Company Registration No. 201804195C

Maybank Singapore Limited

Annual Financial Statements
31 December 2022

Building a better
working world

General information

Directors

Datuk Karownakaran @ Karunakaran
Tan Sri Abdul Farid bin Alias (Resigned on 30 April 2022)
Dato' Khairussaleh bin Ramli (Appointed on 1 August 2022)
Anthony Brent Elam
Spencer Lee Tien Chye
Wong Heng Ning Kevin
Lee Yong Guan
Renato Tinio De Guzman

Company Secretary

Melissa Tham Lyn-Li

Registered Office

2 Battery Road
#01-01 Maybank Tower
Singapore 049907

Auditor

Ernst & Young LLP

Index

The directors are pleased to present their statement to the member of Maybank Singapore Limited (the "Bank") together with the audited financial statements of the Bank for the financial year ended 31 December 2022.

Opinion of the directors

In the opinion of the directors,

(a) the accompanying statement of comprehensive income, statement of financial position, statement of changes in equity and cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Bank as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Bank for the financial year ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the Bank will be able to pay its debts as and when they fall due.

Directors

The directors of the Bank in office at the date of this statement are:

Datuk Karownakaran @ Karunakaran
Dato' Khairussaleh bin Ramli
Anthony Brent Elam
Spencer Lee Tien Chye
Wong Heng Ning Kevin
Lee Yong Guan
Renato Tinio De Guzman

Arrangements to enable directors to acquire shares or debentures

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Bank a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate.

Malayan Banking Berhad ("Maybank") has implemented an employee's share scheme named as the Maybank Group Employees' Share Grant Plan ("ESGP") and the scheme was awarded to the participating Maybank Group who fulfill the eligibility criteria. The ESGP is governed by the ESGP By-Laws approved by the shareholders of the ultimate parent company, Maybank at an Extraordinary General Meeting held on 6 April 2017. The ESGP was implemented on 14 December 2018 and it is in force for a period of seven (7) years from the effective date and is administered by the ESGP Committee of Maybank. The ESGP consists of two (2) types of performance-based awards: Employees' Share Grant Plan ("ESGP Shares") and Cash-settled Performance-based Employees' Share Grant Plan ("CESGP"). The ESGP Shares may be settled by way of issuance and transfer of new Maybank shares or by cash at the absolute discretion of the ESGP Committee of Maybank.

Arrangements to enable directors to acquire shares or debentures (cont'd)

The number of ESGP Shares awarded is based on the assumption that the Maybank Group and the eligible employees have met average performance targets. The eligible employees are given thirty (30) days from the award date to accept the offer. The ESGP Shares under the ESGP may be granted over a five-year period and each grant will be vested based on a three-year cliff vesting schedule (i.e. vested at the end of three (3) years from the ESGP grant dates).

During the financial year, none of the directors of the Bank or their nominees held shares acquired pursuant to the ESGP except as disclosed in the next section of this statement.

Directors' interests in shares or debentures

According to the register of directors' shareholdings kept by the Bank for the purpose of section 164 of the Singapore Companies Act 1967 (the Act), none of the directors holding office at the end of the financial year had any interest in the shares in, or debentures of, the Bank or its related corporations, except as follows:

	Direct interest		Deemed interest	
Malayan Banking Berhad	**As at 1.1.2022 or date of appointment**	**As at 31.12.2022**	**As at 1.1.2022 or date of appointment**	**As at 31.12.2022**
(Ordinary shares)				
Spencer Lee Tien Chye	105,631	105,631	273,698[1]	273,698[1]
Renato Tinio De Guzman	-	-	14,646[2]	-

1 273,698 Ordinary shares held by his spouse

2 14,646 Ordinary shares held jointly with his spouse in the name of Citigroup Nominees (Asing) Sdn Bhd Exempt Authorised Nominees for Bank of Singapore Limited

Share options

During the financial year, there were:

(a) no share options granted by the Bank to any person to subscribe for unissued shares in the Bank; and

(b) no shares issued by virtue of the exercise of options to take up unissued shares of the Bank.

As at the end of the financial year, there were no unissued shares of the Bank under option.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors:

Datuk Karownakaran @ Karunakaran Chairman	Dato' Khairussaleh bin Ramli Director

Singapore
21 February 2023

Independent auditor's report to the Member of Maybank Singapore Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maybank Singapore Limited (the "Bank"), pursuant to Section 373 of the Singapore Companies Act 1967 (the "Act"), which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and cash flow statement of the Bank for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Bank as at 31 December 2022 and financial performance, changes in equity and cash flows of the Bank for the financial year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for other information. The other information comprises the general information, directors' statement and supplementary information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements 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, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 Management and Directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing 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 management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 SSAs 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.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 Bank's internal control.

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

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Conclude on the appropriateness of management's 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 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 auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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

We communicate with the directors regarding, 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.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Bank have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

21 February 2023

Maybank Singapore Limited

Statement of comprehensive income
For the financial year ended 31 December 2022

	Note	2022 S$'000	2021 S$'000
Interest income	4(a)	725,334	562,609
Interest expense	4(b)	(283,152)	(234,750)
Net interest income		442,182	327,859
Fee and commission income	5	209,948	243,066
Fee and commission expense	5	(35,145)	(30,753)
Net fee and commission income		174,803	212,313
Dealing profits and foreign exchange income	6	51,914	20,600
Other income	7	41,051	50,533
Total other items of income		92,965	71,133
Income before operating expenses		709,950	611,305
Staff and other remuneration	8	(281,872)	(263,834)
Other operating expenses	9	(180,518)	(171,998)
Operating profit before impairment		247,560	175,473
(Provision for)/write-back of impairment losses on financial assets	10	(73,617)	6,643
Profit before taxation		173,943	182,116
Taxation	11	(25,498)	(24,937)
Net profit after taxation		148,445	157,179
Profit for the year attributable to the owner		148,445	157,179
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Net change in fair value on debt securities at fair value through other comprehensive income ("FVOCI")		(115,370)	(62,154)
Net changes in allowance for expected credit losses ("ECL") of debt securities at FVOCI		53	(88)
Reclassification to profit or loss from sale/redemption of debt securities at FVOCI		2,268	(7,527)
Income tax relating to components of other comprehensive income	28	15,269	9,407
Other comprehensive income for the year, net of income tax		(97,780)	(60,362)
Total comprehensive income for the year		50,665	96,817
Total comprehensive income attributable to the owner		50,665	96,817

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of financial position
As at 31 December 2022

	Note	2022 S$'000	2021 S$'000
Assets			
Cash and balances with central bank	12	1,341,444	1,089,990
Singapore government securities and treasury bills	13	2,287,895	4,107,134
Other government securities and treasury bills	14	133,596	82,276
Debt securities	15	199,013	157,652
Balances and placements with and loans to banks	17	169,888	161,854
Bills receivable	18	12,976	12,196
Loans and advances to non-bank customers	18	24,354,978	24,440,869
Amounts due from related corporations	20	5,935,267	5,332,759
Other assets	21	209,095	74,119
Deferred tax assets	28	15,921	-
Intangible assets	22	74,894	82,956
Right-of-use assets	23	39,219	46,372
Property and equipment	24	22,273	20,035
Total assets		34,796,459	35,608,212
Liabilities			
Amounts due to central bank	25	409,365	1,237,325
Deposits of non-bank customers	26	30,525,900	31,062,264
Bills payable		99,241	86,568
Amounts due to related corporations	20	9,104	6,233
Current income tax payable		30,681	35,721
Other liabilities	27	268,037	180,658
Lease liabilities	23	39,550	46,420
Deferred tax liabilities	28	-	4,968
Subordinated notes	29	504,916	505,018
Debt securities issued	30	808,472	372,509
Total liabilities		32,695,266	33,537,684
Equity attributable to the owner			
Share capital	31	2,000,000	2,000,000
Retained earnings		230,258	101,813
Fair value adjustment reserve		(129,065)	(31,285)
Total equity attributable to the owner		2,101,193	2,070,528
Total liabilities and equity attributable to the owner		34,796,459	35,608,212
Off-balance sheet items			
Contingent liabilities	33	237,027	212,474
Commitments	34	9,811,764	8,212,733
Financial derivatives (notional)	35	6,616,350	3,404,397
Total off-balance sheet items		16,665,141	11,829,604

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of changes in equity
For the financial year ended 31 December 2022

	Share capital S$'000	Retained earnings S$'000	Fair value adjustment Reserve S$'000	Total S$'000
At 1 January 2021	2,000,000	4,634	29,077	2,033,711
Profit for the year	-	157,179	-	157,179
Other comprehensive income:				
Net change in fair value of debt securities at FVOCI	-	-	(62,154)	(62,154)
Net changes in allowance for expected credit losses of debt securities at FVOCI	-	-	(88)	(88)
Reclassification to profit or loss	-	-	(7,527)	(7,527)
Income tax relating to components of other comprehensive income	-	-	9,407	9,407
Total comprehensive income for the year	-	157,179	(60,362)	96,817
Dividend paid	-	(60,000)	-	(60,000)
At end of financial year	2,000,000	101,813	(31,285)	2,070,528
At 1 January 2022	2,000,000	101,813	(31,285)	2,070,528
Profit for the year	-	148,445	-	148,445
Other comprehensive income:				
Net change in fair value of debt securities at FVOCI	-	-	(115,370)	(115,370)
Net changes in allowance for expected credit losses of debt securities at FVOCI	-	-	53	53
Reclassification to profit or loss	-	-	2,268	2,268
Income tax relating to components of other comprehensive income	-	-	15,269	15,269
Total comprehensive income for the year	-	148,445	(97,780)	50,665
Dividend paid	-	(20,000)	-	(20,000)
At end of financial year	2,000,000	230,258	(129,065)	2,101,193

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Cash flow statement
For the financial year ended 31 December 2022

	Note	2022 S$'000	2021 S$'000
Cash flows from operating activities			
Profit before taxation		173,943	182,116
Adjustments for:			
Depreciation and amortisation	9	48,101	46,864
Finance cost	23	796	1,060
Gain on termination of leases		(113)	(72)
Property and equipment and intangible assets written off	9	7	5,137
Provision for impairment loss for contingent liabilities, bills receivable and loans and advances to non-bank customers	10	79,986	5,693
Provision for/(write-back of) impairment loss for FVOCI debt securities	10	53	(87)
Provision for impairment loss for debt securities at amortised cost	10	39	-
Provision for impairment loss for balances and placements with and loans to banks	10	21	5
Provision for/(write-back of) impairment loss for receivables under resale agreements	10	689	(1,160)
Income tax expense		-	7,219
Operating profit before changes in operating assets and liabilities		303,522	246,775
(Increase)/decrease in operating assets:			
Bills receivable		(780)	(3,317)
Loans and advances to non-bank customers		6,271	(1,952,077)
Other assets		(134,976)	38,684
Amounts due from a related corporation		(5,191)	(9,600)
Restricted balances with central bank		706,817	57,981
		572,141	(1,868,329)
(Decrease)/increase in operating liabilities:			
Amounts due to central bank		(827,959)	281,219
Deposits of non-bank customers		(536,364)	(3,603,441)
Bills payable		12,673	8,168
Other liabilities		87,013	(64,992)
Amounts due to related corporations		2,871	(150,516)
		(1,261,766)	(3,529,562)
Finance cost paid		(796)	(1,060)
Income taxes paid		(36,158)	(12,139)
Net cash flows generated used in operating activities		(423,057)	(5,164,315)

Cash flow statement
For the financial year ended 31 December 2022

	Note	2022 S$'000	2021 S$'000
Net cash flows from investing activities			
Proceeds from Singapore government securities and treasury bills		1,730,678	1,430,685
Purchase of other government securities and treasury bills		(71,007)	(82,197)
(Purchase of)/proceeds from debt securities		(46,252)	82,449
Purchase of property and equipment and intangible assets	22, 24	(28,072)	(20,680)
Net cash flows generated from investing activities		1,585,347	1,410,257
Cash flows from financing activities			
Payment of principal portion of lease liabilities	23	(13,817)	(13,318)
Change in subordinated notes (non-cash)*	29	(102)	(51)
Issuance of debt securities	30	2,367,076	1,209,065
Repayment of debt securities	30	(1,921,296)	(836,390)
Change in debt securities (non-cash)*	30	(9,817)	(166)
Dividend paid	32	(20,000)	(60,000)
Net cash flows generated from financing activities		402,044	299,140
Net increase/(decrease) in cash and cash equivalents for the year		1,564,334	(3,454,918)
Cash and cash equivalents at beginning of year		4,367,757	7,822,675
Cash and cash equivalents at end of year	39	5,932,091	4,367,757

* Refers to the accrued interest and foreign exchange movement.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Maybank Singapore Limited (the "Bank"), incorporated in Singapore on 1 February 2018, has its registered office at 2 Battery Road, #01-01 Maybank Tower, Singapore 049907.

The immediate holding company is Cekap Mentari Berhad ("CMB"), which in turn is a directly wholly-owned subsidiary of Malayan Banking Berhad (ultimate holding company).

The Monetary Authority of Singapore ("MAS") had on 3 October 2018 issued a full banking licence with Qualifying Full Bank privileges to the Bank.

The Bank offers banking services to retail, private wealth and small and medium-sized enterprises.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements of the Bank have been prepared in accordance with Singapore Financial Reporting Standards ("FRSs") as required by the Singapore Companies Act, 1967 (the "Act").

The financial statements of the Bank, expressed in Singapore dollars ("SGD" or "S$"), are prepared in accordance with the historical cost convention, except as otherwise disclosed in the accounting policies below. All information presented has been rounded to the nearest thousand ("S$'000"), unless otherwise stated.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in Note 3.

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

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Bank has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2022.

2.3 *Standards issued but not yet effective*

The Bank has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 117 *Insurance Contracts*	1 January 2023
Amendments to FRS 1 *Classification of Liabilities as Current or Non-Current*	1 January 2023
Amendments to FRS 8 D*efinition of Accounting Estimates*	1 January 2023
Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 12 *Deferred Tax related to Assets and Liabilties arising from a Single Transaction*	1 January 2023

The Bank is assessing the implications and financial impact on the financial statements upon application of the standards above.

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

2.4 *Income and expense recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured as the fair value of consideration received or receivable excluding discounts, rebates and sales taxes or duties. The Bank assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

Interest income and expense are recognised in profit or loss using the effective interest rate method. Interest on impaired financial assets is recognised at the original effective interest rate of the financial asset applied to the carrying amount as reduced by any allowance for impairment. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The Bank does not purchase or originate credit impaired ("POCI") financial assets.

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Fee income relating to loan facilities, trade finance facilities and guarantees, where they are charged to cover the costs of a continuing service to, or risk borne for, the customer, or is interest in nature, is recognised on an effective interest rate basis or on a straight line basis where applicable over the relevant period.

Other fees and commission income are recognised as the related services are performed.

Other fee and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

Dealing profits and foreign exchange income comprise trading gains/loss(net) on the financial derivatives designated at fair value through profit or loss, and include all realised and unrealised fair value changes and foreign exchange differences and sales margin received from related corporation.

Other income relate mainly to service fee income charged, which are recognised over the period in which the services are provided.

2.5 *Financial instruments - Date of recognition*

All regular way purchases and sales of financial assets are recognised or derecognised on the settlement date i.e., the date that an asset is delivered to or by an entity. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned.

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

2.6 *Financial instruments - Initial recognition and measurement*

All financial assets and financial liabilities are measured initially at their fair value plus directly attributable transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual cash flow characteristics, measured at either:

(a) Amortised cost;
(b) Fair value through other comprehensive income ("FVOCI"); or
(c) Fair value through profit or loss ("FVTPL").

Financial liabilities are measured at amortised cost or at FVTPL. FVTPL measurement is used when financial liabilities are held for trading, are derivative instruments or where fair value designation is applied.

(a) *Cash and balances with central bank, balances and placements with and loans to banks, bills receivable, loans and advances to non-bank customers and amounts due from related corporations at amortised cost*

The Bank measures cash and balances with central bank, balances and placements with and loans to banks, bills receivable, loans and advances to non-bank customers and amounts due from related corporations at amortised cost if both of the following conditions are met:

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

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The details of these conditions are outlined below.

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

2.6 *Financial instruments - Initial recognition and measurement (cont'd)*

(a) *Cash and balances with central bank, balances and placements with and loans to banks, bills receivable, loans and advances to non-bank customers and amounts due from related corporations at amortised cost (cont'd)*

Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the bank's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of sales are also important aspects of the Bank's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporate such information when assessing newly originated or newly purchased financial assets going forward.

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

2.6 *Financial instruments - Initial recognition and measurement (cont'd)*

(a) *Cash and balances with central bank, balances and placements with and loans to banks, bills receivable, loans and advances to non-bank customers and amounts due from related corporations at amortised cost (cont'd)*

The SPPI test

As a second step of its classification process the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

(b) *Debt securities at FVOCI*

Debt securities are measured at FVOCI when both of the following conditions are met:

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

FVOCI debt securities are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income ("OCI"). Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. The ECL calculation for debt securities at FVOCI is explained in Note 2.11(a). Where the Bank holds more than one investment in the same security, they are deemed to be disposed off on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

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

2.6 *Financial instruments - Initial recognition and measurement (cont'd)*

(c) *Contingent liabilities and loan commitments*

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially recognised at their fair values, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in 2.11 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees, shipping guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position.

The nominal values of these instruments together with the corresponding ECL are disclosed in Notes 18 and 33.

2.7 *Reclassification of financial assets and liabilities*

The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line.

Financial liabilities are never reclassified. The Bank did not reclassify any of its financial assets or liabilities in the period.

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

2.8 *Derecognition of financial assets and liabilities*

(a) *Derecognition due to substantial modification of terms and conditions*

The Bank derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be purchased or originated credit impaired financial assets ("POCI").

When assessing whether or not to derecognise a loan to a customer, amongst others, the Bank considers the following factors:

- Change in currency of the loan.
- Introduction of an equity feature.
- Change in counterparty.
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original Effective Interest Rate ("EIR"), the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

(b) *Derecognition other than for substantial modification*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Bank also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

In the context of IBOR reform, the Bank's assessment of whether a change to an amortised cost financial instrument is substantial, is made after applying the practical expedient introduced by IBOR reform phase 2. This requires the transition from an IBOR to an RFR to be treated as a change to a floating interest rate.

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

2.9 *Fair value*

Fair value is the amount which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. Fair value of financial instruments is based on their quoted price in an active market (including recent market transactions) at the end of the reporting period without any deduction for transaction cost. If a quoted market price is not available, the fair value of the instrument is estimated using valuation techniques. Valuation techniques include the use of recent arm's length prices, pricing models or discounted cash flow techniques.

The best evidence of fair value of a financial instrument at initial recognition is the transaction price unless the fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique which variables include only data from observable markets.

For subsequent measurement of financial assets or financial liabilities at fair value through profit or loss, the Bank values such assets/liabilities using quoted market prices or dealer price quotations for financial instruments traded in active markets without any deduction for transaction cost.

2.10 *Derivative financial instruments*

Derivative financial instruments arise from forward, swap and option transactions undertaken by the Bank in the foreign exchange and interest rate derivative markets.

Derivative financial instruments are recognised initially at fair value on the date that the derivatives are entered into. Subsequent to initial recognition, the derivative financial instruments are re-measured at fair value. The gain or loss on re-measurement at fair value is recognised immediately in profit or loss.

Certain derivatives embedded in other derivatives are treated as separate derivatives when their economic characteristics and risk are not closely related to those of the host contract and the host contract is not carried at fair value.

Assets, including gains, resulting from derivatives financial instruments which are marked-to-market are included in "Other Assets" arising from derivative financial instruments. Liabilities, including losses, resulting from such contracts are included in "Other Liabilities" arising from derivative financial instruments.

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

2.11 *Impairment*

(a) *Financial assets*

The Bank records the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and contingent liabilities, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under FRS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or "LTECL"), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ("12mECL").

The 12mECL is the portion of LTECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its financial instruments into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When financial instruments are first recognised, the Bank recognises an allowance based on 12mECL. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast exposure at default ("EAD") and multiplied by the expected Loss Given default ("LGD") and discounted by an approximation to the original EIR. Stage 1 also include facilities where the credit risk has improved and have been reclassified from Stage 2.

Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECL, with probability of default ("PD") and LGDs are estimated over the lifetime of the financial instrument and discounted by an approximation to the original EIR. Stage 2 loans also include facilities, where the credit risk has improved and have been reclassified from Stage 3.

Stage 3: Financial instruments are considered credit-impaired, and the Bank recognises the lifetime expected credit losses for these loans, with the PD set at 100%.

There are three main components to measure ECL which are the PD model, the LGD model and the EAD model. The models are to leverage as much as possible existing Basel II models and perform the required adjustments to produce a FRS 109 compliant model.

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

2.11 *Impairment (cont'd)*

(a) *Financial assets (cont'd)*

Expected credit losses are the unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions. The reasonable and supportable forward-looking information is based on research provided by the Bank's related corporation, Maybank IBG Research. In addition, Maybank IBG Research's research assumptions and analysis are also based on the collation of macroeconomic data obtained from various sources such as, but not limited to regulators, government and foreign ministries as well as independent research organisations. Where applicable, the Bank incorporates forward-looking adjustments in credit risk factors of PD and LGD used in ECL calculation; taking into account the impact of multiple probability-weighted future forecast economic scenarios.

Embedded in ECL is a broad range of forward-looking information as economic inputs, such as:

- Gross Domestic Product ("GDP") growth
- Unemployment rates
- 3M SIBOR
- Property Price Index

The Bank applies the following alternative macro-economic scenarios to reflect an unbiased probability-weighted range of possible future outcomes in estimating ECL:

- Base scenario: This scenario reflects that current macro-economic conditions continue to prevail; and
- Upside and Downside scenarios: These scenarios are set relative to the base scenario; reflecting best and worst-case macro-economic conditions based on subject matter expert's best judgment from current economic conditions.

Lifetime expected credit losses must be measured over the expected life. This is restricted to the maximum contractual life and takes into account expected prepayment, extension, call and similar options, except for certain revolver financial instruments such as credit cards and overdrafts. The expected life for these revolver facilities generally refers to their behavioural life.

For credit-impaired financial assets deemed individually significant, the Bank assesses ECL on individual borrower basis, and performs collective assessment for other financial assets as per Bank's policy.

The ECL for debt securities measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

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

2.11 *Impairment (cont'd)*

(b) *Collateral valuation*

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECL. It is generally assessed, at a minimum, at inception and re-assessed on an annual basis. Details of the impact of the Bank's various collaterals are disclosed in Note 36(b)(iv).

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collaterals are valued based on data provided by internal valuers and independent third party valuers.

(c) *Collateral repossessed*

The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Bank's policy.

In its normal course of business, the Bank does not physically repossess collaterals in its retail and corporate portfolio, but engages external agents for the sale of collaterals to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, collaterals under legal repossession processes are not recorded on the balance sheet.

(d) *Write-offs*

Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

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

2.11 *Impairment (cont'd)*

(e) *Non-financial assets*

The carrying amounts of the Bank's non-financial assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. An impairment loss is recognised in profit or loss unless it reverses a previous revaluation.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.12 *Deposits of non-bank customers*

These deposits comprise current, time, savings and other deposits from retail and wholesale activities. Recognition occurs upon the establishment of contractual obligations.

2.13 *Bills receivable and payable*

Bills receivable and bills payable are classified as financial assets at amortised cost and financial liabilities at amortised cost, respectively.

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

2.14 *Singapore and other government securities and treasury bills*

Singapore and other government securities and treasury bills are debt securities held for dealing and non-dealing purposes. They are classified as either AC or FVTPL or FVOCI, depending on the objective of holding the securities.

2.15 *Debt securities*

Debt securities are held for dealing and non-dealing purposes. They are classified as either AC or FVTPL or FVOCI, depending on the objective of holding the securities.

2.16 *Loans and advances to non-bank customers*

Loans and advances to non-bank customers are stated at amortised cost net of impairment losses.

2.17 *Property and equipment*

All items of property and equipment are initially recorded at cost. Subsequent to recognition, property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its cost can be measured reliably. The costs of the day-to-day servicing or property and equipment are recognised in profit or loss as incurred.

On disposal of an item of property and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

Depreciation is provided on a straight line basis so as to write-off items of property and equipment over their estimated useful lives as follows:

Renovation	-	5 years or lease terms
Office equipment, furniture and fittings	-	5 years
Computer and electrical equipment	-	4 to 10 years
Motor vehicles	-	5 years

Construction-in-progress, representing renovation-in-progress are stated at cost. This includes acquisition cost, materials, direct labour and other directly related expenses. Construction-in-progress is not depreciated until such time as the relevant asset is completed and ready for operational use.

Depreciation methods, useful lives and residual values if not insignificant, are reassessed annually.

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

2.18 *Intangible assets*

Intangible assets are stated at cost less accumulated amortisation and impairment losses. All software development costs in excess of S$5,000 are capitalised as intangible asset when the Bank can demonstrate the technical feasibility of completing the intangible asset so that it will be available-for-use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development. Amortisation is charged to profit or loss using a straight-line method over their useful lives not exceeding 10 years. Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense is recognised in the statement of comprehensive income.

2.19 *Leases*

(a) *Right-of-use assets*

The Bank recognises 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 adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease term includes periods covered by an option to extend if the Bank is reasonably certain to exercise that option. Unless the Bank is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are subject to impairment assessment in line with the Bank's policy as described in Note 2.11(e).

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

2.19 *Leases (cont'd)*

(b) *Lease liabilities*

At the commencement date of the lease, the Bank recognises 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 a purchase option reasonably certain to be exercised by the Bank and payments of penalties for terminating a lease, if the lease term reflects 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.

In calculating the present value of lease payments, the Bank uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(c) *Short-term leases and leases of low-value assets*

The Bank applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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

2.20 *Taxes*

Income tax expense comprises current income tax and deferred tax. Current income tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set-off current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current income tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credit and deductible temporary differences, to the extent that is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.21 *Foreign currencies*

The functional currency represents the currency in which transactions are predominantly denominated in the respective books and reflects the economic substance of the underlying events and circumstances relevant to the books.

The Bank adopts SGD as its functional currency. Monetary assets and liabilities denominated in currencies other than SGD are translated into SGD at rates of exchange ruling at the end of the reporting period. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the dates of the initial transactions. Transactions in foreign currencies during the period are converted at rates of exchange ruling on transaction dates. Exchange differences are dealt with through profit or loss.

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

2.22 *Repurchase and resale agreements*

The Bank enters into purchases (sales) of investments under agreements to resell (repurchase) substantially identical investments at a certain date in the future at a fixed price.

Securities purchased under resale agreements are securities which the Bank purchase with a commitment to resell at future dates. The commitments to resell the securities are reflected as assets on the statements of financial position and are classified at amortised cost. The difference between the purchase and resale prices is recognised in the income statements and is accrued over the life of the agreement using the effective interest method.

Conversely, obligations on securities sold under repurchase agreements are securities which the Bank sells from its portfolio, with a commitment to repurchase at future dates. Such financing transactions and corresponding obligations to purchase the securities are reflected as liabilities on the statements of financial position. Repurchase agreements are classified at amortised cost. The difference between the sale and the repurchase prices is recognised in the income statements and is accrued over the life of the agreement using the effective interest method.

2.23 *Provisions*

A provision is recognised in the statement of financial position when the Bank has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.24 *Cash and cash equivalents*

Cash and cash equivalents consist of cash on hand, non-restricted balances with central banks, balances and placements with and loans to banks and nostro and money market deposits with related corporations, which are payable on demand or within 3 months. Cash and bank balances with Central Bank includes amounts held for regulatory liquidity reserves.

2.25 *Employee benefits*

(a) *Defined contribution plans*

Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss as incurred.

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

2.25 *Employee benefits (cont'd)*

(b) *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expenses as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.26 *Share capital*

Proceeds from issuance of ordinary shares are recognised as share capital in equity.

2.27 *Dividend*

Dividends declared on ordinary shares are recognised as a liability and deducted from equity in the period in which all relevant approvals have been obtained.

2.28 *Related parties*

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Bank if that person:

- (i) Has control or joint control over the Bank;
- (ii) Has significant influence over the Bank; or
- (iii) Is a member of the key management personnel of the Bank or of a parent of the Bank.

(b) An entity is related to the Bank if any of the following conditions applies:

- (i) The entity and the Bank are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Bank or an entity related to the Bank. If the Bank is itself such a plan, the sponsoring employers are also related to the Bank;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Bank or to the parent of the Bank.

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

2.29 *Government grants*

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised in profit or loss on a systematic basis over the periods in which the bank recognises as expenses the related costs for which the grant is intended to compensate. Where grant becomes receivable for expenses already incurred, the grant that becomes receivable shall be recognised in the period in which it becomes receivable. When the grant relates to an asset, the grant is deducted against the cost of the asset in arriving at the carrying amount of the asset.

2.30 *Islamic banking activities*

Islamic Banking refers generally to the acceptance of deposits, granting of financing and dealing in Islamic securities under Shariah principles. In the context of the information presented in this document that apply to Islamic banking activities, each reference to conventional terms shall be construed to mean its corresponding Islamic equivalent as indicated below:

No.	Conventional	Islamic
1	Lender	Financier / Bank
2	Lending	Financing
3	Borrower	Customer
4	Borrowing	Financing
5	Repayment	Payment
6	Loan	Financing
7	Borrow	Finance
8	Interest (other than references to Directors' interests)	Profits / Dividend / Hibah

3. Significant accounting estimates and judgements

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgments made in applying accounting policies

In the process of applying the Bank's accounting policies, the Bank's management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements. These are as follows:

(a) *Fair value of derivative financial instruments*

Quoted market prices or dealer quotes are obtained for derivative financial instruments traded in an active market. Fair value of derivative financial instruments not traded in an active market is determined by using valuation techniques. The Bank uses a variety of methods and makes assumptions based on market conditions existed at the end of each reporting period. Other techniques, such as estimated discounted cash flows are used to determine fair value for the remaining derivative financial instruments not traded in an active market (refer to Note 37).

(b) *Taxes*

Significant judgement is required in estimating the provision for income tax. There are many transactions and interpretations of tax law for which the outcome will not be established until sometime later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process includes seeking advice on the tax treatments where appropriate. Where the final liability for taxation is different from the amounts that were initially recorded, the differences will affect the income tax and deferred tax provisions in the period in which the estimate is revised or the final liability is established.

This assessment relies on estimates and assumptions and may involve judgments about future events. New information may become available that causes the Bank to change its judgment regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

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

Judgments made in applying accounting policies (cont'd)

(c) *Lease Term of Contracts with Renewal Options*

The Bank determines 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 Bank has the option, under some of its leases to lease the assets for additional terms of two to five years. The Bank applies 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 Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). The Bank includes the renewal period as part of the lease term for leases of premises due to the significance of these assets to its operations.

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

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

(a) *Impairment loss of bills receivable and loans and advances to non-bank customers*

The Bank reviews individually significant bills receivable and loans and advances at each reporting date to assess whether an impairment loss should be recorded in the income statements. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. In estimating these cash flows, the Bank makes judgements about the borrower's or the customer's financial situation and the net realisable value of collateral. These estimates are based on assumptions on a number of factors and actual results may differ, resulting in future changes to the allowances.

The Bank's ECL calculations under FRS 109 are outputs of models developed by the Group Model Development Team 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:

(i) Internal credit grading model, which assigns PDs to the individual grades.
(ii) Criteria for assessing if there has been a significant increase in credit risk so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment.
(iii) The segmentation of financial assets when their ECL is assessed on a collective basis.
(iv) Various formulas and the choice of inputs used for the development of ECL models.
(v) Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs.
(vi) Inputs derived based on Basel model data for calibration into the ECL models
(vii) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

The above methodology is consistent with Malayan Banking Berhad group accounting policy.

The carrying amount of the Bank's bills receivable and loans and advances to non-bank customers at the end of the reporting period is disclosed in Note 18 to the financial statements.

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

Key sources of estimation uncertainty (cont'd)

(a) *Impairment loss of bills receivable and loans and advances to non-bank customers (cont'd)*

Management overlays and model adjustments

The Bank assessed adjustments to address certain model limitations. Overlays assessment was made based on the methodology developed by the Group Model Development Team and the ECL impact arising from the model limitations are approved by the Bank.

(b) *Impairment of debt securities*

In carrying out the impairment review, the following judgements are required:

(i) Determination whether the investment is impaired based on certain indicators such as, amongst others, difficulties of the issuers or obligors, deterioration of the credit quality of the issuers or obligors; and

(ii) Determination of ECL that reflect:

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

(c) *Leases - Estimating the incremental borrowing rate*

The Bank cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to right-of-use asset in a similar economic environment. The IBR therefore reflects what the Bank 'would have to pay', which requires an estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Bank estimates the IBR using observable inputs (such as market interest rates) when available and is required to make entity-specific estimates.

4(a). Interest income

Interest income comprises interest arising from various types of lending and investment activities.

The breakdown of interest income is as follows:

	2022 S$'000	2021 S$'000
Related corporations	91,306	25,964
Islamic banking activities (profit-based) *	57,795	57,818
Loans and borrowings	576,233	478,827
	725,334	562,609

Interest income includes income received from balances from related corporations (Note 20) of S$44,235,000 (2021: S$12,227,000) and income from reverse repo agreements with a related corporation (Note 16) of S$47,070,000 (2021: S$13,737,000).

* Refers to profit income arising from Islamic financing activities.

Interest income derived from each class of financial instruments were as follows:

	2022 S$'000	2021 S$'000
Financial assets at FVOCI	41,814	27,061
Financial assets at amortised cost	683,520	535,548
	725,334	562,609

Interest income derived from financial assets at amortised cost is calculated using the effective interest rate method. Included in interest income from others is interest income of S$7,456,000 (2021: S$9,460,000) from impaired loans to customers.

4(b). Interest expense

Interest expense comprises all interest incurred on deposits and borrowings from financial institutions and non-bank customers.

The breakdown of interest expense is as follows:

	2022 S$'000	2021 S$'000
Related corporations	18,878	18,567
Islamic banking activities *	17,549	19,339
Others	246,725	196,844
	283,152	234,750

Interest expense includes expense to the related corporations of S$18,399,000 (2021: S$18,449,000) from S$500,000,000 subordinated notes subscribed by a related corporation (Note 29).

* Refers to profit/dividend/hibah expense arising from Islamic deposits activities.

Included in others is interest expense of S$909,000 (2021: S$1,114,000) from MAS SGD facility for ESG loan funding and S$13,581,000 (2021: S$659,000) on interest on debt securities issued.

Interest expense derived from each class of financial instruments were as follows:

	2022 S$'000	2021 S$'000
Financial liabilities at amortised cost	283,152	234,750

5. Fee and commission income and expense

Fee and commission income mainly comprises mainly remittance and credit card commissions, trade financing and credit-related fees and wealth management fees.

Fee and commission expense mainly comprises card and network-related charges, brokerage fees and safe custody fees.

	2022 S$'000	2021 S$'000
Fee and commission income:		
A related corporation	29,065	32,223
Islamic banking activities	7,433	7,881
Others	173,450	202,962
	209,948	243,066

5. Fee and commission income and expense (cont'd)

	2022 S$'000	2021 S$'000
Fee and commission expense:		
A related corporation	75	82
Islamic banking activities	619	393
Others	34,451	30,278
	35,145	30,753

6. Dealing profits and foreign exchange income

	2022 S$'000	2021 S$'000
Financial assets at FVTPL:		
- Foreign exchange derivatives	615	1,700
- Securities transaction	1	1
- Futures	-	86
- Interest rate derivatives	817	522
	1,433	2,309
Gains from foreign exchange contracts and spot asset revaluation	15,066	16,066
Sales margin received from related corporation	35,415	2,225
	51,914	20,600

7. Other income

	2022 S$'000	2021 S$'000
Government grants	1,860	5,097
(Loss)/gain on sale of FVOCI Singapore government securities	(2,268)	4,893
Gain on sale of FVOCI debt securities	-	2,634
Service fee income charged to related corporations	41,366	37,832
Others	93	77
	41,051	50,533

Service fee income charged to related corporations included overhead expenses charged under service level agreements. Transfer prices between related corporations are on an arm's length basis in a manner similar to transactions with third parties.

8. Staff and other remuneration

	2022 S$'000	2021 S$'000
Wages, salaries and bonuses	214,402	198,806
Directors' remuneration	965	933
Commission	20,973	19,876
Contribution to defined contribution plan	25,378	23,014
Staff allowances	9,622	8,961
Others	10,532	12,244
	281,872	263,834

The above includes employment-related government grants received during the year totalling S$941,000 (2021: S$3,584,000) and key management remuneration as disclosed in Note 41.

9. Other operating expenses

	Note	2022 S$'000	2021 S$'000
Auditor's remuneration		630	470
Depreciation of property and equipment	24	6,652	7,306
Depreciation of right-of-use assets	23	14,212	13,747
Amortisation of intangible assets	22	27,237	25,811
Maintenance and hire of property and equipment		20,185	17,587
Premises maintenance expenses		2,357	2,733
Rental expenses		10,972	11,191
Administration expenses		44,354	39,676
Computerisation costs		7,162	8,824
Service charges and fees		24,706	16,680
Irrecoverable GST input tax		3,816	3,921
Finance cost	23	796	1,060
Overhead expenses allocated by related corporations		8,272	7,110
Property and equipment and intangible assets written off	22, 24	7	5,137
Other professional fees		5,026	6,053
Others		4,134	4,692
		180,518	171,998

Overhead expenses allocated by related corporations include overhead expenses charged by related corporations under service level agreements. Transfer prices between related corporations are on an arm's length basis in a manner similar to transactions with third parties. These expenses include marketing-related costs shared with a related corporation.

Rental expenses allocated by related corporation amounted to S$10,739,000 (2021: S$10,919,000). Low value assets expenses are included in rental expenses which amounted to S$233,000 (2021: S$313,000).

10. (Provision for)/write-back of impairment losses on financial assets

	Note	2022 S$'000	2021 S$'000
(Provision for)/write-back of impairment loss for FVOCI debt securities	13, 14, 15	(53)	87
Provision for impairment loss for debt securities at amortised cost	13, 15	(39)	-
Provision for impairment loss for balances and placements with and loans to banks	17	(21)	(5)
Provision for impairment loss for bills receivable and loans and advances to non-bank customers	18	(79,620)	(5,684)
Provision for impairment loss for contingent liabilities		(366)	(9)
(Provision for)/write-back of impairment loss for receivables under resale agreements		(689)	1,160
Bad debts recovered		7,482	11,357
Bad debts written-off		(311)	(263)
		(73,617)	6,643

11. Taxation

	Note	2022 S$'000	2021 S$'000
Current income tax expense			
Current year		30,681	31,406
Under/(over)provisions in respect of previous year		437	(3,000)
		31,118	28,406
Deferred tax expense			
Movements in temporary differences	28	(5,620)	(3,469)
		(5,620)	(3,469)
Total tax expense		25,498	24,937

11. Taxation (cont'd)

Reconciliation of tax expense

The following represents a numerical reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate:

	2022 S$'000	2021 S$'000
Profit before taxation	173,943	182,116
Tax at statutory income tax rate of 17%	29,570	30,960
Adjustments:		
Tax exempt revenue	(20)	(556)
Tax incentives*	(1,724)	(3,724)
Expenses not deductible for tax purposes	218	2,999
Approved donation relief	-	(180)
Under/(over)provisions in respect of previous years	437	(3,000)
Others	(2,983)	(1,562)
	25,498	24,937

* Chargeable income arising from the Bank's qualifying transactions is taxed at concessionary tax rate of 13.5% pursuant to the Financial Sector Incentive - Standard Tier ("FSI-ST") Scheme.

12. Cash and balances with central bank

Cash and balances with central bank include cash on hand of S$97,178,000 (2021: S$59,429,000) and balances with central bank of S$1,244,266,000 (2021: S$1,030,561,000). The amount is unsecured and non-interest-bearing.

13. Singapore government securities and treasury bills

	2022 S$'000	2021 S$'000
Fair value through other comprehensive income	2,036,794	4,107,134
Amortised cost	251,101	-
	2,287,895	4,107,134

All Singapore government securities and treasury bills are of investment grade and have an external credit rating of AAA.

	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Total S$'000
Singapore government securities and treasury bills at FVOCI				
At 1 January 2021	5,597,219	-	-	5,597,219
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
New assets purchased	3,077,669	-	-	3,077,669
Changes in fair value	(50,335)	-	-	(50,335)
Amount derecognised through disposal or maturity (excluding write offs)	(4,517,419)	-	-	(4,517,419)
At 31 December 2021	4,107,134	-	-	4,107,134
Singapore government securities and treasury bills at FVOCI				
At 1 January 2022	4,107,134	-	-	4,107,134
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
New assets purchased	2,160,785	-	-	2,160,785
Changes in fair value	(123,991)	-	-	(123,991)
Amount derecognised through disposal or maturity (excluding write offs)	(4,107,134)	-	-	(4,107,134)
At 31 December 2022	2,036,794	-	-	2,036,794

13. Singapore government securities and treasury bills (cont'd)

	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Total S$'000
ECL allowances of Singapore government securities and treasury bills at FVOCI				
At 1 January 2021	354	-	-	354
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
New assets purchased	188	-	-	188
Impact of ECL during the year	-	-	-	-
Amount written off	-	-	-	-
Amount derecognised through disposals or maturity (excluding write offs)	(284)	-	-	(284)
At 31 December 2021	258	-	-	258
ECL allowances of Singapore government securities and treasury bills at FVOCI				
At 1 January 2022	258	-	-	258
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
New assets purchased	295	-	-	295
Impact of ECL during the year	-	-	-	-
Amount written off	-	-	-	-
Amount derecognised through disposals or maturity (excluding write offs)	(258)	-	-	(258)
At 31 December 2022	295	-	-	295

13. Singapore government securities and treasury bills (cont'd)

	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Total S$'000
Singapore government securities and treasury bills at amortised cost				
At 1 January 2021	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
New assets purchased	-	-	-	-
Amount derecognised through disposal or maturity (excluding write offs)	-	-	-	-
At 31 December 2021	-	-	-	-

	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Total S$'000
Singapore government securities and treasury bills at amortised cost				
At 1 January 2022	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
New assets purchased	251,133	-	-	251,133
Changes in fair value	-	-	-	-
Amount derecognised through disposal or maturity (excluding write offs)	-	-	-	-
At 31 December 2022	251,133	-	-	251,133

13. Singapore government securities and treasury bills (cont'd)

	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Total S$'000
<u>ECL allowances of Singapore government securities and treasury bills at amortised cost</u>				
At 1 January 2021	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
New assets purchased	-	-	-	-
Impact of ECL during the year	-	-	-	-
Amount written off	-	-	-	-
Amount derecognised through disposals or maturity (excluding write offs)	-	-	-	-
At 31 December 2021	-	-	-	-

	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Total S$'000
<u>ECL allowances of Singapore government securities and treasury bills at amortised cost</u>				
At 1 January 2022	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
New assets purchased	32	-	-	32
Impact of ECL during the year	-	-	-	-
Amount written off	-	-	-	-
Amount derecognised through disposals or maturity (excluding write offs)	-	-	-	-
At 31 December 2022	32	-	-	32

14. Other government securities and treasury bills

	2022 S$'000	2021 S$'000
Fair value through other comprehensive income	133,596	82,276

The table below shows the fair value of the Bank's other government securities and treasury bills measured at FVOCI by credit risk, based on the Bank's internal credit rating system and year end classification with an analysis of changes in fair value and the corresponding ECL.

	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Total S$'000
Other government securities and treasury bills - Internal rating grade				
Low	82,276	-	-	82,276
At 31 December 2021	82,276	-	-	82,276

	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Total S$'000
Other government securities and treasury bills - Internal rating grade				
Low	133,596	-	-	133,596
At 31 December 2022	133,596	-	-	133,596

14. Other government securities and treasury bills (cont'd)

	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Total S$'000
Fair value of other government securities and treasury bills at FVOCI				
At 1 January 2021	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
New assets purchased	82,197	-	-	82,197
Changes in fair value	79	-	-	79
Amount derecognised through disposal or maturity (excluding write offs)	-	-	-	-
At 31 December 2021	82,276	-	-	82,276

	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Total S$'000
Fair value of other government securities and treasury bills at FVOCI				
At 1 January 2022	82,276	-	-	82,276
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
New assets purchased	143,400	-	-	143,400
Changes in fair value	(9,804)	-	-	(9,804)
Amount derecognised through disposal or maturity (excluding write offs)	(82,276)	-	-	(82,276)
At 31 December 2022	133,596	-	-	133,596

14. Other government securities and treasury bills (cont'd)

	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Total S$'000
<u>ECL allowances of other government securities and treasury bills at FVOCI</u>				
At 1 January 2021	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-			
New assets purchased	14	-	-	14
Impact of ECL during the year	-	-	-	-
Amount written off	-	-	-	-
Amount derecognised through disposal or maturity (excluding write offs)	-	-	-	-
At 31 December 2021	14	-	-	14

	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Total S$'000
<u>ECL allowances of other government securities and treasury bills at FVOCI</u>				
At 1 January 2022	14	-	-	14
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-			-
New assets purchased	18	-	-	18
Impact of ECL during the year	-	-	-	-
Amount written off	-	-	-	-
Amount derecognised through disposal or maturity (excluding write offs)	(14)	-	-	(14)
At 31 December 2022	18	-	-	18

15. Debt securities

	2022 S$'000	2021 S$'000
Fair value through other comprehensive income	143,606	157,652
Amortised cost	55,407	-
	199,013	157,652

All debt securities are of investment grade and have an external credit rating of AAA.

	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Total S$'000
Debt securities at FVOCI				
At 1 January 2021	250,462	-	-	250,462
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
New assets purchased	78,000	-	-	78,000
Changes in fair value	(4,987)	-	-	(4,987)
Amount derecognised through disposals or maturity (excluding write offs)	(165,823)	-	-	(165,823)
At 31 December 2021	157,652	-	-	157,652
Debt securities at FVOCI				
At 1 January 2022	157,652	-	-	157,652
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
New assets purchased	159,405	-	-	159,405
Changes in fair value	(15,799)	-	-	(15,799)
Amount derecognised through disposals or maturity (excluding write offs)	(157,652)	-	-	(157,652)
At 31 December 2022	143,606	-	-	143,606

15. Debt securities (cont'd)

	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Total S$'000
ECL allowances of debt securities at FVOCI				
At 1 January 2021	14	-	-	14
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
New assets purchased	5	-	-	5
Impact of ECL during the year	-	-	-	-
Amount written off	-	-	-	-
Amount derecognised through disposals or maturity (excluding write offs)	(10)	-	-	(10)
At 31 December 2021	9	-	-	9
ECL allowances of debt securities at FVOCI				
At 1 January 2022	9	-	-	9
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
New assets purchased	21	-	-	21
Impact of ECL during the year	-	-	-	-
Amount written off	-	-	-	-
Amount derecognised through disposals or maturity (excluding write offs)	(9)	-	-	(9)
At 31 December 2022	21	-	-	21

15. Debt securities (cont'd)

	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Total S$'000
Debt securities at amortised cost				
At 1 January 2021	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
New assets purchased	-	-	-	-
Amount derecognised through disposals or maturity (excluding write offs)	-	-	-	-
At 31 December 2021	-	-	-	-

	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Total S$'000
Debt securities at amortised cost				
At 1 January 2022	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
New assets purchased	55,414	-	-	55,414
Amount derecognised through disposals or maturity (excluding write offs)	-	-	-	-
At 31 December 2022	55,414	-	-	55,414

15. Debt securities (cont'd)

	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Total S$'000
ECL allowances of debt securities at amortised cost				
At 1 January 2021	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
New assets purchased	-	-	-	-
Impact of ECL during the year	-	-	-	-
Amount written off	-	-	-	-
Amount derecognised through disposals or maturity (excluding write offs)	-	-	-	-
At 31 December 2021	-	-	-	-
ECL allowances of debt securities at amortised cost				
At 1 January 2022	-	-	-	-
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
New assets purchased	7	-	-	7
Impact of ECL during the year	-	-	-	-
Amount written off	-	-	-	-
Amount derecognised through disposals or maturity (excluding write offs)	-	-	-	-
At 31 December 2022	7	-	-	7

16. Repurchase and Resale agreements

During its normal course of business, the Bank purchases securities under agreements to resell (reverse repos), for which the Bank has the right to resell the securities.

At the end of the reporting period, receivables under resale agreements ("reverse repo") are as follows:

	Fair value of receivables under resale agreement		Carrying amount of corresponding receivables	
	2022	2021	2022	2021
	S$'000	S$'000	S$'000	S$'000
Singapore and other government securities and treasury bills	1,847,248	1,713,156	1,848,585	1,711,203
Debt Securities	929,366	426,773	915,144	413,870

Corresponding receivables are classified under amounts due from/to related corporations (Note 20). All resale agreements are entered into with a related corporation of an investment grade and classified as Stage 1.

17. Balances and placements with and loans to banks

	2022	2021
	S$'000	S$'000
Gross balances and placements with and loans to banks	169,946	161,891
Allowance for impairment:		
Stage 1 - 12 months' ECL	(58)	(37)
Net of impairment	169,888	161,854

Included in balances and placements with and loans to banks are nostro accounts.

All balances and placements with and loans to banks placed during the year are classified as Stage 1. There are no transfers in ECL staging during the year and the loss allowance of these financial assets is measured at an amount equal to a 12-month ECL.

18. Bills receivable and loans and advances to non-bank customers

	2022 S$'000	2021 S$'000
Bills receivable	12,976	12,196
Loans and advances to non-bank customers	24,620,565	24,666,288
Allowance for impairment	(265,587)	(225,419)
Net of impairment	24,367,954	24,453,065

* Loans and advances to non-bank customers include balances from related corporations of S$41,000 (2021: S$48,000).

An analysis of movements in bills receivable and loans and advances to non-bank customers and corresponding ECL allowances are as follows:

	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Total S$'000
Gross Bills receivable and loans and advances to non-bank customers				
At 1 January 2021	21,250,825	1,320,872	186,936	22,758,633
Transfers to Stage 1	668,788	(661,143)	(7,645)	-
Transfers to Stage 2	(534,071)	544,184	(10,113)	-
Transfers to Stage 3	(34,545)	(21,963)	56,508	-
New assets originated, staged as at year end	7,749,321	188,399	-	7,937,720
Amount written off	-	-	(35,542)	(35,542)
Amount derecognised or repaid (excluding write offs)	(5,557,190)	(372,815)	(52,322)	(5,982,327)
At 31 December 2021	23,543,128	997,534	137,822	24,678,484
At 1 January 2022	23,543,128	997,534	137,822	24,678,484
Transfers to Stage 1	508,973	(497,510)	(11,463)	-
Transfers to Stage 2	(366,397)	380,877	(14,480)	-
Transfers to Stage 3	(29,981)	(41,764)	71,745	-
New assets originated, staged as at year end	7,181,534	122,439	-	7,303,973
Amount written off	-	-	(39,452)	(39,452)
Amount derecognised or repaid (excluding write offs)	(6,925,381)	(343,970)	(40,113)	(7,309,464)
At 31 December 2022	23,911,876	617,606	104,059	24,633,541

18. Bills receivable and loans and advances to non-bank customers (cont'd)

	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Total S$'000
ECL allowances of bills receivable and loans and advances to non-bank customers				
At 1 January 2021	100,130	66,070	89,077	255,277
Transfers to Stage 1	21,180	(18,068)	(3,112)	-
Transfers to Stage 2	(3,559)	6,999	(3,440)	-
Transfers to Stage 3	(948)	(1,784)	2,732	-
New assets originated, staged as at year end	23,080	3,687	-	26,767
Impact of ECL during the year	(21,272)	5,352	31,532	15,612
Changes in model assumptions	(6,508)	(5,156)	-	(11,664)
Amount written off	-	-	(35,542)	(35,542)
Amount derecognised or repaid (excluding write offs)	(16,973)	(5,115)	(2,943)	(25,031)
At 31 December 2021	95,130	51,985	78,304	225,419
ECL allowances of bills receivable and loans and advances to non-bank customers				
At 1 January 2022	95,130	51,985	78,304	225,419
Transfers to Stage 1	15,823	(12,651)	(3,172)	-
Transfers to Stage 2	(2,851)	7,199	(4,348)	-
Transfers to Stage 3	(241)	(1,841)	2,082	-
New assets originated, staged as at year end	45,721	12,282	-	58,003
Impact of ECL during the year	10,897	35,830	28,905	75,632
Changes in model assumptions	(16,011)	(15,353)	-	(31,364)
Amount written off	-	-	(39,452)	(39,452)
Amount derecognised or repaid (excluding write offs)	(16,813)	(5,270)	(568)	(22,651)
At 31 December 2022	131,655	72,181	61,751	265,587

ECL for undrawn loan commitments are included in the ECL allowances of bills receivable and loans and advances to non-bank customers, as part of the exposures at default for ECL computation purposes.

Changes in model assumptions refer to ECL taken to address model limitations and this is referred to as management overlays and model adjustments amounting to S$32,972,000 (2021: S$64,336,000).

19. Impaired credit facilities

	2022 S$'000	2021 S$'000
Gross Impaired loans and advances to customers	104,059	137,822

Impaired credit facilities represent all outstanding credit facilities, including direct credit substitutes and transaction related contingencies, if any, classified as sub-standard, doubtful and loss in accordance with the MAS's loan grading guidelines under MAS Notice to Bank No. 612 "Credit Files, Grading and Provisioning". As at 31 December 2022, there are no impaired direct credit substitutes and transaction related contingencies (2021: S$Nil). All impaired credit facilities are classified as "Stage 3", as disclosed in Note 18.

20. Amounts due from/due to related corporations

Amounts due from related corporations comprise placements and other balances with related corporations of the Bank. Included in amounts due from related corporation are placements of S$3,114,974,000 (2021: S$3,156,730,000) which are unsecured and bear interest from 0.79% to 4.88% (2021: 0% to 0.85%) per annum. It also includes receivables under resale agreements of S$2,763,729,000 (2021: S$2,125,073,000) which are interest bearing, ranging from 3.0% to 4.6% (2021: 0.1% to 0.7%) per annum (Note 16).

Amounts due to related corporations comprise of current accounts maintained by other related corporations with the Bank. These amounts are unsecured and non-interest bearing.

21. Other assets

	Note	2022 S$'000	2021 S$'000
Derivative financial instruments	35	89,395	21,560
Sundry deposits		6,735	7,378
GST input tax		11,967	8,985
Sundry debtors		37,108	35,858
Government grant receivable		338	338
Margin placed with related corporation		63,552	-
		209,095	74,119

Margin placed with related corporation balances are interest-bearing at market interest rates.

22. Intangible assets

	Note	IT software S$'000
Cost		
At 1 January 2021		144,494
Additions		14,043
Disposals		-
Write-off		(5,137)
Transfer		(242)
At 31 December 2021 and at 1 January 2022		153,158
Additions		38,290
Disposals		-
Write-off		-
Transfer		(19,115)
At 31 December 2022		172,333
Accumulated amortisation		
At 1 January 2021		44,391
Amortisation charge for the year	9	25,811
Disposals		-
At 31 December 2021 and at 1 January 2022		70,202
Amortisation charge for the year	9	27,237
Disposals		-
At 31 December 2022		97,439
Net book value		
At 31 December 2021		82,956
At 31 December 2022		74,894

Included in intangible assets are IT software work-in-progress of approximately S$25,405,000 (2021: S$23,287,000). Write-off S$5,137,000 in 2021 was in relation to an aborted system enhancement project.

23. Leases

The Bank has various operating lease agreements for office premises, data centre and ATM space. Most leases contain renewable options. Lease terms do not contain restrictions on the Bank's activities concerning additional debt or further leasing.

The movement in right-of-use assets are as follows:

	Note	Premises S$'000	Data Centre S$'000	ATM Space S$'000	Total S$'000
Cost					
At 1 January 2021		57,248	19,238	1,299	77,785
Additions		3,454	-	442	3,896
Modifications		4,059	-	-	4,059
Termination		(910)	-	(417)	(1,327)
At 31 December 2021 and at 1 January 2022		63,851	19,238	1,324	84,413
Additions		3,879	-	336	4,215
Modifications		2,858	-	-	2,858
Termination		-	-	(240)	(240)
At 31 December 2022		70,588	19,238	1,420	91,246
Accumulated depreciation					
At 1 January 2021		16,271	8,142	637	25,050
Depreciation charge for the year	9	9,227	4,071	449	13,747
Termination		(390)	-	(366)	(756)
At 31 December 2021 and at 1 January 2022		25,108	12,213	720	38,041
Depreciation charge for the year	9	9,724	4,071	417	14,212
Termination		-	-	(226)	(226)
At 31 December 2022		34,832	16,284	911	52,027
Net book value					
At 31 December 2021		38,743	7,025	604	46,372
At 31 December 2022		35,756	2,954	509	39,219

23. Leases (cont'd)

The movement in lease liabilities are as follows:

	Note	2022 S$'000	2021 S$'000
At beginning of year		46,420	52,426
Additions		6,968	7,835
Termination		(21)	(523)
Repayment		(14,613)	(14,378)
Finance cost	9	796	1,060
At end of year		39,550	46,420

The impact of the application of FRS 116 to the statement of comprehensive income for the financial year ended 31 December 2022 and 2021 is shown as below:

	2022 S$'000	2021 S$'000
Depreciation of right-of-use assets	14,212	13,747
Finance cost	796	1,060
Expense relating to leases of short-term and low-value assets	291	313
Total expense recognised in the income statement	15,299	15,120

The impact of the application of FRS 116 on the disclosure in the cash flow statement for the financial year ended 31 December 2022 and 2021 is shown as below:

	2022 S$'000	2021 S$'000
Total cash outflows for leases		
Payment of principal portion of lease liabilities	13,817	13,318
Finance cost paid	796	1,060
	14,613	14,378

24. Property and equipment

	Note	Renovation S$'000	Office equipment, furniture and fittings & others S$'000	Computer and electrical equipment S$'000	Motor vehicles S$'000	Construction-in-progress S$'000	Total S$'000
Cost							
At 1 January 2021		10,666	770	23,039	557	1,141	36,173
Additions		1,092	42	3,527	-	3,085	7,746
Disposals		-	-	(3)	-	-	(3)
Transfers		-	-	225	-	(1,092)	(867)
At 31 December 2021		11,758	812	26,788	557	3,134	43,049
Accumulated depreciation							
At 1 January 2021		5,504	501	9,440	266	-	15,711
Depreciation charge for the year	9	2,204	105	4,851	146	-	7,306
Disposals		-	-	(3)	-	-	(3)
At 31 December 2021		7,708	606	14,288	412	-	23,014
Net book value							
At 31 December 2021		4,050	206	12,500	145	3,134	20,035

24. Property and equipment (cont'd)

	Note	Renovation S$'000	Office equipment, furniture and fittings & others S$'000	Computer and electrical equipment S$'000	Motor vehicles S$'000	Construction-in-progress S$'000	Total S$'000
Cost							
At 1 January 2022		11,758	812	26,788	557	3,134	43,049
Additions		1,188	132	5,223	-	3,568	10,111
Disposals		(60)	(32)	(40)	-	-	(132)
Transfers		-	-	-	-	(1,214)	(1,214)
At 31 December 2022		12,886	912	31,971	557	5,488	51,814
Accumulated depreciation							
At 1 January 2022		7,708	606	14,288	412	-	23,014
Depreciation charge for the year	9	1,499	100	5,013	40	-	6,652
Disposals		(56)	(32)	(37)	-	-	(125)
At 31 December 2022		9,151	674	19,264	452	-	29,541
Net book value							
At 31 December 2022		3,735	238	12,707	105	5,488	22,273

25. Amounts due to central bank

	2022 S$'000	2021 S$'000
Amounts due to central bank at amortised cost	409,365	1,237,325

The above relates to S$409,365,000 (2021: S$1,237,325,000) drawn under the MAS SGD facility for ESG loan funding. These amounts are secured and bear interest at a fixed rate of 0.1% per annum with maturity dates up to 2024, of which S$352,324,000 will mature within 12 months.

26. Deposits of non-bank customers

	2022 S$'000	2021 S$'000
Financial liabilities at amortised cost	30,525,900	31,062,264

27. Other liabilities

	Note	2022 S$'000	2021 S$'000
Derivative financial instruments	35	89,383	27,092
Sundry creditors		70,208	54,233
Accrued operating expenses		107,746	98,999
ECL for contingent liabilities	33	700	334
		268,037	180,658

Sundry creditors includes margin deposits received from related corporation of S$2,458,000 (2021: S$5,428,000).

28. Deferred tax assets/(liabilities)

Movements in deferred tax liabilities and assets during the financial year are as follows:

	At 1/1/2021 S$'000	(Charged)/credited to Profit or loss S$'000 (Note 11)	(Charged)/credited to Fair value adjustment reserve S$'000	At 31/12/2021 S$'000
Deferred tax (liabilities)/assets				
Government and other debt securities - FVOCI	(4,481)	-	9,407	4,926
Property and equipment and leases	(13,363)	2,304	-	(11,059)
Others	-	1,165	-	1,165
Net deferred tax (liabilities)	(17,844)	3,469	9,407	(4,968)

	At 1/1/2022 S$'000	(Charged)/credited to Profit or loss S$'000 (Note 11)	(Charged)/credited to Fair value adjustment reserve S$'000	At 31/12/2022 S$'000
Deferred tax assets/(liabilities)				
Government and other debt securities - FVOCI	4,926	-	15,269	20,195
Property and equipment and leases	(11,059)	1,451	-	(9,608)
Others	1,165	4,169	-	5,334
Net deferred tax assets	(4,968)	5,620	15,269	15,921

29. Subordinated Notes

	2022 S$'000	2021 S$'000
Subordinated note at amortised cost	504,916	505,018

On 26 March 2020, the Bank had issued an S$500,000,000 3.7% subordinated notes due 2030 (the "Notes"). The Notes were issued in denominations of S$250,000 and shall bear interest on their outstanding principal amount at 3.7% p.a. in respect of the period from the issue date 26 March 2020 until reset date 26 March 2025. The Notes were fully subscribed by a related corporation, which is a bank.

30. Debt securities issued

	2022 S$'000	2021 S$'000
Debt securities issued at amortised cost	808,472	372,509

Debt securities were issued under a perpetual unsecured unsubordinated USD Commercial Paper Programme ["USCP"] of up to USD10 billion established by Maybank Singapore Limited. Maturities range from overnight to up to 397 days from date of issue as agreed upon by the issuer and the purchaser of the USCPs. USCPs are issued at par less a discount representing an interest factor or, if interest bearing, at par.

31. Share capital

	2022		2021	
	No of shares '000	S$'000	No of shares '000	S$'000
At end of year	2,000,000	2,000,000	2,000,000	2,000,000

32. Dividends

	2022 S$'000	2021 S$'000
Declared and paid during the financial year:		
Dividends on ordinary shares		
Final dividend for 2021: S$0.01 per share	20,000	-
Interim dividend for 2021: S$0.03 per share	-	60,000
	20,000	60,000

33. Contingent liabilities

	2022 S$'000	2021 S$'000
Direct credit substitutes	43,778	38,654
Transaction-related contingencies	92,389	62,596
Trade-related contingencies	100,860	111,224
	237,027	212,474

Included in direct credit substitutes and trade-related contingencies are financial guarantees, shipping guarantees and letter of credit of S$91,195,000 (2021: S$102,745,000) subject to ECL in which the Bank has direct exposures. The Bank has assessed that the remaining contingent liabilities are scoped out for ECL purposes as the Bank is not exposed to any contractual credit commitments on these products.

An analysis of movements in the contingent liabilities that are subject to ECL and corresponding ECL allowances are as follows:

Gross carrying amount of contingent liabilities	**Stage 1** S$'000	**Stage 2** S$'000	**Stage 3** S$'000	**Total** S$'000
At 1 January 2021	125,950	14,174	-	140,124
Transfers to Stage 1	8,146	(8,146)	-	-
Transfers to Stage 2	(9,867)	9,867	-	-
Transfers to Stage 3	-	-	-	-
New exposures originated as at year end	75,022	1,111	-	76,133
Amount written off	-	-	-	-
Exposures derecognised or matured (excluding write offs)	(105,476)	(8,036)	-	(113,512)
At 31 December 2021	93,775	8,970	-	102,745
At 1 January 2022	93,775	8,970	-	102,745
Transfers to Stage 1	5,055	(5,055)	-	-
Transfers to Stage 2	(1,055)	1,055	-	-
Transfers to Stage 3	-	-	-	-
New exposures originated as at year end	65,336	1,702	-	67,038
Amount written off	-	-	-	-
Exposures derecognised or matured (excluding write offs)	(76,413)	(2,175)	-	(78,588)
At 31 December 2022	86,698	4,497	-	91,195

33. Contingent liabilities (cont'd)

ECL allowances of contingent liabilities	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Total S$'000
At 1 January 2021	276	49	-	325
Transfers to Stage 1	21	(21)	-	-
Transfers to Stage 2	(21)	21	-	-
Transfers to Stage 3	-	-	-	-
New exposures originated as at year end	220	8	-	228
Impact of ECL during the year	7	32	-	39
Amount written off	-	-	-	-
Exposures derecognised or matured (excluding write offs)	(237)	(21)	-	(258)
At 31 December 2021	266	68	-	334
At 1 January 2022	266	68	-	334
Transfers to Stage 1	18	(18)	-	-
Transfers to Stage 2	(2)	2	-	-
Transfers to Stage 3	-	-	-	-
New exposures originated as at year end	360	12	-	372
Impact of ECL during the year	57	133	-	190
Amount written off	-	-	-	-
Exposures derecognised or matured (excluding write offs)	(171)	(25)	-	(196)
At 31 December 2022	528	172	-	700

34. Commitments

	2022 S$'000	2021 S$'000
Credit commitments:		
- Undrawn credit lines and other commitments to extend credit	9,700,260	8,212,045

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. These balances are subject to ECL and are included in the ECL allowances of bills receivable and loans and advances to non-bank customers (Note 18).

Other commitments include:

	2022 S$'000	2021 S$'000
Forward deposits placed	110,490	660
Forward deposits taken	1,014	28
Total commitments	9,811,764	8,212,733

35. Derivative financial instruments

The derivative financial instruments shown in the following tables are held-for-trading purposes. The contractual or underlying principal amounts of these derivative financial instruments and their corresponding gross positive (derivative receivables) and negative (derivative payables) fair values at the end of the reporting period are analysed below.

Positive and negative fair values are the mark-to-market values of the derivative contracts. Notional principal amounts are the amounts of principal underlying the contract at the end of the reporting period.

2022	Notional amounts S$'000	Assets (Note 21) S$'000	Liabilities (Note 27) S$'000
Foreign exchange derivatives			
Forward foreign exchange	1,380,275	3,031	2,954
Options	75,410	3,401	3,676
	1,455,685	6,432	6,630
Interest rate derivatives			
Swaps	4,168,552	75,703	75,218
Options	992,113	7,260	7,535
	5,160,665	82,963	82,753
Total	6,616,350	89,395	89,383

2021	Notional amounts S$'000	Assets (Note 21) S$'000	Liabilities (Note 27) S$'000
Foreign exchange derivatives			
Forward foreign exchange	938,788	109	5,200
Options	68,434	612	613
	1,007,222	721	5,813
Interest rate derivatives			
Swaps	1,315,274	15,639	15,867
Options	1,081,901	5,200	5,412
	2,397,175	20,839	21,279
Total	3,404,397	21,560	27,092

Derivative assets and derivative liabilities are offset and the net amounts are reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

35. Derivative financial instruments (cont'd)

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows:

2022	Gross amount of recognised financial assets/ liabilities S$'000	Gross amount offset in the statement of financial position S$'000	Amount presented in the statement of financial position S$'000	Amount not offset in the statement of financial position: Financial instruments S$'000	Amount not offset in the statement of financial position: Financial collateral received/ pledged S$'000	Net amount S$'000
Financial assets						
Derivative assets	98,064	(8,669)	89,395	(12,218)	-	77,177
Financial liabilities						
Derivative liabilities	98,052	(8,669)	89,383	(12,218)	-	77,165
2021						
Financial assets						
Derivative assets	23,335	(1,775)	21,560	(12,690)	-	8,870
Financial liabilities						
Derivative liabilities	28,867	(1,775)	27,092	(12,690)	-	14,402

* Master netting arrangement and similar arrangements impacting the Bank are entered into by the ultimate holding company. The relevant financial collateral received/pledged are maintained by the ultimate holding company.

35. Derivative financial instruments (cont'd)

Offsetting of financial assets and financial liabilities (cont'd)

The table below sets out the maturity analysis of the notional principal amounts of derivative contracts:

	Notional amount (Maturity)			
2022	**Within 6 months** S$'000	**Between 6 to 12 months** S$'000	**More than 1 year** S$'000	**Total** S$'000
Foreign exchange derivatives				
Forward foreign exchange	1,189,731	190,544	-	1,380,275
Options	48,981	26,429	-	75,410
Interest rate derivatives				
Swaps	69,930	1,085,476	3,013,146	4,168,552
Options	-	-	992,113	992,113
Total	1,308,642	1,302,449	4,005,259	6,616,350
2021				
Foreign exchange derivatives				
Forward foreign exchange	934,707	4,081	-	938,788
Options	67,795	639	-	68,434
Interest rate derivatives				
Swaps	-	-	1,315,274	1,315,274
Options	-	-	1,081,901	1,081,901
Total	1,002,502	4,720	2,397,175	3,404,397

35. Derivative financial instruments (cont'd)

Offsetting of financial assets and financial liabilities (cont'd)

Notional amounts of derivative financial instruments entered into with the ultimate holding company, other branches and subsidiaries of the ultimate holding company are as follows:

	2022 S$'000	2021 S$'000
Foreign exchange derivatives		
Forward foreign exchange	1,180,519	861,091
Options	24,167	34,217
Interest rate derivatives		
Swaps	2,136,176	657,637
Options	496,057	540,950
Total	3,836,919	2,093,895

As at 31 December 2022, the net derivative payable to related parties amounted to S$69,614,000 (net derivative payable in 2021: S$1,287,000).

36. Financial risk management objectives and policies

(a) ***Introduction and overview***

The Bank is exposed to the following risks:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk.

This note discusses the above-mentioned risks as well the Bank's policies and procedures for the early identification and proactive management of these risks.

Enterprise Risk Management Framework

The Bank's risk management framework facilitates effective risk oversight through a sound and well-defined internal governance model, with a clear structure of risk ownership and accountability. The framework is supported by other risk policies and detailed procedures/guidelines to guide businesses in proactive risk management, whilst working towards achieving their business objectives. The risk management framework is reviewed regularly to keep it relevant to the Bank's business strategy and prevailing market conditions.

Under the Bank's risk governance structure, the Board of Directors has overall responsibility for risk management oversight, including financial risk management. The Board approves the Bank's risk management framework and risk appetite; and ensures that Senior Management takes the necessary steps to identify, measure, control and monitor the risks.

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

(a) *Introduction and overview (cont'd)*

Risk management framework (cont'd)

Board oversight is supported by a Board level Committee - the Risk Management and Compliance Committee ("RMCC"). In addition, the Board is supported by several Executive Level Risk Management Committees - the Singapore Management Committee ("SMC"), the Executive Risk Management Committee ("ERC"), the Credit Committee Singapore ("CCS"), Non-Financial Risk Committee ("NFRC") and the Asset & Liability Management Committee ("ALCO").

The RMCC, SMC, ERC, CCS, NFRC and ALCO ensure that sound risk management policies and procedures are in place. Policies are established to manage/address the risks while limits and controls are set and constantly monitored to keep exposures within tolerance levels.

(b) *Credit risk*

Credit risk is the potential loss from any failure in the ability or the unwillingness of the borrowers to fulfil their financial and/or contractual obligations as and when they fall due.

(i) *Management of credit risk*

Credit risk is the risk of loss of principal or income arising from the failure of an obligor or counterparty to perform their contractual obligations in accordance with agreed terms.

Non-retail (commercial) credit risks are assessed by business units and evaluated/approved jointly by business and credit (independent party) within the Bank, where each customer is assigned a credit rating based on the assessment of relevant qualitative and quantitative factors including borrower's/customer's financial position, future cash flows, types of facilities and securities offered. Reviews are conducted at least once a year with updated information on borrower's/customer's financial position, market position, industry and economic condition and account conduct. Corrective actions are taken when the accounts show signs of credit deterioration.

Retail credit exposures are managed on a programme basis. Credit programmes are assessed jointly between credit risk and business units. Reviews on credit programmes are conducted at least once a year to assess the performance of the portfolios.

The Bank's credit risk management framework manages the credit quality of its loan portfolio. This framework covers credit approval process, credit policies and guidelines, credit risk rating systems, credit risk mitigation process, credit administration documentation, training and credit personnel.

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

(b) ***Credit risk (cont'd)***

(i) *Management of credit risk (cont'd)*

The Bank adopts a risk-based credit approval process requiring loan approval at successively higher joint levels and/or committees (as delegated) according to the risk level of the application. Loans that exceed the authority limit of SGD320 million/SGD1.6 billion (tiered by credit rating) will be escalated to the Board of Directors for affirmation. Core credit risk policies, framework and guidelines are approved in accordance with the prevailing Policy on Risk Documents.

In view that authority limits are directly related to the risk levels of the borrower and transaction, a Risk-Based Authority Limit structure was implemented based on Borrower Risk Rating (BRR) via the internally developed Credit Risk Rating System ("CRRS").

The Bank practises risk diversification and has in place structures to control the appropriate limits and exposures. Limits are established and regularly monitored in the area of country exposures, industry groups, product groups, collateral types and single counterparty exposures.

(ii) *Credit Risk Measurement*

This section should be read in conjunction with the impairment policies (Note 2.11) within the summary of significant accounting policies.

Significant increase in credit risk ("SICR")

In order to determine whether an instrument is subject to 12mECL or LTECL, the Bank assesses whether there has been a SICR since initial recognition. SICR is recognised based on the change in the risk of default between initial recognition and reporting date.

For rated accounts, internal ratings are used in determining the rating deterioration. Rating deterioration will be tiered according to the current risk management practice which segregates the internal ratings according to four risk categories, i.e. very low, low, medium and high, as described in Note 36(b)(iv). In addition to rating deterioration, the Bank also uses criteria like days-past-due (dpd) and other judgemental triggers that will lead to accounts/borrowers moving to Watchlist or Special Mention categories.

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

(b) *Credit risk (cont'd)*

(ii) *Credit Risk Measurement (cont'd)*

Definition of default and cure

The Bank considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

As part of a qualitative assessment of whether a customer is in default, the Bank also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Bank considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

(i) Rescheduling and Restructuring due to deterioration in financial condition of the borrower.
(ii) The borrower has ceased operation or bankruptcy or winding up or under insolvency proceedings or classified as financially distressed by a stock exchange or financial regulator.
(iii) Material fraud, criminal act or breach of trust committed by the borrower.
(iv) Deterioration in internal or external credit rating of the borrower from original rating.
(v) Deterioration of financial positions of the borrower.
(vi) A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral.
(vii) Loss of license and regulatory approval that affects business continuity measured by material impact of > 50% of the company's turnover.
(viii) A covenant breach not waived by the Bank.

The Bank considers a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Grouping financial assets measured on a collective basis

The Bank's retail portfolios are under Basel II Advanced Internal Ratings-Based ("AIRB") Approach. This approach calls for more extensive reliance on the Bank's own internal experience whereby estimations for all the three components of Risk-Weighted Assets ("RWA") calculation namely PD, EAD and LGD are based on its own historical data. Separate PD, EAD and LGD statistical models were developed at the respective retail portfolio level; each model covering borrowers with fundamentally similar risk profiles in a portfolio. Currently, the Bank retail portfolios are segregated into 4 segments, namely Housing, Cards, Equity Term Loans and Hire Purchase.

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

(b) *Credit risk (cont'd)*

(ii) *Credit Risk Measurement (cont'd)*

Grouping financial assets measured on a collective basis (cont'd)

For non-retail portfolios, the Bank uses internal credit models for evaluating the majority of its credit risk exposures. For Commercial Banking and Bank portfolios, the Bank has adopted the Foundation Internal Ratings-Based ("FIRB") Approach, which allows the Bank to use its internal PD estimates to determine an asset risk weighting and apply supervisory estimates for LGD and EAD. CRRS is developed to allow the Bank to identify, assess and measure commercial and small business borrowers' credit risk. CRRS is a statistical default prediction model. The model was developed and recalibrated to suit the Bank's environment using internal data. The model development process was conducted and documented in line with specific criteria for model development in accordance to Basel II. The EL principles employed in the Bank is aligned to those employed at its ultimate holding company and enables the calculation of expected loss using PD estimates (facilitated by the CRRS), LGD and EAD.

(iii) *Maximum exposure to credit risk*

The Bank's maximum exposure to credit risk of on-balance sheet financial assets and off-balance sheet exposure exclude any collateral held or other credit enhancements. For on-balance sheet financial assets, the maximum exposure to credit risk equals their gross carrying amount at the end of the reporting period. For off-balance sheet items, the maximum exposure to credit risk is limited to the commitments to extend credit and other credit related commitments. The maximum credit exposure to client or counterparty as of 31 December 2022 was S$34,897,868,000 and S$9,937,287,000 (2021: S$35,675,320,000 and S$8,424,519,000) for on-balance sheet and off-balance sheet, respectively.

(iv) *Credit quality*

Credit classification for financial assets

The four (4) risks categories as set out and defined below, from very low to high, apart from impaired, describe the credit quality of the Bank's lending. These classifications encompass a range of more granular, internal gradings assigned to loans and advances whilst external gradings are applied to debt securities. There is no direct correlation between the internal and external ratings at a granular level, except to the extent that each falls within a single credit quality band.

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

(b) *Credit risk (cont'd)*

(iv) *Credit quality (cont'd)*

Credit classification for financial assets (cont'd)

Risk Category (Non-Retail)	**Probability of default ("PD") grade**	**External credit ratings based on S&P's ratings**
Very low	1 - 5	AAA to A-
Low	6 - 10	BBB+ to BB+
Medium	11 - 15	BB+ to B+
High	16 - 21	B+ to CCC

Risk Category (Retail)	**Probability of default ("PD") grade**	**External credit ratings based on S&P's ratings**
Very low	1 - 2	AAA to BBB-
Low	3 - 5	BB+ to BB-
Medium	6 - 8	B+ to CCC
High	9 - 11	CCC to C

Risk category is as described below:

- Very low: Obligors rated in this category have an excellent capacity to meet financial commitments with very low credit risk.
- Low: Obligors rated in this category have a good capacity to meet financial commitments with low credit risk.
- Medium: Obligors rated in this category have a fairly acceptable capacity to meet financial commitments with moderate credit risk.
- High: Obligors rated in this category have uncertain capacity to meet financial commitments and are subject to high credit risk.
- Unrated: Obligors in this category have not been assigned with borrower risk ratings for various reasons e.g. non-availability of scorecards / unapproved scorecards.

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

(b) *Credit risk (cont'd)*

(iv) *Credit quality (cont'd)*

Credit classification for financial assets (cont'd)

The following table provides a breakdown of the bills receivable and loans and advances to non-bank customers according to the Bank's credit risk category.

2022	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Total S$'000
Very Low	14,530,995	29,368	-	14,560,363
Low	3,525,518	99,611	-	3,625,129
Medium	2,713,885	223,715	-	2,937,600
High	525,890	248,821	-	774,711
Unrated	2,615,588	16,091	-	2,631,679
Impaired	-	-	104,059	104,059
Less: ECL	(131,655)	(72,181)	(61,751)	(265,587)
Total carrying amount	23,780,221	545,425	42,308	24,367,954

2021	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Total S$'000
Very Low	13,885,459	20,120	-	13,905,579
Low	3,979,544	164,465	-	4,144,009
Medium	2,357,657	632,598	-	2,990,255
High	250,291	166,861	-	417,152
Unrated	3,070,177	13,490	-	3,083,667
Impaired	-	-	137,822	137,822
Less: ECL	(95,130)	(51,985)	(78,304)	(225,419)
Total carrying amount	23,447,998	945,549	59,518	24,453,065

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

(b) ***Credit risk (cont'd)***

(iv) *Credit quality (cont'd)*

Credit classification for financial assets (cont'd)

Derivative financial instruments are entered with various international financial institutions or companies. Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statement of financial position. Derivative financial instruments include foreign exchange derivatives and interest rate derivatives 89% (2021: 90%) of derivative exposure is entered into with counterparties of investment grade.

The Bank also classifies its credit portfolios according to the borrowers' ability to repay the credit facility from their normal source of income. There is an independent credit review process to ensure the appropriateness of loan grading and classification in accordance with MAS Notice 612. All borrowing accounts are categorised into 'Pass', 'Special Mention' or 'Impaired' categories. Impaired accounts are further categorised as 'Substandard', 'Doubtful' or 'Loss' in accordance with Notice to Bank No. 612 "Credit Files, Grading and Provisioning" issued by the MAS. The five categories are described below:

Performing

- Pass represents credit facilities where timely repayment is not in doubt and which do not exhibit any potential weakness in repayment capability, business, cash flow or financial position of the borrower.

- Special mention represents credit facilities which require closer monitoring. These facilities exhibit potential weakness that, if not corrected in a timely manner, may adversely affect repayment at a future date.

Classified or Impaired

- Substandard represents credit facilities that require special attention. The facilities exhibit definable weakness, either in respect of the business, cash flow or financial position of the borrower, which may jeopardise repayment on existing terms.

- Doubtful represents credit facilities that demonstrate severe weaknesses, such that the prospects of full recovery of the amounts outstanding are questionable and prospects of a loss are high.

- Loss represents credit facilities that are not collectable and little or nothing can be done to recover the amounts outstanding from any collateral or from the borrower's assets generally.

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

(b) *Credit risk (cont'd)*

(iv) *Credit quality (cont'd)*

<u>Classified or Impaired</u> (cont'd)

The following table provides a breakdown of the gross bills receivable and loans and advances to non-bank customers' gross carrying amount according to the MAS Notice to Bank No. 612 "Credit Files, Grading and Provisioning":

2022	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Total S$'000
Performing				
Pass	23,911,876	538,927	-	24,450,803
Special Mention	-	78,679	-	78,679
Classified or Impaired				
Substandard	-	-	3,996	3,996
Doubtful	-	-	61,569	61,569
Loss	-	-	38,494	38,494
Total	23,911,876	617,606	104,059	24,633,541

2021	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Total S$'000
Performing				
Pass	23,543,128	895,864	-	24,438,992
Special Mention	-	101,670	-	101,670
Classified or Impaired				
Substandard	-	-	8,935	8,935
Doubtful	-	-	78,170	78,170
Loss	-	-	50,717	50,717
Total	23,543,128	997,534	137,822	24,678,484

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

(b) *Credit risk (cont'd)*

(iv) *Credit quality (cont'd)*

Collaterals

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The Bank holds collaterals as follows:

- For loans and advances to non-bank customers and bill receivable in the form of mortgages or charges over properties, motor vehicles, listed securities, deposits, trade receivables, vessels and machinery.

- For reverse repurchase agreements in the form of Singapore and other government securities.

Estimates of the fair value are initially based on the value of collateral assessed at the time of borrowing and subsequently updated during the collateral valuation monitoring process (including credit reviews).

For financial assets that are credit impaired as at period end, the impairment loss considers the difference between the carrying value and the discounted cash flows. In determining discounted cash flows, the Bank would consider the repayment capacity of the borrower, including the realisation of collateral pledged with the Bank. As at 31 December 2022, the lower of fair value and carrying amount of collateral/other credit enhancements for financial assets that are credit impaired as at year end is S$21,677,000 (2021: S$41,301,000).

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

(b) *Credit risk (cont'd)*

(iv) *Credit quality (cont'd)*

Collaterals (cont'd)

The following table quantifies the extent to which collateral and other credit enhancements help to mitigate the credit risk of loans and advances to non-bank customers, bills receivable and receivables under resale agreement:

	Lower of fair value of collateral/other credit enhancements and carrying amount			
	2022		2021	
	Loans and advances to non-bank customers, bills receivable S$'000	Receivables under resale agreement S$'000	Loans and advances to non-bank customers, bills receivable S$'000	Receivables under resale agreement S$'000
Singapore and other government securities	-	1,840,222	-	1,705,145
Debts Securities	-	911,108	-	411,297
Properties	17,093,960	-	16,438,182	-
Vessels and other motor vehicles	2,802,924	-	3,298,793	-
Others	1,186,032	-	592,976	-
Total collateral	21,082,916	2,751,330	20,329,951	2,116,442
Maximum exposure to credit risk	24,633,541	2,767,012	24,678,484	2,287,056
Net exposure	3,550,625	15,682	4,348,533	170,614

S$1.3 billion (2021: S$1.4 billion) of the loans and advances to non-bank customers relate to the Temporary Bridging Loan which is under risk sharing with ESG.

The Bank generally does not occupy the premises repossessed for its business use.

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

(b) *Credit risk (cont'd)*

(iv) *Credit quality (cont'd)*

Write-off policy

The Bank writes off a loan or debt security balance, and any related allowances for impairment losses, when the management determines that the loan or securities is uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's/issuer's financial position such that the borrower/issuer can no longer settle the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, write-off decisions generally are based on a product specific past due status.

(v) *Concentration risk*

Specifically in the area of country or industry exposure, concentration of credit risk exists when changes in geographic or industry factors affect groups of counterparties whose aggregate credit exposure is significant in relation to the Bank's total credit exposures. The tables on the following page summarise the geographic and industry sector risk concentrations in relation to balances with significant credit exposures. Derivative assets are mainly due from banks and financial institution counterparties.

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

(b) *Credit risk (cont'd)*

(v) *Concentration risk by geographic sector*

Country	Singapore government securities and treasury bills S$'000	Other government securities and treasury bills S$'000	Debt securities S$'000	Balances and placements with and loans to banks S$'000	Bills Receivable and Loans and advances to non-bank customers S$'000	Undrawn loan commitments S$'000	Contingent liabilities S$'000	Total S$'000	As % of total %
As at 31 December 2022									
Singapore	2,287,927	-	199,020	-	23,740,064	9,145,213	236,930	35,609,154	95.3
India	-	-	-	-	2,382	445	-	2,827	0.0
Malaysia	-	-	-	-	180,745	178,629	77	359,451	1.0
China	-	-	-	-	427,804	55,589	-	483,393	1.3
Hong Kong	-	-	-	-	44,610	23,368	-	67,978	0.2
Others	-	133,596	-	169,946	237,936	297,016	20	838,514	2.2
	2,287,927	133,596	199,020	169,946	24,633,541	9,700,260	237,027	37,361,317	100.0

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

(b) *Credit risk (cont'd)*

(v) *Concentration by industry sector*

As at 31 December 2022	Singapore government securities and treasury bills S$'000	Other government securities and treasury bills S$'000	Debt securities S$'000	Balances and placements with and loans to banks S$'000	Bills receivable and Loans and advances to non-bank customers S$'000	Undrawn loan commitments S$'000	Contingent liabilities S$'000	Total S$'000	As % of total %
Building and construction	-	-	-	-	1,015,481	436,277	72,720	1,524,478	4.0
Financial institutions	-	-	-	169,946	1,712,514	793,716	5,190	2,681,366	7.2
Manufacturing	-	-	-	-	599,979	237,544	14,426	851,949	2.3
Transport, storage and communication	-	-	-	-	453,800	164,074	8,684	626,558	1.7
Government and public sector	2,287,927	133,596	199,020	-	-	-	-	2,620,543	7.0
Housing and bridging loans	-	-	-	-	12,555,245	1,953,269	-	14,508,514	38.8
General commence	-	-	-	-	1,914,616	1,104,243	111,589	3,130,448	8.4
Professional and private individuals	-	-	-	-	5,313,059	4,729,666	5,218	10,047,943	26.9
Others	-	-	-	-	1,068,847	281,471	19,200	1,369,518	3.7
	2,287,927	133,596	199,020	169,946	24,633,541	9,700,260	237,027	37,361,317	100.0

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

(b) *Credit risk (cont'd)*

(v) *Concentration risk by geographic sector*

Country	Singapore government securities and treasury bills S$'000	Other government securities and treasury bills S$'000	Debt securities S$'000	Balances and placements with and loans to banks S$'000	Bills Receivable and Loans and advances to non-bank customers S$'000	Undrawn loan commitments S$'000	Contingent liabilities S$'000	Total S$'000	As % of total %
As at 31 December 2021									
Singapore	4,107,134	-	157,652	-	23,784,883	7,775,776	118,396	35,943,841	95.6
India	-	-	-	-	6,145	2,743	10,237	19,125	0.1
Malaysia	-	-	-	-	171,933	205,231	4,958	382,122	1.0
China	-	-	-	-	441,922	21,775	4,981	468,678	1.2
Hong Kong	-	-	-	-	54,302	12,742	994	68,038	0.2
Others	-	82,276	-	161,891	219,299	193,778	72,908	730,152	1.9
	4,107,134	82,276	157,652	161,891	24,678,484	8,212,045	212,474	37,611,956	100.0

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

(b) *Credit risk (cont'd)*

(v) *Concentration by industry sector*

As at 31 December 2021	Singapore government securities and treasury bills S$'000	Other government securities and treasury bills S$'000	Debt securities S$'000	Balances and placements with and loans to banks S$'000	Bills receivable and Loans and advances to non-bank customers S$'000	Undrawn loan commitments S$'000	Contingent liabilities S$'000	Total S$'000	As % of total %
Building and construction	-	-	-	-	1,506,279	452,562	39,852	1,998,693	5.3
Financial institutions	-	-	-	161,891	1,751,481	553,511	1,087	2,467,970	6.6
Manufacturing	-	-	-	-	634,747	217,536	21,519	873,802	2.3
Transport, storage and communication	-	-	-	-	509,856	140,967	10,405	661,228	1.8
Government and public sector	4,107,134	82,276	157,652	-	-	-	-	4,347,062	11.6
Housing and bridging loans	-	-	-	-	12,741,603	-	-	12,741,603	33.9
General commerce	-	-	-	-	1,671,786	969,572	118,169	2,759,527	7.3
Professional and private individuals	-	-	-	-	5,597,085	5,652,458	6,172	11,255,715	29.9
Others	-	-	-	-	265,647	225,439	15,270	506,356	1.3
	4,107,134	82,276	157,652	161,891	24,678,484	8,212,045	212,474	37,611,956	100.0

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

(c) *Liquidity risk*

Liquidity risk arises when the Bank is unable to make a payment on any of its financial obligations to customers or counterparties in any currency when they come due. This may be due to the Bank's inability to liquidate assets or to obtain funding to meet its liquidity needs in a timely manner.

Liquidity risk can be broadly classified into:

- Funding liquidity risk - Risk that the Bank is not able to meet both expected and unexpected current and future cash flow and collateral needs effectively without affecting either daily operations or the financial condition of the Bank;
- Market liquidity risk - Risk that the Bank is not able to easily offset or eliminate the position at market price because of inadequate market depth or market disruption.

Liquidity risk can also arise as a consequence of other risk such as credit risk and reputation risk.

(i) *Management of liquidity risk*

ALCO oversees the Bank's liquidity risk management. The Global Market department centrally manages day-to-day funding and regulatory reserve requirements. In addition, the Non Traded Risk Management department functions as an independent unit responsible for reviewing policies and limits and monitoring liquidity risk.

The Bank's liquidity management objective is to ensure that there are sufficient funds to meet contractual and regulatory financial obligations when they are due. Liquidity risk is managed by a combination of cash flow monitoring, liquidity ratios and stress tests. Projected cash flow movements are closely monitored. Under the Bank's liquidity risk management framework, the Bank maintains liquid assets based on historical and future cash flow requirements and volatility. Liquidity ratios monitor and control the dependency on particular sources of funds and exposure to any particular group of depositors. Stress tests are conducted regularly to identify the Bank's vulnerability of cash flow and assess the Bank's capacity and resilience to withstand liquidity stress situations.

The Contingency Funding Plan ("CFP") addresses the possibility of prolonged liquidity disruption. The plan enables the Bank to respond swiftly and systematically to a liquidity crisis by covering critical areas such as the identification of crisis triggers, roles and responsibilities of different stakeholders, action plans for different scenarios, reporting requirements, and communication plans.

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

(c) *Liquidity risk (cont'd)*

(ii) *Exposure to liquidity risk*

The following tables show the undiscounted cash flows on the Bank's financial liabilities including issued financial guarantees and unrecognised loan commitments on the basis of their earliest possible contractual maturity. The Bank's expected cash flows on these instruments may vary significantly from this analysis. For example, demand deposits from customers may have a stable or increasing balance and unrecognised loan commitments are not all expected to be drawn down immediately.

Derivative financial instruments include those net settled derivative contracts in a net liability position, together with the pay leg of gross settled contracts regardless of whether the overall contract is in a marked-to-market gain or loss position. The receive leg is not shown in this table and as a result the derivative amounts in this table are inflated by their exclusion.

The Bank anticipates and manages liquidity gaps using behavioural assumptions. These assumptions are regularly reviewed by the Non Traded Risk Management department and approved by ALCO.

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

(c) *Liquidity risk (cont'd)*

(iii) *Residual contractual maturities of financial liabilities*

As at 31 December 2022	Note	Carrying amount S$'000	Gross nominal outflow S$'000	Less than 1 month S$'000	1 month to 3 months S$'000	3 to 6 months S$'000	6 months to 1 year S$'000	1 year to 5 years S$'000	After 5 years S$'000
Non-derivative liabilities									
Amounts due to central bank	25	409,365	410,184	11,834	-	301,058	40,137	57,155	-
Deposits of non-bank customers	26	30,525,900	31,042,479	13,051,165	2,260,276	3,245,587	8,789,342	3,696,109	-
Bills payable		99,241	99,241	99,241	-	-	-	-	-
Amounts due to related corporations		9,104	9,104	9,104	-	-	-	-	-
Lease liabilities	23	39,550	39,550	-	6	1,531	458	24,664	12,891
Subordinated notes	29	504,916	638,776	-	9,174	-	9,326	74,051	546,225
Debt securities issued	30	808,472	808,472	223,093	283,204	302,175	-	-	-
		32,396,548	33,047,806	13,394,437	2,552,660	3,850,351	8,839,263	3,851,979	559,116
Undrawn loan commitments	34	9,700,260	9,700,260	6,103,273	256,515	355,956	416,748	336,479	2,231,289
Contingent liabilities	33	237,027	237,027	81,076	30,187	24,880	35,559	65,089	236
		9,937,287	9,937,287	6,184,349	286,702	380,836	452,307	401,568	2,231,525

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

(c) *Liquidity risk (cont'd)*

(iii) *Residual contractual maturities of financial liabilities (cont'd)*

As at 31 December 2022	Gross nominal inflow/ (outflow) S$'000	Less than 1 month S$'000	1 month to 3 months S$'000	3 months to 6 months S$'000	6 months to 1 year S$'000	1 year to 5 years S$'000	After 5 years S$'000	Total S$'000
Derivatives								
Net settled derivatives:								
Interest rate derivatives*	-	-	-	-	-	-	-	-
Foreign rate derivatives*	-	-	-	-	-	-	-	-
Net inflow/(outflow)	-	-	-	-	-	-	-	-
Gross settled derivatives:								
Interest rate derivatives:								
- Inflow	-	-	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-	-	-
Foreign exchange derivatives:								
- Inflow	1,403,301	713,530	385,832	90,369	190,544	-	23,026	1,403,301
- Outflow	(1,401,163)	(711,907)	(386,081)	(90,616)	(189,955)	-	(22,604)	(1,401,163)
Net inflow/(outflow)	2,138	1,623	(249)	(247)	589	-	422	2,138

* Nil amount due to back to back derivative transactions with a related corporation.

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

(c) *Liquidity risk (cont'd)*

(iii) *Residual contractual maturities of financial liabilities (cont'd)*

As at 31 December 2021	Note	Carrying amount S$'000	Gross nominal outflow S$'000	Less than 1 month S$'000	1 month to 3 months S$'000	3 to 6 months S$'000	6 months to 1 year S$'000	1 year to 5 years S$'000	After 5 years S$'000
Non-derivative liabilities									
Amounts due to central bank	25	1,237,325	1,239,796	-	-	271,642	615,478	352,676	-
Deposits of non-bank customers	26	31,062,264	31,213,022	17,039,692	2,075,547	3,047,005	4,568,825	4,481,953	-
Bills payable		86,568	86,568	86,568	-	-	-	-	-
Amounts due to related corporations		6,233	6,233	6,233	-	-	-	-	-
Lease liabilities	23	46,420	46,420	-	-	10	46	34,788	11,576
Subordinated notes	29	505,018	657,276		9,174	-	9,326	74,051	564,725
Debt securities issued	30	372,509	372,509	138,442	177,610	56,457	-	-	-
		33,316,337	33,621,824	17,270,935	2,262,331	3,375,114	5,193,675	4,943,468	576,301
Undrawn loan commitments	34	8,212,045	8,212,045	6,293,153	281,978	278,888	429,470	192,161	736,395
Contingent liabilities	33	212,474	212,474	81,942	35,191	26,237	23,744	44,973	387
		8,424,519	8,424,519	6,375,095	317,169	305,125	453,214	237,134	736,782

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

(c) *Liquidity risk (cont'd)*

(iii) *Residual contractual maturities of financial liabilities (cont'd)*

As at 31 December 2021	Gross nominal inflow/ (outflow) S$'000	Less than 1 month S$'000	1 month to 3 months S$'000	3 months to 6 months S$'000	6 months to 1 year S$'000	1 year to 5 years S$'000	After 5 years S$'000	Total S$'000
Derivatives								
Net settled derivatives:								
Interest rate derivatives*	-	-	-	-	-	-	-	-
Foreign rate derivatives*	-	-	-	-	-	-	-	-
Net inflow/(outflow)	-	-	-	-	-	-	-	-
Gross settled derivatives:								
Interest rate derivatives:								
- Inflow	-	-	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-	-	-
Foreign exchange derivatives:								
- Inflow	934,313	845,312	51,195	33,722	4,084	-	-	934,313
- Outflow	(938,788)	(849,852)	(51,161)	(33,694)	(4,081)	-	-	(938,788)
Net inflow/(outflow)	(4,475)	(4,540)	34	28	3	-	-	(4,475)

* Nil amount due to back to back derivative transactions with a related corporation.

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

(c) *Liquidity risk (cont'd)*

(iv) *Maturity analysis of non-derivative financial assets and liabilities*

As at 31 December 2022	Note	Up to 7 days S$'000	Over 7 days to 1 month S$'000	Over 1 to 3 months S$'000	Over 3 to 12 months S$'000	Over 1 to 3 year S$'000	Over 3 years S$'000	No specific maturity S$'000	Total S$'000
Assets									
Cash and balance with a central bank		1,341,444	-	-	-	-	-	-	1,341,444
Singapore government securities and treasury bills	13	99,715	234,091	166,211	147,040	566,550	1,074,288	-	2,287,895
Other government securities and treasury bills	14	-	-	-	-	20,867	112,729	-	133,596
Debt Securities	15	-	-	-	-	41,603	157,410	-	199,013
Balances and placements with and loans to banks		169,888	-	-	-	-	-	-	169,888
Amounts due from related corporations		1,527,062	1,966,418	1,225,606	915,998	300,183	-	-	5,935,267
Bills receivable	18	8,554	4,422	-	-	-	-	-	12,976
Loans and advances to non-bank customers	18	892,156	1,030,003	421,437	462,627	1,961,535	19,587,220	-	24,354,978
		4,038,819	3,234,934	1,813,254	1,525,665	2,890,738	20,931,647	-	34,435,057
Liabilities									
Amounts due to central bank	25	-	11,811	-	340,513	57,041	-	-	409,365
Deposits of non-bank customers	26	11,870,153	1,058,922	2,253,681	11,845,873	2,251,621	1,245,650	-	30,525,900
Amounts due to related corporations		9,104	-	-	-	-	-	-	9,104
Bills payable		99,241	-	-	-	-	-	-	99,241
Lease liabilities	23	-	-	6	2,142	7,524	29,878	-	39,550
Subordinated notes	29	-	-	-	-	-	504,916	-	504,916
Debt securities issued	30	67,149	163,417	281,095	296,811	-	-	-	808,472
		12,045,647	1,234,150	2,534,782	12,485,339	2,316,186	1,780,444	-	32,396,548

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

(c) *Liquidity risk (cont'd)*

(iv) *Maturity analysis of non-derivative financial assets and liabilities (cont'd)*

As at 31 December 2021	Note	Up to 7 days S$'000	Over 7 days to 1 month S$'000	Over 1 to 3 months S$'000	Over 3 to 12 months S$'000	Over 1 to 3 year S$'000	Over 3 years S$'000	No specific maturity S$'000	Total S$'000
Assets									
Cash and balance with a central bank		1,089,990	-	-	-	-	-	-	1,089,990
Singapore government securities and treasury bills	13	249,984	949,731	861,399	673,156	430,278	942,586	-	4,107,134
Other government securities and treasury bills	14	-	-	58,675	-	-	23,601	-	82,276
Debt Securities	15	-	-	-	-	-	157,652	-	157,652
Balances and placements with and loans to banks		161,854	-	-	-	-	-	-	161,854
Amounts due from related corporations		1,443,288	1,583,458	1,095,023	302,342	908,648	-	-	5,332,759
Bills receivable	18	12,014	-	-	182	-	-	-	12,196
Loans and advances to non-bank customers	18	955,304	894,366	307,291	546,913	1,195,193	20,541,802	-	24,440,869
		3,912,434	3,427,555	2,322,388	1,522,593	2,534,119	21,665,641	-	35,384,730
Liabilities									
Amounts due to central bank	25	-	-	-	885,354	351,971	-	-	1,237,325
Deposits of non-bank customers	26	16,101,024	910,477	2,073,588	7,591,102	4,232,520	153,553	-	31,062,264
Amounts due to related corporations		6,233	-	-	-	-	-	-	6,233
Bills payable		86,568	-	-	-	-	-	-	86,568
Lease liabilities	23	-	-	-	56	16,667	29,697	-	46,420
Subordinated notes	29	-	-	-	-	-	505,018	-	505,018
Debt securities issued	30	6,753	131,842	177,552	56,362	-	-	-	372,509
		16,200,578	1,042,319	2,251,140	8,532,874	4,601,158	688,268	-	33,316,337

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

(d) *Market risk*

Market risk stems from changes in market prices, such as interest rates, equity prices, and currency exchanges rates that adversely affect income or position value. The Bank is primarily exposed to interest rate and currency risk based on the nature of its banking operations.

(i) *Management of market risk*

ALCO provides oversight of market risk for the Bank which mainly arises from the banking book. The Non Traded Risk Management department proposes and reviews policies and limits; and is responsible for monitoring of the Bank's market risk exposures from the Banking Book. Being the primary market risk-taking unit, the Global Market department manages the exposures and ensures that they are kept within limits.

One of the objective of market risk management is to keep market risk exposures under acceptable parameters while optimising returns. In order to achieve the control objective, risk measures are computed and check against their respective limits defined based on the Bank's risk tolerance. Limit exceptions are escalated according to policy stipulations. These limits, along with the related policies and procedures, are regularly reviewed and approved at appropriate authority level.

Consistent with the ultimate holding company's policies, Bank-wide banking book interest rate risk is measured and controlled via earnings and economic value perspectives.

(ii) *Exposure to interest rate risk*

Interest rate risk is the exposure to interest rate movements arising from differences between the timing of rate changes against the Bank's cash flow positions. Interest rate risk can also stem from imperfect correlation of rate earned and paid on different instruments with similar re-pricing characteristics, changes in slope and shape of the yield curve, and embedded options in banking products. The main sources of interest rate risk are the Bank's loan and deposit portfolios. The Bank uses interest rate swaps as appropriate to ensure that exposures are within tolerable levels.

The Bank assesses its short term interest rate risk exposures in the banking book by using Earnings-at-Risk ("EaR") and long term interest rate risk exposures in the banking book by using Economic Value at Risk (EVaR). EaR measures the sensitivity of earnings, i.e., net interest income ("NII") to market interest rate movements and EVaR measures the sensitivity of economic value of Banking Book interest rate exposures to interest rate movements.

As at 31 December 2022, an upward parallel shift in yield curve of 150 basis points for SGD and 200 basis points for USD, the two significant currencies that the Bank transact, would result in an increase of S$83,986,000 on EaR. A downward parallel shift would have a decrease of S$90,078,000 on EaR.

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

(d) *Market risk (cont'd)*

(ii) *Exposure to interest rate risk (cont'd)*

IBOR reform

LIBOR, SOR and SIBOR which have been widely used in the global financial markets, would be discontinued by end-2021 (non-USD LIBOR), Jun-2023 (USD LIBOR and SOR) and end-2024 (SIBOR) and be replaced by RFRs as part of the global reform of benchmark interest rate. The transition from LIBOR, SOR and SIBOR to RFRs will have significant impact on the bank arising from legal implications for existing derivatives and loan contracts referenced to LIBOR, adjustment to accounting and valuation approaches, and system recalibration and reconfiguration. The Bank's IBOR reform project is managed by a dedicated IBOR Transition Workgroup chaired by the Chief Risk Officer Singapore and comprise of members from relevant functions. The Workgroup is accountable to both the Singapore Executive Risk Committee and the Singapore Board for local governance, and to the Group IBOR Project Steering Committee ("PSC") for group governance.

The Bank has met all material industry and regulatory milestones to date, is on track to meet future timelines based on current progression, and does not anticipate any material compliance delay. The Bank is also monitoring the evolving global transition landscape for contingency adjustment, as well as proactive client engagement with up-to-date information and sufficient lead time to facilitate informed decision-making.

The following table shows the exposure that has yet to transit from IBOR to RFRs as at 31 December 2022:

2022	**Non-derivatives Financial Assets - carrying value** S$'000	**Non-derivatives Financial Liabilities - carrying value** S$'000	**Derivatives Nominal Amount** S$'000
USD LIBOR	-	-	27,119
SGD SOR	80,000	-	917,328
SGD SIBOR	1,336,315	-	-

2021	**Non-derivatives Financial Assets - carrying value** S$'000	**Non-derivatives Financial Liabilities - carrying value** S$'000	**Derivatives Nominal Amount** S$'000
USD LIBOR	-	-	50,510
SGD SOR	90,000	-	2,284,261
SGD SIBOR	2,944,732	-	-

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

(d) *Market risk (cont'd)*

(iii) *Exposure to foreign currency risk*

Foreign currency risk arises from the movements in exchange rates that adversely affect the revaluation of Bank's foreign currency positions. The Bank's foreign exchange exposure is managed centrally by the Global Markets department, who deploys standard Foreign Exchange instruments like Forward Contracts and Cross-Currency Swaps to manage the Bank's foreign exchange risk.

The Bank monitors the foreign exchange exposures against approved trading and stop loss limits for every business day. Limit exceptions are escalated according to policy stipulated.

The following summarises the Bank's sensitivity to a 10% change in currency rates against S$:

2022	**Change in currency rate** %	**Impact to current year profit before tax** S$'000
USD	+/- 10	+/-319
GBP	+/- 10	+/-110
AUD	+/- 10	-/+1
HKD	+/- 10	+/-4
EUR	+/- 10	+/-17
CNY	+/- 10	+/-3
Others	+/- 10	-/+32

2021	**Change in currency rate** %	**Impact to current year profit before tax** S$'000
USD	+/- 10	+/-279
GBP	+/- 10	-/+33
AUD	+/- 10	+/-17
HKD	+/- 10	+/-7
EUR	+/- 10	-/+2
CNY	+/- 10	+/-6
Others	+/- 10	-/+5

Sensitivity is calculated using the net position in each currency, including off-balance sheet. This methodology does not consider option pay-offs as the Bank has a nominal open position in foreign exchange options. The largest net open position of the Bank as at 31 December 2022 is denominated in USD, with S$ equivalent, S$3,191,000(2021: S$2,786,000).

37. Fair value of assets and liabilities

Financial instruments comprise financial assets, financial liabilities and off-balance sheet derivative instruments. The fair value of a financial instrument is the amount for which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

Although management has employed its best judgement in the estimation of fair values, there is inevitably a significant element of subjectivity involved in the calculations. Therefore, the fair value estimates are not necessarily indicative of the amounts that the Bank could have realised in a sales transaction as at the end of the reporting period.

(a) *Fair value methodologies*

The following methods and assumptions are used to estimate the fair value of each class of financial instrument and depend on the terms and risk characteristics of the various instruments:

(i) *Financial instruments for which carrying value approximate fair value*

The carrying values of certain financial instruments on the statement of financial position, approximate fair values. These include cash and balances with central banks, bills receivable/payable, balances and placements with and loans to banks, amounts due to central bank and other assets and liabilities. These financial instruments are either short-term in nature or are receivable/payable on demand or carried at market value.

(ii) *Government securities, treasury bills and debt securities*

Fair values of government securities, treasury bills and debt securities that are traded in active markets are based on the quoted market price or dealer price quotation at the end of the reporting period.

(iii) *Loans and advances to non-bank customers*

Fair values for loans that are subject to variable interest rates which re-price within one year have not been recalculated. Their carrying amounts are considered to be not materially different from their fair values.

For fixed interest rate loans, the Bank has estimated the fair values by taking into account the relevant market interest rates and credit spread and noted that the fair value is not materially different from the carrying amount at period end.

(iv) *Due from related corporations*

The fair value of amounts due from related corporations that mature or re-price within one year is assumed to approximate the carrying value.

For balances which mature or re-price after one year, fair value is principally estimated by discounting contractual cash flows based on market rates.

37. Fair value of assets and liabilities (cont'd)

(a) *Fair value methodologies (cont'd)*

(v) *Due to related corporations and deposits of non-bank customers*

The fair values of non-interest bearing, call and variable rate deposits and fixed rate deposits maturing or re-pricing within one year is assumed to approximate the carrying value.

For deposits of related corporations which mature or re-price after one year, fair value is estimated using discounted cash flow models, whereby contractual cash flows are discounted based on market rates.

For deposits of non-bank customers which mature or re-price after one year, fair value is estimated using discounted cash flow models, whereby contractual cash flows are discounted using current market fixed deposit rates.

The fair value of the subordinated notes, closely approximates its carrying value, considering the full issuance is fully subscribed by a related corporation.

The fair value of debt securities issued is estimated by discounting the expected future cash flows using the applicable prevailing interest rates for similar instruments as at reporting date.

(vi) *Derivatives financial instruments (notional)*

The fair values of foreign exchange contracts, interest rate swaps and options are obtained from quoted market prices, pricing model or discounted cash flow models as appropriate.

The Bank has estimated the fair values of these financial instruments using the methodologies above and noted that the fair values are not materially different from their carrying values.

Valuation adjustment is also an integral part of the valuation process. The Bank makes valuation adjustments such as bid-ask spread adjustment and credit valuation adjustment to adjust mid-market valuations to the appropriate bid or offer valuation and to reflect the risk of counterparty default.

37. Fair value of assets and liabilities (cont'd)

(b) *Financial Instruments carried at fair value*

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

There has been no transfer between Level 1 and Level 2 fair value measurement during the financial year ended 31 December 2022.

2022	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Financial assets measured at fair value on a recurring basis				
Singapore government securities and treasury bills	2,036,794	-	-	2,036,794
Other government securities and treasury bills	133,596	-	-	133,596
Debt securities	143,606	-	-	143,606
Derivative financial instruments	-	89,395	-	89,395
	2,313,996	89,395	-	2,403,391
Financial liabilities measured at fair value on a recurring basis				
Derivative financial instruments	-	89,383	-	89,383
	-	89,383	-	89,383

37. Fair value of assets and liabilities (cont'd)

(b) *Financial Instruments carried at fair value (cont'd)*

Fair value hierarchy (cont'd)

2021	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Financial assets measured at fair value on a recurring basis				
Singapore government securities and treasury bills	4,107,134	-	-	4,107,134
Other government securities and treasury bills	82,276	-	-	82,276
Debt securities	157,652	-	-	157,652
Derivative financial instruments	-	21,560	-	21,560
	4,347,062	21,560	-	4,368,622
Financial liabilities measured at fair value on a recurring basis				
Derivative financial instruments	-	27,092	-	27,092
	-	27,092	-	27,092

37. Fair value of assets and liabilities (cont'd)

(c) *Financial instruments classification*

The Bank's classification of its principal financial assets and liabilities is summarised in the table below:

2022	Financial assets at fair value				
	Held-for-trading S$'000	Designated at fair value through profit or loss S$'000	Other comprehensive Income ("FVOCI") S$'000	Financial assets at amortised cost S$'000	Carrying amount S$'000
Financial assets					
Cash and balances with central bank	-	-	-	1,341,444	1,341,444
Singapore government securities and treasury bills	-	-	2,036,794	251,101	2,287,895
Other government securities and treasury bills	-	-	133,596	-	133,596
Debt securities	-	-	143,606	55,407	199,013
Balances and placements with and loans to banks	-	-	-	169,888	169,888
Bills receivable	-	-	-	12,976	12,976
Loans and advances to non-bank customers	-	-	-	24,354,978	24,354,978
Amounts due from related corporations	-	-	-	5,935,267	5,935,267
Other assets	89,395	-	-	107,732	197,127
Total as at 31 December 2022	89,395	-	2,313,996	32,228,793	34,632,184

2022	Financial liabilities at fair value			
	Held-for-trading S$'000	Designated at fair value through profit or loss S$'000	Financial liabilities at amortised cost S$'000	Carrying amount S$'000
Financial liabilities				
Amounts due to central bank	-	-	409,365	409,365
Deposits of non-bank customers	-	-	30,525,900	30,525,900
Bills payable	-	-	99,241	99,241
Amounts due to related corporations	-	-	9,104	9,104
Other liabilities	89,383	-	70,208	159,591
Lease liabilities	-	-	39,550	39,550
Subordinated notes	-	-	504,916	504,916
Debt securities issued	-	-	808,472	808,472
Total as at 31 December 2022	89,383	-	32,466,756	32,556,139

37. Fair value of assets and liabilities (cont'd)

(c) *Financial instruments classification (cont'd)*

2021	Financial assets at fair value: Held-for-trading S$'000	Financial assets at fair value: Designated at fair value through profit or loss S$'000	Financial assets at fair value: Other comprehensive Income ("FVOCI") S$'000	Financial assets at amortised cost S$'000	Carrying amount S$'000
Financial assets					
Cash and balances with central bank	-	-	-	1,089,990	1,089,990
Singapore government securities and treasury bills	-	-	4,107,134	-	4,107,134
Other government securities and treasury bills	-	-	82,276	-	82,276
Debt securities	-	-	157,652	-	157,652
Balances and placements with and loans to banks	-	-	-	161,854	161,854
Bills receivable	-	-	-	12,196	12,196
Loans and advances to non-bank customers	-	-	-	24,440,869	24,440,869
Amounts due from related corporations	-	-	-	5,332,759	5,332,759
Other assets	21,560	-	-	43,574	65,134
Total as at 31 December 2021	21,560	-	4,347,062	31,081,242	35,449,864

2021	Financial liabilities at fair value: Held-for-trading S$'000	Financial liabilities at fair value: Designated at fair value through profit or loss S$'000	Financial liabilities at amortised cost S$'000	Carrying amount S$'000
Financial liabilities				
Amounts due to central bank	-	-	1,237,325	1,237,325
Deposits of non-bank customers	-	-	31,062,264	31,062,264
Bills payable	-	-	86,568	86,568
Amounts due to related corporations	-	-	6,233	6,233
Other liabilities	27,092	-	54,233	81,325
Lease liabilities	-	-	46,420	46,420
Subordinated notes	-	-	505,018	505,018
Debt securities issued	-	-	372,509	372,509
Total as at 31 December 2021	27,092	-	33,370,570	33,397,662

38. Non-current assets and liabilities

Non-current assets and liabilities of the Bank are set out below. Assets and liabilities other than those disclosed below are current:

	2022 S$'000	2021 S$'000
Liabilities		
Deposits of non-bank customers	3,497,271	4,386,073
Deferred tax liabilities	-	4,968
Lease liabilities	37,555	46,364
Subordinated notes	504,916	505,018
Amounts due to central bank	57,041	351,971
	4,096,783	5,294,394
Assets		
Singapore government securities and treasury bills	1,640,835	1,372,864
Other government securities and treasury bills	133,596	23,601
Debt securities	199,013	157,652
Loans and advances to non-bank customers	21,548,756	21,736,995
Amount due from related corporations	300,183	908,648
Intangible assets	74,894	82,956
Right-of-use assets	37,064	46,313
Property, plant and equipment	22,273	20,035
	23,956,614	24,349,064

39. Cash and cash equivalents

For the purposes of the cash flow statement, cash equivalents are short-term liquid assets which are readily convertible into cash. Cash and cash equivalents comprise the following:

	2022 S$'000	2021 S$'000
Cash and non-restricted balances with central bank	1,041,444	83,173
Balances and placements with and loans to banks maturing within 3 months	169,946	161,891
Money market balances with related corporations maturing within 3 months	4,720,701	4,122,693
Total cash and cash equivalents	5,932,091	4,367,757
Expected credit loss on cash and cash equivalents	(1,672)	(962)
	5,930,419	4,366,795

40. Capital management

The Bank's capital management strategy is based on guidelines set out in the Capital Management Framework, Capital Contingency Plan and Annual Capital Plan, all of which are formally approved by the Board. The capital requirements are mapped out on an annual basis via the Annual Capital Plan with the key objective to optimise and to maintain a strong capital position to meet the expectation of various stakeholders.

	2022 S$'000	2021 S$'000
Share capital	2,000,000	2,000,000
Retained earnings	230,258	101,813
	2,230,258	2,101,813

The Board maintains oversight of the regulatory capital of the Bank in line with regulatory requirements under the Monetary Authority of Singapore Notice to Banks No. 637 "*Notice on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore*" and expectations of various stakeholders such as regulators. In accordance with 637, the Bank is required to comply with leverage ratio requirements based on its standalone capital strength, as well as minimum Common Equity Tier 1 Capital Adequacy Ratio ("CAR") of 6.5%, minimum Tier 1 CAR of 8% and total CAR of 10%.

The Bank has complied with all externally-imposed regulatory capital requirements as at the financial year-end.

41. Related party transactions

In the normal course of banking business, the Bank has carried out transactions with its related corporations on terms as agreed between the parties.

In addition to the related parties transactions disclosed elsewhere in the financial statements, the Bank had the following significant related party transactions, on terms agreed and determined by the parties:

Key management remuneration

The remuneration of key management personnel comprises short-term employee benefits of S$8,691,000 (2021: S$7,548,000), post-employment benefits of S$282,000 (2021: S$274,000) and share-link instruments of 409,000 units to be vested/paid by 2025 conditional upon fulfilling the vesting/payment criteria.

There was S$1,405,000 (2021: S$1,469,000) of credit facilities provided to key management personnel as of 31 December 2022. These credit facilities are also made available to other employees of the Bank.

42. Reclassification and comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. This was made to ensure measurement of financial instruments are aligned and consistent across all external reporting.

As a result, certain line items have been amended in the Statement of Comprehensive Income, Statement of Financial Position and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation. The Cash Flow Statement was realigned due to changes in presentation in the Statement of Financial Position.

The Items were reclassified as follows:

	2021	
	Previously reported (S$'000)	After reclassification (S$'000)
Statement of comprehensive income		
Fee and commission income	237,301	243,066
Fee and commission expense	(42,135)	(30,753)
Net fee and commission income	195,166	212,313
Income before operating expenses	594,158	611,305
Staff and other remuneration	(262,940)	(263,834)
Other operating expenses	(155,977)	(171,998)
Operating profit before impairment	175,241	175,473
Write-back of impairment losses on financial assets	6,875	6,643
Profit before taxation	182,116	182,116
Taxation	(24,937)	(24,937)
Net profit after taxation	157,179	157,179
Statement of Financial Position		
Assets		
Balances and placements with and loans to banks	2,286,094	161,854
Amounts due from related corporations	3,208,519	5,332,759

42. Reclassification and comparative figures (cont'd)

The Items were reclassified as follows (cont'd):

	2021	
	Previously reported (S$'000)	After reclassification (S$'000)
Note 5 Fee and commission income and expense		
Fee and commission income:		
A related corporation	22,824	32,223
Islamic banking activities	7,881	7,881
Others	206,596	202,962
	237,301	243,066
Fee and commission expense:		
A related corporation	800	82
Islamic banking activities	396	393
Others	40,939	30,278
	42,135	30,753
Note 8 Staff and other remuneration		
Others	11,350	12,244
Note 9 Other operating expenses		
Administration expenses	35,390	39,676
Outsourcing costs paid to a related corporation	3,276	-
Service charges and fees	11,037	16,680
Overhead expenses allocated by related corporations	2,866	7,110
Other professional fees	-	6,053
Others	5,621	4,692
	58,190	74,211

42. Reclassification and comparative figures (cont'd)

The Items were reclassified as follows (cont'd):

	2021 Previously reported (S$'000)	2021 After reclassification (S$'000)
Note 10 (Provision for)/write-back of impairment losses on financial assets		
Bad debts written-off	(31)	(263)
Note 17 Balances and placements with and loans to banks		
At amortised cost:		
A related corporation	2,125,165	-
Others	161,891	161,891
	2,287,056	161,891
Allowance for impairment:		
Stage 1 - 12 months' ECL	(962)	(37)
Net of impairment	2,286,094	161,854
Note 39 Cash and cash equivalents		
Balances and placements with and loans to banks maturing within 3 months	2,287,056	161,891
Money market balances with related corporations maturing within 3 months	1,997,528	4,122,693

43. Authorisation of financial statements

The financial statements were authorised for issue by the Board of Directors on 21 February 2023.

Company Registration No. 201804195C

Maybank Singapore Limited

The following supplementary information does not form part of the financial statement of the Bank

31 December 2022

Capital adequacy ratios

The capital adequacy ratio and capital components of the Bank are:

	2022 %	2021 %
CET1 capital ratio	14.2	14.0
Tier 1 capital ratio	14.2	14.0
Total capital ratio	18.3	18.0

	2022 S$'000	2021 S$'000
Share capital	2,000,000	2,000,000
Disclosed reserve	100,859	70,247
Regulatory adjustments	(15,921)	-
Common Equity Tier 1 capital ("CET1")	2,084,938	2,070,247
Additional Tier 1 capital	-	-
Tier 1 capital	2,084,938	2,070,247
Subordinated notes	500,000	500,000
Provisions	110,092	85,823
Tier 2 capital	610,092	585,823
Eligible total capital	2,695,030	2,656,070

	2022 S$'000	2021 S$'000
Total RWA after floor adjustments	14,705,621	14,792,604

There are three categories of regulatory capital:

- CET 1 Capital comprises paid-up ordinary share capital.
- Additional Tier 1 Capital - Nil in FY2021.
- Tier 2 Capital comprises accounting provisions in excess of MAS Notice 637 expected loss.