</u>	<u>1,921</u>
Group and Bank				
At 1 January 2020	262	-	-	262
New debt instruments originated	18	-	-	18
ECL allowance writeback	(95)	-	-	(95)
Debt instruments derecognised	(122)	-	-	(122)
Change in model	616	-	-	616
At 31 December 2020	<u>679</u>	<u>-</u>	<u>-</u>	<u>679</u>

13. Financial assets at amortised cost

	Group and Bank	
	30.6.2021	31.12.2020
	RM'000	RM'000
Debt instruments		
Corporate bonds	102,333	102,374
Unquoted securities:		
Corporate bonds	567	568
	<u>102,900</u>	<u>102,942</u>
Less: allowance for ECL	(730)	(640)
	<u>102,170</u>	<u>102,302</u>

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

Movements in the allowance for ECL on financial assets at amortised cost 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	73	-	567	640
ECL allowance charged	90	-	-	90
At 30 June 2021	<u>163</u>	<u>-</u>	<u>567</u>	<u>730</u>
Group and Bank				
At 1 January 2020	23	-	568	591
ECL allowance writeback	(16)	-	-	(16)
Debt instruments derecognised	-	-	(1)	(1)
Change in model	66	-	-	66
At 31 December 2020	<u>73</u>	<u>-</u>	<u>567</u>	<u>640</u>

14. Loans, advances and financing

	Group and Bank	
	30.6.2021	31.12.2020
	RM'000	RM'000
At amortised cost		
Overdrafts	64,756	66,752
Term loans:		
- Housing loans	1,398	2,129
- Syndicated term loan	63,952	175,043
- Other term loans	705,237	746,586
Revolving credits	1,395,459	1,409,802
Bills receivables	229,240	149,288
Trust receipts	56,228	97,130
Bankers' acceptances	516,250	493,912
Staff loans	351	371
	<u>3,032,871</u>	<u>3,141,013</u>
Unearned interest	(2,752)	(2,077)
Gross loans, advances and financing	<u>3,030,119</u>	<u>3,138,936</u>
Less: allowance for ECL		
- Stage 1	(24,571)	(6,723)
- Stage 2	(9,167)	(10,509)
- Stage 3	(110,124)	(106,821)
- Management overlay	(84,081)	(99,706)
Net loans, advances and financing	<u>2,802,176</u>	<u>2,915,177</u>

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

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

	Group and Bank	
	30.6.2021	31.12.2020
	RM'000	RM'000
Maturing within one year	2,368,287	2,286,457
One year to three years	118,350	219,356
Three years to five years	279,412	264,957
Over five years	264,070	368,166
	<u>3,030,119</u>	<u>3,138,936</u>

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

	Group and Bank	
	30.6.2021	31.12.2020
	RM'000	RM'000
Primary agriculture	402,161	345,777
Mining and quarrying	9,335	9,111
Manufacturing	890,126	923,563
Electricity, gas and water supply	-	40,394
Construction	359,584	411,978
Wholesale and retail trade and restaurants and hotels	327,667	302,703
Transport, storage and communication	63,404	64,695
Finance, insurance, real estate and business activities	939,955	992,605
Household	37,887	48,110
	<u>3,030,119</u>	<u>3,138,936</u>

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

	Group and Bank	
	30.6.2021	31.12.2020
	RM'000	RM'000
Domestic non-bank financial institutions	523,113	552,113
Domestic business enterprises:		
- Small medium enterprises	399,667	448,000
- Others	2,069,452	2,090,713
Individuals	37,887	48,110
	<u>3,030,119</u>	<u>3,138,936</u>

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

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

	Group and Bank	
	30.6.2021	31.12.2020
	RM'000	RM'000
Fixed rate		
- Other fixed rate loan/financing	54,789	54,789
Variable rate		
- Base lending rate plus	165,927	179,115
- Cost-plus	1,885,044	1,936,778
- Other variable rates	924,359	968,254
	<u>3,030,119</u>	<u>3,138,936</u>

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

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

	Group and Bank	
	30.6.2021	31.12.2020
	RM'000	RM'000
Balance as at 1 January	131,197	149,328
Classified as impaired during the period/year	544	1,562
Amount recovered during the period/year	(186)	(13,728)
Amount written off during the period/year	(520)	(5,965)
Balance as at 30 June/31 December	<u>131,035</u>	<u>131,197</u>
Allowance for ECL Stage 3	(110,124)	(106,821)
Net impaired loans, advances and financing	<u>20,911</u>	<u>24,376</u>
Ratio of net impaired loans, advances and financing to gross loans, advances and financing less Stage 3 ECL allowance	<u>0.72%</u>	<u>0.80%</u>

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

(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	997	494	-	1,491
Loans, advances and financing derecognised (other than write-off)	(410)	(816)	(151)	(1,377)
Transfer to Stage 1	6,950	(6,950)	-	-
Transfer to Stage 2	(6,785)	6,785	-	-
Transfer to Stage 3	-	-	-	-
Net changes in loan loss allowances	17,096	(855)	3,974	20,215
Amount written off	-	-	(520)	(520)
Management overlay	-	-	-	84,081
At 30 June 2021	<u>24,571</u>	<u>9,167</u>	<u>110,124</u>	<u>227,943</u>
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 changes in loan loss allowances	(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	<u>6,723</u>	<u>10,509</u>	<u>106,821</u>	<u>223,759</u>

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

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

	Group and Bank	
	30.6.2021	31.12.2020
	RM'000	RM'000
Manufacturing	122,948	122,469
Wholesale and retail trade and restaurants and hotels	7,172	7,180
Household	915	1,548
	<u>131,035</u>	<u>131,197</u>

15. Other assets

	Group and Bank	
	30.6.2021	31.12.2020
	RM'000	RM'000
Deposits and prepayments	2,470	2,358
Other receivables	2,685	2,937
	<u>5,155</u>	<u>5,295</u>

16. Statutory deposit with Bank Negara Malaysia

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.

17. Property and equipment

During the six months period ended 30 June 2021, the Group and the Bank acquired assets with a cost of RM771,000 (31.12.2020: RM683,000).

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18. Right-of-use assets and lease liabilities

	Group and Bank	
	30.6.2021	31.12.2020
	RM'000	RM'000
Right-of-use assets		
Balance as at 1 January	7,049	7,444
Non-cash addition	178	828
Depreciation of right-of-use assets (Note 26)	(629)	(1,223)
Right-of-use assets	<u>6,598</u>	<u>7,049</u>
Lease liabilities		
Balance as at 1 January	7,359	7,655
Non-cash addition	178	828
Adjustment	(17)	-
Accretion of interest expense (Note 23)	82	230
Lease payment	(629)	(1,354)
Lease liabilities (Note 21)	<u>6,973</u>	<u>7,359</u>

19. Deposits from customers

(i) By type of deposit:

	Group and Bank	
	30.6.2021	31.12.2020
	RM'000	RM'000
Fixed deposits	1,330,982	1,531,625
Current accounts	184,812	202,394
Savings deposits	9,464	10,107
Short term deposits	711,366	427,440
	<u>2,236,624</u>	<u>2,171,566</u>

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

	Group and Bank	
	30.6.2021	31.12.2020
	RM'000	RM'000
Due within six months	1,841,116	1,641,444
Six months to one year	197,941	315,523
One year to three years	2,096	1,104
Over three years	1,195	994
	<u>2,042,348</u>	<u>1,959,065</u>

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19. Deposits from customers (cont'd.)

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

	Group and Bank	
	30.6.2021	31.12.2020
	RM'000	RM'000
Business enterprises	1,897,095	1,762,892
Individuals	339,529	408,674
	<u>2,236,624</u>	<u>2,171,566</u>

20. Deposits and placements from banks and other financial institutions

	Group and Bank	
	30.6.2021	31.12.2020
	RM'000	RM'000
Licensed banks	597,475	816,817
Other financial institutions	123,086	340,164
	<u>720,561</u>	<u>1,156,981</u>

Included in deposits and placements are deposits and placements from the holding company and its branches amounting to RM266,653,000 (31.12.2020: RM121,678,000) as disclosed in Note 30.

21. Other liabilities

	Group		Bank	
	30.6.2021	31.12.2020	30.6.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Accruals	5,684	8,617	5,679	8,614
Allowance for ECL on commitments and contingencies	9,507	8,235	9,507	8,235
Lease liability (Note 18)	6,973	7,359	6,973	7,359
Other payables	7,462	5,574	7,462	5,574
	<u>29,626</u>	<u>29,785</u>	<u>29,621</u>	<u>29,782</u>

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21. Other liabilities (cont'd.)

Movements in the allowance for impairment on loan/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 loan/financing commitments, and financing guarantee originated	41	-	-	41
Loan/financing commitments, and financing guarantee derecognised	(37)	(104)	-	(141)
Transfer to Stage 1	504	(504)	-	-
Transfer to Stage 2	(20)	20	-	-
Transfer to Stage 3	-	-	-	-
Net changes in loan loss allowances	658	714	-	1,372
At 30 June 2021	<u>2,177</u>	<u>1,157</u>	<u>6,173</u>	<u>9,507</u>
Group and Bank				
At 1 January 2020	6,384	10,705	-	17,089
New loan/financing commitments, and financing guarantee originated	2,422	776	-	3,198
Loan/financing commitments, and financing guarantee 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 changes in loan loss allowances	(499)	762	3,801	4,064
Changes in model	(4,487)	(9,076)	-	(13,563)
At 31 December 2020	<u>1,031</u>	<u>1,031</u>	<u>6,173</u>	<u>8,235</u>

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22. Interest income

	Group and Bank			
	Second Quarter Ended		Cumulative 6 Months Ended	
	1.4.2021	1.4.2020	1.1.2021	1.1.2020
	to	to	to	to
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing				
- Interest income other than recoveries from impaired loans	23,150	31,346	48,399	66,992
- Recoveries from impaired loans	-	100	-	100
- Interest income on impaired loans	242	459	484	1,062
Deposits and placements with banks and other financial institutions	1,417	1,977	3,183	4,469
Debt instruments at amortised cost	1,241	1,241	2,442	2,510
Debt instruments at FVOCI	8,625	7,678	16,288	18,069
	<u>34,675</u>	<u>42,801</u>	<u>70,796</u>	<u>93,202</u>
(Amortisation of premium)/ accretion of discounts, net				
- Financial assets at FVOCI	(1,285)	(293)	(2,419)	(424)
	<u>33,390</u>	<u>42,508</u>	<u>68,377</u>	<u>92,778</u>

23. Interest expense

	Group and Bank			
	Second Quarter Ended		Cumulative 6 Months Ended	
	1.4.2021	1.4.2020	1.1.2021	1.1.2020
	to	to	to	to
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	10,632	18,986	21,572	44,182
Deposits and placements from banks and other financial institutions	371	1,561	1,186	3,977
Accretion of interest expense (Note 18)	41	63	82	133
	<u>11,044</u>	<u>20,610</u>	<u>22,840</u>	<u>48,292</u>

Included in interest expense on deposits and placements from banks and other financial institutions are interest expense on deposits and placements from the holding company and its branches amounting to RM159,000 (30.6.2020: RM2,236,000) as disclosed in Note 30.

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24. Allowance for expected credit losses/(written back),net

	Group and Bank			Total
	Cumulative 6 Months Ended			
	1.1.2021 to 30.6.2021			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Allowance for ECL made				
- Financial assets at FVOCI	1,453	-	-	1,453
- Financial assets at amortised costs	90	-	-	90
- Loans, advances and financing	26,747	1,425	3,979	32,151
- Commitment and contingencies	1,408	785	-	2,193
	<u>29,698</u>	<u>2,210</u>	<u>3,979</u>	<u>35,887</u>
Allowance for ECL written back				
- Cash and short term funds	(112)	-	-	(112)
- Deposits and placements with banks and other financial institutions	(52)	-	-	(52)
- Financial assets at FVOCI	(211)	-	-	(211)
- Loans, advances and financing	(8,899)	(2,767)	(156)	(11,822)
- Management overlay	-	-	-	(15,625)
- Commitment and contingencies	(262)	(659)	-	(921)
	<u>(9,536)</u>	<u>(3,426)</u>	<u>(156)</u>	<u>(28,743)</u>
Impaired loans, advances and financing recovered	-	-	(3)	(3)
Total	<u>20,162</u>	<u>(1,216)</u>	<u>3,820</u>	<u>7,141</u>

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24. Allowance for expected credit losses/(written back),net (cont'd.)

	Group and Bank			Total
	Second Quarter Ended			
	1.4.2021 to 30.6.2021			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Allowance for ECL made				
- Financial assets at FVOCI	1,715	-	-	1,715
- Financial assets at amortised costs	138	-	-	138
- Loans, advances and financing	25,167	5,773	3,183	34,123
- Commitment and contingencies	1,852	623	-	2,475
	<u>28,872</u>	<u>6,396</u>	<u>3,183</u>	<u>38,451</u>
Allowance for ECL written back				
- Cash and short term funds	(454)	-	-	(454)
- Deposits and placements with banks and other financial institutions	(283)	-	-	(283)
- Loans, advances and financing	(6,153)	-	(11)	(6,164)
- Management overlay	-	-	-	(28,034)
- Commitment and contingencies	-	(344)	-	(344)
	<u>(6,890)</u>	<u>(344)</u>	<u>(11)</u>	<u>(35,279)</u>
Impaired loans, advances and financing recovered	-	-	(1)	(1)
Total	<u>21,982</u>	<u>6,052</u>	<u>3,171</u>	<u>3,171</u>

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24. Allowance for expected credit losses/(written back),net (cont'd.)

	Group and Bank			
	Cumulative 6 Months Ended			
	1.1.2020 to 30.6.2020			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Allowance for ECL made				
- Loans, advances and financing	25,197	17,123	1,687	44,007
- Commitment and contingencies	1,790	2,908	3,112	7,810
	<u>26,987</u>	<u>20,031</u>	<u>4,799</u>	<u>51,817</u>
Allowance for ECL written back				
- Cash and short term funds	(127)	-	-	(127)
- Deposits and placements with banks and other financial institutions	(10)	-	-	(10)
- Financial assets at FVOCI	(180)	-	-	(180)
- Financial assets at amortised costs	(13)	-	-	(13)
- Loans, advances and financing	(6,266)	(5,186)	(59)	(11,511)
- Statutory deposit with Bank Negara Malaysia	(21)	-	-	(21)
- Commitment and contingencies	(1,796)	(6,027)	-	(7,823)
	<u>(8,096)</u>	<u>(11,213)</u>	<u>(59)</u>	<u>(19,685)</u>
Impaired loans, advances and financing recovered	-	-	(2)	(2)
Total	<u>18,891</u>	<u>8,818</u>	<u>4,740</u>	<u>32,130</u>

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24. Allowance for expected credit losses/(written back),net (cont'd.)

	Group and Bank			Total
	Second Quarter Ended			
	1.4.2020 to 30.6.2020			
	Stage 1	Stage 2	Stage 3	Total
	RM'000	RM'000	RM'000	RM'000
Allowance for ECL made				
- Financial assets at amortised costs	-	-	1	1
- Loans, advances and financing	15,934	4,850	1,083	21,867
- Commitment and contingencies	-	592	3,112	3,704
	<u>15,934</u>	<u>5,442</u>	<u>4,196</u>	<u>25,572</u>
Allowance for ECL written back				
- Cash and short term funds	(36)	-	-	(36)
- Financial assets at FVOCI	(57)	-	-	(57)
- Financial assets at amortised costs	(4)	-	-	(4)
- Loans, advances and financing	(14,241)	(2,160)	(8)	(16,409)
- Statutory deposit with Bank Negara Malaysia	(10)	-	-	(10)
- Commitment and contingencies	(1,693)	(3,282)	-	(4,975)
	<u>(16,041)</u>	<u>(5,442)</u>	<u>(8)</u>	<u>(21,491)</u>
Impaired loans, advances and financing recovered	-	-	(1)	(1)
Total	<u>(107)</u>	<u>-</u>	<u>4,187</u>	<u>4,080</u>

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25. Non-interest income

	Group			
	Second Quarter Ended		Cumulative 6 Months Ended	
	1.4.2021	1.4.2020	1.1.2021	1.1.2020
	to	to	to	to
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Commission	548	760	1,239	1,627
Service charges and fees	383	451	667	899
Guarantee fees	482	559	999	1,164
	<u>1,413</u>	<u>1,770</u>	<u>2,905</u>	<u>3,690</u>
Investment income:				
Gross dividend from financial assets at FVOCI	95	55	95	55
Gain from redemption of financial assets at FVOCI	2,340	-	2,340	-
	<u>2,435</u>	<u>55</u>	<u>2,435</u>	<u>55</u>
Other income:				
Foreign exchange gain	1,888	1,307	3,406	4,722
Unrealised (loss)/gain on foreign exchange forwards	(712)	197	(1,433)	(2,412)
Rental income	392	257	708	514
Others	3	2	7	5
	<u>1,571</u>	<u>1,763</u>	<u>2,688</u>	<u>2,829</u>
Total	<u>5,419</u>	<u>3,588</u>	<u>8,028</u>	<u>6,574</u>

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25. Non-interest income (cont'd.)

	Bank			
	Second Quarter Ended		Cumulative 6 Months Ended	
	1.4.2021	1.4.2020	1.1.2021	1.1.2020
	to	to	to	to
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Commission	546	758	1,235	1,622
Service charges and fees	383	451	667	899
Guarantee fees	482	559	999	1,164
	<u>1,411</u>	<u>1,768</u>	<u>2,901</u>	<u>3,685</u>
Investment income:				
Gross dividend from financial assets at FVOCI	95	55	95	55
Gain from redemption of financial assets at FVOCI	2,340	-	2,340	-
	<u>2,435</u>	<u>55</u>	<u>2,435</u>	<u>55</u>
Other income:				
Foreign exchange gain	1,888	1,307	3,406	4,722
Unrealised (loss)/gain on foreign exchange forwards	(712)	197	(1,433)	(2,412)
Rental income	392	257	708	514
Others	3	2	7	5
	<u>1,571</u>	<u>1,763</u>	<u>2,688</u>	<u>2,829</u>
Total	<u>5,417</u>	<u>3,586</u>	<u>8,024</u>	<u>6,569</u>

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26. Overhead expenses

	Group			
	Second Quarter Ended		Cumulative 6 Months Ended	
	1.4.2021	1.4.2020	1.1.2021	1.1.2020
	to	to	to	to
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, allowances and bonuses	8,151	8,427	15,365	14,862
Defined Contribution Plan				
- Employees Provident Fund	1,227	1,308	2,210	2,307
Others	554	221	705	962
	<u>9,932</u>	<u>9,956</u>	<u>18,280</u>	<u>18,131</u>
Establishment costs				
Depreciation	1,193	1,196	2,393	2,397
Amortisation of intangible assets	66	65	124	129
Depreciation of right-of-use assets (Note 18)	320	305	629	597
Repair and maintenance	681	622	1,363	1,264
Information technology	259	385	646	698
Others	524	502	1,063	967
	<u>3,043</u>	<u>3,075</u>	<u>6,218</u>	<u>6,052</u>
Marketing costs				
Advertising and publicity	14	32	79	107
Others	2	4	8	26
	<u>16</u>	<u>36</u>	<u>87</u>	<u>133</u>
Administration and general costs				
Communication expenses	323	304	570	629
Subscriptions	374	436	1,079	950
Professional fees	158	142	175	302
Auditors remunerations	32	72	185	218
Non-executive directors' remuneration	296	312	580	574
Insurance	146	254	299	540
Travelling	16	44	32	133
Others	193	195	382	500
	<u>1,538</u>	<u>1,759</u>	<u>3,302</u>	<u>3,846</u>
Total	<u>14,529</u>	<u>14,826</u>	<u>27,887</u>	<u>28,162</u>

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26. Overhead expenses (cont'd.)

	Bank			
	Second Quarter Ended		Cumulative 6 Months Ended	
	1.4.2021	1.4.2020	1.1.2021	1.1.2020
	to	to	to	to
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, allowances and bonuses	8,151	8,427	15,365	14,862
Defined Contribution Plan				
- Employees Provident Fund	1,227	1,308	2,210	2,307
Others	554	221	705	962
	<u>9,932</u>	<u>9,956</u>	<u>18,280</u>	<u>18,131</u>
Establishment costs				
Depreciation	1,193	1,196	2,393	2,397
Amortisation of intangible assets	66	65	124	129
Depreciation of right-of-use assets (Note 18)	320	305	629	597
Repair and maintenance	681	622	1,363	1,264
Information technology	259	385	646	698
Others	524	502	1,063	967
	<u>3,043</u>	<u>3,075</u>	<u>6,218</u>	<u>6,052</u>
Marketing costs				
Advertising and publicity	14	32	79	107
Others	2	4	8	26
	<u>16</u>	<u>36</u>	<u>87</u>	<u>133</u>
Administration and general costs				
Communication expenses	323	304	570	629
Subscriptions	374	436	1,079	950
Professional fees	158	142	175	302
Auditors remunerations	30	70	183	216
Non-executive directors' remuneration	296	312	580	574
Insurance	146	254	299	540
Travelling	16	44	32	133
Others	193	195	382	500
	<u>1,536</u>	<u>1,757</u>	<u>3,300</u>	<u>3,844</u>
Total	<u>14,527</u>	<u>14,824</u>	<u>27,885</u>	<u>28,160</u>

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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 the 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.

Risk weighted exposures of the Group and 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
30 June 2021				
Direct credit substitutes	30,755	-	30,755	28,489
Transaction-related contingent items	257,458	-	122,556	119,521
Short-term self-liquidating trade-related contingencies	19,321	-	3,864	3,864
Forward foreign exchange contracts				
- less than one year	616,182	813	6,330	3,275
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity more than one year	181,174	-	90,587	90,462
- maturity less than one year	1,565,626	-	313,125	312,036
Any commitment that are unconditionally cancelled at any time without prior notice	69,604	-	-	-
Total	2,740,120	813	567,217	557,647

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27. Commitments and contingencies (cont'd.)

Risk weighted exposures of the Group and 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 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).

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28. 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; and

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

Group and Bank 30 June 2021	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Financial assets at FVOCI (Note 12)</u>				
Debt instruments				
Malaysian Government Securities	-	94,302	-	94,302
Government Investment Issue	-	436,032	-	436,032
Negotiable Instruments of Deposit	-	331,139	-	331,139
Corporate bonds	-	265,331	-	265,331
Equity instruments				
Unquoted shares	-	-	13,460	13,460
	-	1,126,804	13,460	1,140,264
<u>Derivatives financial instruments</u>				
Derivative financial assets				
Unrealised gain on derivatives	-	813	-	813
Derivative financial liabilities				
Unrealised loss on derivatives	-	(1,622)	-	(1,622)

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28. 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
<u>Financial assets at FVOCI (Note 12)</u>				
Debt instruments				
Malaysian Government				
Securities	-	84,968	-	84,968
Government Investment Issue	-	377,570	-	377,570
Negotiable Instruments of				
Deposit	-	230,258	-	230,258
Corporate bonds	-	255,742	-	255,742
Equity instruments:				
Unquoted shares	-	-	12,770	12,770
	-	948,538	12,770	961,308
<u>Derivatives financial instruments</u>				
Derivative financial assets				
Unrealised gain on derivatives	-	2,815	-	2,815
Derivative financial liabilities				
Unrealised loss on derivatives	-	(2,191)	-	(2,191)

There have been no transfers between Level 1 and Level 2 during the current period and previous financial year.

Valuation methods and assumptions

The fair value of the financial assets and liabilities is the amount at which the asset could be sold or the liability transferred in a current transaction between market participants, other than in a forced or liquidation sale.

The fair value of quoted securities held for trading, available-for-sale and held-to-maturity are estimated based on broker/dealer price quotations. Unquoted securities were revalued using Cost/Asset Based Approach, specifically the Adjusted Net Assets Method.

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.

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29. 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. , 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.

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

	Bank	
	30.6.2021	31.12.2020
CET 1 Capital Ratio	31.33%	29.36%
Tier 1 Capital Ratio	31.33%	29.36%
Total Capital Ratio	<u>32.51%</u>	<u>30.55%</u>

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29. Capital adequacy (cont'd.)

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

	Bank	
	30.6.2021	31.12.2020
	RM'000	RM'000
CET 1 Capital		
Paid-up share capital	1,000,000	1,000,000
Unrealised gain on financial assets at FVOCI	21,078	23,750
Retained profits	268,909	256,406
Less: Regulatory adjustments, applied on CET1 Capital:		
Other intangibles	(553)	(455)
Deferred tax assets	(17,221)	(15,342)
55% of unrealised gain on financial assets at at FVOCI	(11,593)	(13,063)
Total CET 1 Capital	<u>1,260,620</u>	<u>1,251,296</u>
Tier 2 Capital		
Stage 1 and 2 ECL *	47,656	50,677
Less: Investment in subsidiary	(10)	(10)
Total Tier 2 Capital	<u>47,646</u>	<u>50,667</u>
Total capital		
CET 1 Capital	1,260,620	1,251,296
Tier 2 Capital	47,646	50,667
Total Capital	<u>1,308,266</u>	<u>1,301,963</u>

* 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.

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29. 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	Risk-weighted	Principal	Risk-weighted
	30.6.2021	assets	31.12.2020	assets
	RM'000	30.6.2021	RM'000	31.12.2020
		RM'000	RM'000	RM'000
0%	561,824	-	541,062	-
20%	471,642	94,329	587,538	117,508
35%	488	171	505	176
50%	295,550	147,775	444,949	222,475
75%	1,925	1,444	2,615	1,961
100%	3,568,732	<u>3,568,732</u>	3,712,032	<u>3,712,032</u>
Total risk-weighted assets for credit risk		3,812,451		4,054,152
Total risk-weighted assets for market risk		17,362		14,488
Total risk-weighted assets for operational risk		<u>194,001</u>		<u>193,759</u>
Total risk-weighted assets		<u>4,023,814</u>		<u>4,262,399</u>

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30. Significant related party transactions and balances

Significant transactions between the Group and the Bank and their related parties are as follows:

(i) Related party transactions

	Group and Bank			
	Second Quarter Ended		Cumulative 6 Months Ended	
	1.4.2021	1.4.2020	1.1.2021	1.1.2020
	to	to	to	to
	30.6.2021	30.6.2020	30.6.2021	30.6.2020
	RM'000	RM'000	RM'000	RM'000
Income				
Interest on advances to the holding company and its branches	-	3	-	16
Expenditure				
Interest on advances from the holding company and its branches	102	1,073	159	2,236
Administrative expenses to holding company	64	118	215	364

Significant transactions between the Group and the Bank and their related parties are as follows:

(ii) Related party balances

	Group and Bank	
	30.6.2021	31.12.2020
	RM'000	RM'000
Amount due to		
Deposits and placements from the holding company and its branches	266,653	121,678
Amount due from		
Cash and short-term funds placed with the holding company and its branches	18,272	17,934