



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

Statement by Directors and Audited Interim Condensed
Financial Statements
30 June 2016

299740-W

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

Contents	Page(s)
Performance review and commentary on the prospects	1
Interim condensed statements of financial position	2
Interim condensed income statements	3 - 4
Interim condensed statements of comprehensive income	5 - 6
Interim condensed statements of changes in equity	7 - 8
Interim condensed statements of cash flows	9 - 11
Notes to the interim condensed financial statements	12 - 41
Statement by directors	42

299740-W

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

**Performance review for the six months period ended 30 June 2016 and commentary
on the prospects**

Bangkok Bank Berhad ("BBB") registered a profit before tax ("PBT") of RM21.00 million for the first half of 2016 as compared to RM4.35 million recorded during the previous corresponding period. The higher PBT for first half 2016 was mainly due to lower collective impairment charge and recoveries from impaired loan accounts as compared to higher impairment allowance made in the previous corresponding period.

Total deposits from customers have shown a marginally decline from RM3.13 billion at end of December 2015 to RM3.12 billion in the first half of 2016. The Bank continue to heighten its focus on generating customer deposits to maintain a prudent liquidity position and to fund future loan growth.

The Bank will continue to grow its core lending business in selected niche areas and focus on maintaining its current liquidity position.

Bangkok Bank Berhad
(Incorporated in Malaysia)

Interim condensed statements of financial position as at 30 June 2016

	Note	Group		Bank	
		30.6.2016 RM'000	31.12.2015 RM'000	30.6.2016 RM'000	31.12.2015 RM'000
Assets					
Cash and short-term funds		186,410	135,976	186,318	135,888
Deposits and placements with banks		40,000	-	40,000	-
Securities available-for-sale	12	1,076,626	1,193,573	1,076,626	1,193,573
Securities held-to-maturity	13	13	13	13	13
Loans, advances and financing	14	2,694,141	2,693,380	2,694,141	2,693,380
Derivative assets		2,275	6,971	2,275	6,971
Tax recoverable		8,723	11,135	8,721	11,135
Other assets	15	11,613	11,569	11,613	11,568
Statutory deposit with Bank Negara Malaysia		93,000	114,000	93,000	114,000
Investment in subsidiary		-	-	10	10
Property and equipment	16	140,343	131,052	140,343	131,052
Intangible assets		108	305	108	305
Deferred tax assets		5,481	5,476	5,481	5,476
Total assets		4,258,733	4,303,450	4,258,649	4,303,371
Liabilities and shareholder's equity					
Deposits from customers	17	3,122,866	3,129,926	3,122,866	3,129,926
Deposits and placements from banks and other financial institutions	18	290,652	340,327	290,652	340,327
Derivative liabilities		1,576	8,144	1,576	8,144
Other liabilities	19	40,771	42,037	40,768	42,034
Total liabilities		3,455,865	3,520,434	3,455,862	3,520,431
Share capital		600,000	600,000	600,000	600,000
Statutory reserve		153,451	153,451	153,441	153,441
Revaluation reserve		2,917	602	2,917	602
Retained profits		46,500	28,963	46,429	28,897
Shareholder's equity		802,868	783,016	802,787	782,940
Total liabilities and shareholder's equity		4,258,733	4,303,450	4,258,649	4,303,371
Commitments and contingencies	25	2,443,785	2,754,204	2,443,785	2,754,204

These audited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and accompanying explanatory notes attached to these interim condensed financial statements.

Bangkok Bank Berhad
(Incorporated in Malaysia)

Interim condensed income statements
For the financial period ended 30 June 2016

	Note	Group			
		Second Quarter Ended		Cumulative 6 Months Ended	
		1.4.2016 to 30.6.2016 RM'000	1.4.2015 to 30.6.2015 RM'000	1.1.2016 to 30.6.2016 RM'000	1.1.2015 to 30.6.2015 RM'000
Interest income	20	45,550	49,700	90,852	99,254
Interest expense	21	(26,776)	(30,305)	(53,195)	(60,042)
Net interest income		18,774	19,395	37,657	39,212
Non-interest income	23	4,043	3,699	7,365	6,831
Net income		22,817	23,094	45,022	46,043
Overhead expenses	24	(12,316)	(10,373)	(23,607)	(20,511)
		10,501	12,721	21,415	25,532
Loan impairment charges, net	22	(2,031)	(9,912)	(421)	(21,180)
Profit before taxation		8,470	2,809	20,994	4,352
Taxation		(1,790)	(480)	(3,457)	(1,277)
Net profit for the period		6,680	2,329	17,537	3,075
Earnings per share (sen)					
- basic		1.11	0.39	2.92	0.51
- diluted		1.11	0.39	2.92	0.51

These audited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and accompanying explanatory notes attached to these interim condensed financial statements.

Bangkok Bank Berhad
(Incorporated in Malaysia)

Interim condensed income statements
For the financial period ended 30 June 2016 (cont'd.)

	Note	Bank			
		Second Quarter Ended		Cumulative 6 Months Ended	
		1.4.2016 to 30.6.2016 RM'000	1.4.2015 to 30.6.2015 RM'000	1.1.2016 to 30.6.2016 RM'000	1.1.2015 to 30.6.2015 RM'000
Interest income	20	45,550	49,700	90,852	99,254
Interest expense	21	(26,776)	(30,305)	(53,195)	(60,042)
Net interest income		18,774	19,395	37,657	39,212
Non-interest income	23	4,040	3,697	7,357	6,826
Net income		22,814	23,092	45,014	46,038
Overhead expenses	24	(12,315)	(10,371)	(23,606)	(20,509)
		10,499	12,721	21,408	25,529
Loan impairment charges, net	22	(2,031)	(9,912)	(421)	(21,180)
Profit before taxation		8,468	2,809	20,987	4,349
Taxation		(1,789)	(481)	(3,455)	(1,277)
Net profit for the period		6,679	2,328	17,532	3,072
Earnings per share (sen)					
- basic		1.11	0.39	2.92	0.51
- diluted		1.11	0.39	2.92	0.51

These audited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and accompanying explanatory notes attached to these interim condensed financial statements.

Bangkok Bank Berhad
(Incorporated in Malaysia)

Interim condensed statements of comprehensive income
For the financial period ended 30 June 2016

	Group			
	Second Quarter Ended		Cumulative 6 Months Ended	
	1.4.2016 to 30.6.2016 RM'000	1.4.2015 to 30.6.2015 RM'000	1.1.2016 to 30.6.2016 RM'000	1.1.2015 to 30.6.2015 RM'000
Net profit for the period	6,680	2,329	17,537	3,075
Other comprehensive income Items that may be reclassified to profit or loss subsequently :				
Net gain on securities available-for-sale	978	828	3,035	2,885
Income tax relating to components of other comprehensive income	(206)	(208)	(720)	(722)
Other comprehensive income/(loss) for the period, net of tax	772	620	2,315	2,163
Total comprehensive income for the period, net of tax	7,452	2,949	19,852	5,238

These audited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and accompanying explanatory notes attached to these interim condensed financial statements.

Bangkok Bank Berhad
(Incorporated in Malaysia)

Interim condensed statements of comprehensive income
For the financial period ended 30 June 2016 (cont'd.)

	Bank			
	Second Quarter		Cumulative	
	Ended		6 Months Ended	
	1.4.2016	1.4.2015	1.1.2016	1.1.2015
	to	to	to	to
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	<u>6,679</u>	<u>2,328</u>	<u>17,532</u>	<u>3,072</u>
Other comprehensive income				
Items that may be reclassified to profit or loss subsequently :				
Net gain on securities available-for-sale	978	828	3,035	2,885
Income tax relating to components of other comprehensive income	<u>(206)</u>	<u>(208)</u>	<u>(720)</u>	<u>(722)</u>
Other comprehensive income/(loss) for the period, net of tax	<u>772</u>	<u>620</u>	<u>2,315</u>	<u>2,163</u>
Total comprehensive income for the period, net of tax	<u>7,451</u>	<u>2,948</u>	<u>19,847</u>	<u>5,235</u>

These audited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and accompanying explanatory notes attached to these interim condensed financial statements.

Bangkok Bank Berhad
(Incorporated in Malaysia)

Interim condensed statements of changes in equity
For the financial period ended 30 June 2016

	<----- Group ----->				
	Share capital RM'000	<---Non-distributable---> Statutory reserve RM'000	Revaluation reserve RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 January 2015	600,000	146,482	(2,523)	21,987	765,946
Total comprehensive income	-	-	2,163	3,075	5,238
At 30 June 2015	<u>600,000</u>	<u>146,482</u>	<u>(360)</u>	<u>25,062</u>	<u>771,184</u>
At 1 January 2016	600,000	153,451	602	28,963	783,016
Total comprehensive income	-	-	2,315	17,537	19,852
At 30 June 2016	<u>600,000</u>	<u>153,451</u>	<u>2,917</u>	<u>46,500</u>	<u>802,868</u>

These audited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and accompanying explanatory notes attached to these interim condensed financial statements.

Bangkok Bank Berhad
(Incorporated in Malaysia)

Interim condensed statements of changes in equity
For the financial period ended 30 June 2016 (cont'd.)

	<----- Bank ----->				
	Share capital RM'000	<---Non-distributable---> Statutory reserve RM'000	Revaluation reserve RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 January 2015	600,000	146,472	(2,523)	21,928	765,877
Total comprehensive income	-	-	2,163	3,072	5,235
At 30 June 2015	<u>600,000</u>	<u>146,472</u>	<u>(360)</u>	<u>25,000</u>	<u>771,112</u>
At 1 January 2016	600,000	153,441	602	28,897	782,940
Total comprehensive income	-	-	2,315	17,532	19,847
At 30 June 2016	<u>600,000</u>	<u>153,441</u>	<u>2,917</u>	<u>46,429</u>	<u>802,787</u>

These audited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and accompanying explanatory notes attached to these interim condensed financial statements.

Bangkok Bank Berhad
(Incorporated in Malaysia)

Interim condensed statements of cash flows
For the financial period ended 30 June 2016

	Note	Group		Bank	
		1.1.2016 to 30.6.2016 RM'000	1.1.2015 to 30.6.2015 RM'000	1.1.2016 to 30.6.2016 RM'000	1.1.2015 to 30.6.2015 RM'000
Cash flows from operating activities					
Profit before tax		20,994	4,352	20,987	4,349
Adjustments for:					
Depreciation	24	2,277	1,121	2,277	1,121
Amortisation of intangible assets	24	198	241	198	241
Allowance for losses on loans, advances and financing, net	22	476	21,199	476	21,199
Write back of impairment losses of securities held-to-maturity	23	(8)	(29)	(8)	(29)
Unrealised (gain)/loss on foreign exchange forward contracts	23	(1,871)	16,217	(1,871)	16,217
Net gain on revaluation of securities held for trading	23	-	(9)	-	(9)
Net gain on disposal of securities held for trading	23	(2)	(53)	(2)	(53)
Net gain on disposal of securities available-for-sale	23	-	(214)	-	(214)
Accretion of discount net of amortisation of premium	20	415	(2,283)	415	(2,283)
Gross dividend from securities available-for-sale	23	(56)	(55)	(56)	(55)
Operating profit before working capital changes		22,423	40,487	22,416	40,484
Increase in loans, advances and financing		(1,237)	(65,219)	(1,237)	(65,219)
Increase in other assets		(45)	(9,156)	(45)	(9,156)
Decrease/(Increase) in statutory deposit with Bank Negara Malaysia		21,000	(19,000)	21,000	(19,000)
Decrease in deposits from customers		(7,060)	(32,463)	(7,060)	(32,463)

These audited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and accompanying explanatory notes attached to these interim condensed financial statements.

Bangkok Bank Berhad
(Incorporated in Malaysia)

Interim condensed statements of cash flows
For the financial period ended 30 June 2016 (cont'd.)

	Group		Bank	
	1.1.2016 to 30.6.2016 RM'000	1.1.2015 to 30.6.2015 RM'000	1.1.2016 to 30.6.2016 RM'000	1.1.2015 to 30.6.2015 RM'000
Cash flows from operating activities (cont'd.)				
Decrease in deposits and placements of banks and other financial institutions	(49,675)	(539,127)	(49,675)	(539,127)
Increase in bills and acceptances payable	-	225,428	-	225,428
Decrease in other liabilities	(1,268)	(3,518)	(1,267)	(3,518)
Cash used in operations	(15,862)	(402,568)	(15,868)	(402,571)
Taxes paid	(2,014)	(4,127)	(2,012)	(4,126)
Taxes refunded	247	-	247	-
Net cash used in operating activities	(17,629)	(406,695)	(17,633)	(406,697)
Cash flows from investing activities				
Purchase of property and equipment	(11,569)	(16,124)	(11,569)	(16,124)
Purchase of intangible assets	-	(1)	-	(1)
Purchase of securities held for trading	(10,118)	(139,799)	(10,118)	(139,799)
Purchase of securities available-for-sale	(440,434)	(1,408,295)	(440,434)	(1,408,295)
Proceeds from sale of securities held for trading	10,120	179,959	10,120	179,959
Proceeds from sale of securities available-for-sale	-	69,720	-	69,720
Proceeds from maturity of securities available-for-sale	560,000	1,390,000	560,000	1,390,000
Proceeds from partial redemption of securities held-to-maturity	8	29	8	29
Dividend received	56	55	56	55
Net cash generated from investing activities	108,063	75,544	108,063	75,544

These audited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and accompanying explanatory notes attached to these interim condensed financial statements.

Bangkok Bank Berhad
(Incorporated in Malaysia)

Interim condensed statements of cash flows
For the financial period ended 30 June 2016 (cont'd.)

	Group		Bank	
	1.1.2016 to 30.6.2016 RM'000	1.1.2015 to 30.6.2015 RM'000	1.1.2016 to 30.6.2016 RM'000	1.1.2015 to 30.6.2015 RM'000
Net increase/(decrease) in cash and cash equivalents	90,434	(331,151)	90,430	(331,153)
Cash and cash equivalents at beginning of financial period	135,976	738,076	135,888	737,994
Cash and cash equivalents at end of financial period	<u>226,410</u>	<u>406,925</u>	<u>226,318</u>	<u>406,841</u>
Cash and cash equivalents comprise:				
Cash and short-term funds	186,410	329,515	186,318	329,431
Deposits and placements with banks	40,000	77,410	40,000	77,410
	<u>226,410</u>	<u>406,925</u>	<u>226,318</u>	<u>406,841</u>

These audited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and accompanying explanatory notes attached to these interim condensed financial statements.

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

Notes to the interim condensed financial statements - 30 June 2016

1. Corporate information

The principal activities of Bangkok Bank Berhad ("the Bank") are banking and related financial services. The principal activity of its subsidiary is provision of nominees services to local clients of the Bank. There have been no significant changes in the nature of the principal activities during the financial period.

The Bank is a public limited liability licensed bank, incorporated and domiciled in Malaysia. The principal place of business of the Bank is located at 105, Jalan Tun H.S. Lee, 50000 Kuala Lumpur.

The Bank is a wholly-owned subsidiary of its holding company, Bangkok Bank Public Company Limited, a bank incorporated in Thailand.

2. Basis of preparation of the financial statements

2.1 Basis of preparation

The interim condensed financial statements have been prepared under the historical cost convention except for the following assets and liabilities which are stated at fair value: securities held for trading, securities available-for-sale and derivatives.

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

The interim condensed financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2015. These explanatory notes attached to the interim condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Bank since the financial year ended 31 December 2015.

Bangkok Bank Berhad
(Incorporated in Malaysia)

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

2.2 New standards and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the annual financial statements for the financial year ended 31 December 2015, except for the adoption of new standards and amendments effective as of 1 January 2016 as follows:

MFRS 10 *Consolidated Financial Statements* - Investment Entities:
Applying the Consolidation Exception (Amendments to MFRS 10)
MFRS 11 *Joint Arrangements* - Accounting for Acquisitions of Interests in
Joint Operations (Amendments to MFRS 11)
MFRS 12 *Disclosure of Interests in Other Entities* - Investment Entities:
Applying the Consolidation Exception (Amendments to MFRS 12)
MFRS 14 *Regulatory Deferral Accounts*
MFRS 15 *Revenue from Contracts with Customers*
MFRS 101 *Presentation of Financial Statements* - Disclosure Initiative
(Amendments to MFRS 101)
MFRS 116 *Property, Plant and Equipment* - Clarification of Acceptable Methods
of Depreciation and Amortisation (Amendments to MFRS 116)
MFRS 116 *Property, Plant and Equipment* - Agriculture: Bearer Plants
(Amendments to MFRS 116)
MFRS 127 *Separate Financial Statements* - Equity Method in Separate
Financial Statements (Amendments to MFRS 127)
MFRS 128 *Investments in Associates and Joint Ventures* - Investment Entities:
Applying the Consolidation Exception (Amendments to MFRS 128)
MFRS 138 *Intangible Assets* - Clarification of Acceptable Methods
of Depreciation and Amortisation (Amendments to MFRS 138)
MFRS 141 *Agriculture* - Agriculture: Bearer Plants (Amendments to MFRS 141)
Annual Improvements to MFRSs 2012 - 2014 Cycle

The adoption of the above new standards and amendments did not have any financial impact to the Group and the Bank.

2.3 Standards issued but not yet effective

As at the date of authorisation of these interim condensed financial statements, the following standards and amendments have been issued by the Malaysian Accounting Standards Board ("MASB") with the following effective dates but have not been adopted by the Group and the Bank.

Effective for annual period beginning on or after 1 January 2018

MFRS 9 *Financial Instruments*
MFRS 15 *Revenue from Contracts with Customers*

Effective for annual period beginning on or after 1 January 2019

MFRS 16 *Leases*

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

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

2.3 Standards issued but not yet effective (cont'd.)

Effective date deferred

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Bank plans to adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are expected to have no significant impact to the financial statements of the Group and the Bank upon their initial application other than MFRS 9 and MFRS 15.

The Bank is in the midst of analysing the requirements of the these standards and their impact.

MFRS 9 *Financial Instruments*

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFR 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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

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

2.3 Standards issued but not yet effective (cont'd.)

MFRS 15 Revenue from Contracts with Customers (cont'd.)

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Directors anticipate that the application of MFRS 15 will have a material impact on the amounts reported and disclosures made in the Group’s and the Company’s financial statements. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

MFRS 16 Leases

MFRS 16 requires lessees to recognise most leases on their balance sheets as lease liabilities with corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise ‘short-term’ leases and leases of ‘low-value’ assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to MFRS 117’s finance lease accounting, with interest and depreciation expense recognised separately in profit or loss.

2.4 Significant accounting judgements and estimates

The preparation of the financial statements in accordance with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of revenue, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Judgements, estimates and assumptions are continually evaluated and are based on past experience, reasonable expectations of future events and other factors. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group’s and the Bank’s account policies, managements have made the following judgements, estimates and assumptions which have the most significant effect on the amounts recognised in the financial statements.

(a) Allowance for impairment on loans, advances and financing

The Group and the Bank review their significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in the income statement. In particular, management’s judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumption about a number of factors and actual results may differ, resulting in future changes to the allowance.

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

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

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

(a) Allowance for impairment on loans, advances and financing (cont'd.)

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether allowance should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilisation, loan to collateral ratios, etc.) and judgements on cover model risks (e.g., errors for design/development process, data quality, data extraction and transformation) and macro risks (e.g., covering economic, portfolio and procedural issues).

The impairment loss on loans, advances and financing is disclosed in more detail in Note 14(vii).

(b) Deferred tax assets and income taxes

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. Management judgement is required to determine the amount of the deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group and the Bank are subjected to income taxes in Malaysia and significant judgement is required in estimating the provision for income taxes. There are many transactions and interpretations of tax law for which the final outcome will not be established until some time later. Liabilities for taxation are recognised based on estimates of whether additional taxes will be payable. The estimation process may involve seeking advice of experts, where appropriate. Where the final liability for taxation assessed by the Inland Revenue Board is different from the amounts that were initially recorded, these differences will affect the income tax expense and deferred tax provisions in the period in which the estimate is revised or when the final tax liability is established.

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

3. Auditors' report on preceding annual financial statements

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2015 was not subject to any qualification.

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

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group and the Bank during the financial period ended 30 June 2016.

5. Comments about seasonal or cyclical factors

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

6. Changes in estimates

There were no significant changes in estimates of amounts reported in prior financial periods that have a material effect on the financial results and position of the Group and the Bank for the financial period ended 30 June 2016.

7. Debt and equity securities

There were no issuances, repurchases and repayments of debt and equity securities during the financial period ended 30 June 2016.

8. Subsequent events

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

9. Changes in composition of the Group

There were no changes in the composition of the Group during the reporting period.

10. Dividends paid

No dividend was declared or paid during the financial period ended 30 June 2016.

11. Segmental information

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

299740-W

Bangkok Bank Berhad
(Incorporated in Malaysia)

12. Securities available-for-sale

	Group and Bank	
	30.6.2016	31.12.2015
	RM'000	RM'000
In Malaysia:		
At fair value		
Money market instruments:		
Government Investment Issues	402,798	360,692
Malaysian Government Securities	282,872	282,350
Negotiable Instruments of Deposit	250,000	300,000
Malaysian Treasury Bills	-	59,755
Cagamas Bonds	50,040	49,990
Unquoted securities:		
Private debt securities	90,044	139,914
	<u>1,075,754</u>	<u>1,192,701</u>
At cost		
Unquoted securities:		
Shares	872	872
	<u>1,076,626</u>	<u>1,193,573</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

13. Securities held-to-maturity

	Group and Bank	
	30.6.2016	31.12.2015
	RM'000	RM'000
In Malaysia:		
At amortised cost		
Unquoted securities:		
Private debt securities	13	13
	<u>13</u>	<u>13</u>

14. Loans, advances and financing

	Group and Bank	
	30.6.2016	31.12.2015
	RM'000	RM'000
At amortised cost		
Overdrafts	178,594	176,088
Term loans:		
- Housing loans	3,547	3,932
- Syndicated term loan	116,003	124,453
- Other term loans	1,119,233	1,085,931
Revolving credits	617,837	541,850
Bills receivables	7,543	7,412
Trust receipts	100,160	92,451
Bankers' acceptances	716,120	826,370
Staff loans	883	1,064
	<u>2,859,920</u>	<u>2,859,551</u>
Unearned interest	(5,793)	(6,512)
Gross loans, advances and financing	<u>2,854,127</u>	<u>2,853,039</u>
Less: Allowances for loans, advances and financing		
- Individual impairment allowance	(91,461)	(90,525)
- Collective impairment allowance	(68,525)	(69,134)
Net loans, advances and financing	<u>2,694,141</u>	<u>2,693,380</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

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

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

	Group and Bank	
	30.6.2016	31.12.2015
	RM'000	RM'000
Within one year	1,746,953	1,766,364
One year to three years	202,497	145,911
Three years to five years	453,389	493,247
After five years	451,288	447,517
	<u>2,854,127</u>	<u>2,853,039</u>

- (ii) Gross loans, advances and financing according to purpose are as follows:

	Group and Bank	
	30.6.2016	31.12.2015
	RM'000	RM'000
Purchase of transport vehicles	190	330
Purchase of residential properties	5,292	4,904
Purchase of non-residential properties	59,792	69,771
Purchase of fixed assets other than land and building	46,440	43,202
Personal use	15,669	16,011
Construction	307,601	285,492
Mergers and acquisitions	43,648	50,517
Working capital	2,094,669	2,151,690
Others	280,826	231,122
	<u>2,854,127</u>	<u>2,853,039</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

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

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

	Group and Bank	
	30.6.2016	31.12.2015
	RM'000	RM'000
Domestic non-bank financial institutions	262,287	265,549
Domestic business enterprises		
- Small medium enterprises	617,605	629,525
- Others	1,934,578	1,914,246
Individuals	39,657	43,719
	<u>2,854,127</u>	<u>2,853,039</u>

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

	Group and Bank	
	30.6.2016	31.12.2015
	RM'000	RM'000
Variable rate		
- Base lending rate plus	494,133	516,483
- Cost plus	2,302,213	2,294,451
- Other variable rates	57,781	42,105
	<u>2,854,127</u>	<u>2,853,039</u>

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

Bangkok Bank Berhad
(Incorporated in Malaysia)

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

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

	Group and Bank	
	30.6.2016	31.12.2015
	RM'000	RM'000
Balance as at 1 January	152,520	116,032
Classified as impaired during the period/year	3,171	46,709
Reclassified as non-impaired during the period/year	(28)	(864)
Amount recovered	(3,619)	(4,270)
Amount written off	(149)	(5,087)
Balance as at end of period/year	<u>151,895</u>	<u>152,520</u>
Individual impairment allowance	<u>(91,461)</u>	<u>(90,525)</u>
Net impaired loans, advances and financing	<u>60,434</u>	<u>61,995</u>
Ratio of net impaired loans, advances and financing to gross loans, advances and financing less individual impairment allowance	<u>2.19%</u>	<u>2.24%</u>

(vii) Movements in the impairment allowances are as follows:

	Group and Bank	
	30.6.2016	31.12.2015
	RM'000	RM'000
Individual impairment allowance		
Balance as at 1 January	90,525	66,739
Allowance made during the period/year (Note 22)	3,242	29,617
Amount written back (Note 22)	(2,157)	(744)
Amount written off	(149)	(5,087)
Balance as at end of period/year	<u>91,461</u>	<u>90,525</u>
Collective impairment allowance		
Balance as at 1 January	69,134	65,205
Allowance made during the year period/year (Note 22)	10,367	25,461
Amount written back (Note 22)	<u>(10,976)</u>	<u>(21,532)</u>
Balance as at end of period/year	<u>68,525</u>	<u>69,134</u>
Collective impairment allowance as % of gross loans, advances and financing less individual impairment allowance	<u>2.48%</u>	<u>2.50%</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

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

(vii) Movements in the impairment allowances (cont'd.)

The Bank performs individual impairment assessment based on certain obligatory and judgemental triggers that may indicate potential impairment. Loans and overdrafts are classified as impaired when repayments are in arrears for 3 months or more from the first day of default; or if the loan is rescheduled or restructured. Trade bills, bankers acceptances and trust receipts are classified as impaired when they are due and unpaid for 3 months from the first day of default. All impaired accounts are selected for individual impairment review on a monthly basis. The Bank also performs individual impairment reviews as and when required for:

- Special Mention accounts that are in arrears between 1 to 3 months; and
- Watchlist accounts that had been monitored as Special Mention accounts for more than 3 times in the last 6 months.

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

	Group and Bank	
	30.6.2016	31.12.2015
	RM'000	RM'000
Purchase of residential properties	1,426	1,602
Construction	10,628	9,831
Working capital	139,301	140,752
Others	540	335
	<u>151,895</u>	<u>152,520</u>

15. Other assets

	Group		Bank	
	30.6.2016	31.12.2015	30.6.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Other receivables	2,370	2,762	2,370	2,761
Interest receivables	6,707	7,043	6,707	7,043
Deposits and prepayments	2,536	1,764	2,536	1,764
	<u>11,613</u>	<u>11,569</u>	<u>11,613</u>	<u>11,568</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

16. Property and equipment

During the six-month period ended 30 June 2016, the Group and the Bank acquired assets with a cost of RM11,569,189 (1.1.2015 - 31.12.2015: RM1,776,000).

17. Deposits from customers

(i) By type of deposit:

	Group and Bank	
	30.6.2016	31.12.2015
	RM'000	RM'000
Fixed deposits	2,698,694	2,083,169
Negotiable instruments of deposits	100,000	400,000
Current accounts	217,533	240,441
Savings deposits	11,263	11,533
Money market deposits	95,376	394,783
	<u>3,122,866</u>	<u>3,129,926</u>

(ii) The maturity structure of fixed deposits, negotiable instruments of deposits and money market deposits is as follows:

	Group and Bank	
	30.6.2016	31.12.2015
	RM'000	RM'000
Within six months	2,505,787	2,715,588
Six months to one year	383,798	157,983
One year to three years	1,220	1,119
After three years	3,265	3,262
	<u>2,894,070</u>	<u>2,877,952</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

17. Deposits from customers (cont'd.)

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

	Group and Bank	
	30.6.2016	31.12.2015
	RM'000	RM'000
Domestic financial institutions	187,993	444,109
Government	50,000	-
Business enterprises	2,497,621	2,297,918
Individuals	387,252	387,899
	<u>3,122,866</u>	<u>3,129,926</u>

18. Deposits and placements from banks and other financial institutions

	Group and Bank	
	30.6.2016	31.12.2015
	RM'000	RM'000
Unsecured		
Licensed banks	<u>290,652</u>	<u>340,327</u>

Included in deposit and placement are deposits and placements from the holding company and its branches amounting to RM290,652,000 (31.12.2015: RM327,448,000) as disclosed in Note 28.

All deposits and placements from banks and other financial institutions mature within six months.

Bangkok Bank Berhad
(Incorporated in Malaysia)

19. Other liabilities

	Group		Bank	
	30.6.2016	31.12.2015	30.6.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Accruals	4,327	2,486	4,327	2,486
Interest payables	15,650	16,144	15,650	16,144
Other payables	20,794	23,407	20,791	23,404
	<u>40,771</u>	<u>42,037</u>	<u>40,768</u>	<u>42,034</u>

20. Interest income

	Group and Bank			
	Second Quarter		Cumulative	
	Ended		6 Months Ended	
	1.4.2016	1.4.2015	1.1.2016	1.1.2015
	to	to	to	to
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing:				
- Interest income from other than impaired loans	34,261	36,431	69,070	71,493
- Interest income from impaired loans	1,028	1,023	2,027	2,105
Deposits and placements with banks and other financial institutions	1,087	3,267	1,728	8,184
Securities held for trading	-	68	1	68
Securities available-for-sale	9,575	9,017	18,441	15,121
	<u>45,951</u>	<u>49,806</u>	<u>91,267</u>	<u>96,971</u>
Amortisation of premium net of accretion of discount				
- Securities held for trading	-	(1)	-	31
- Securities available-for-sale	(401)	(105)	(415)	2,252
	<u>45,550</u>	<u>49,700</u>	<u>90,852</u>	<u>99,254</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

21. Interest expense

	Group and Bank			
	Second Quarter		Cumulative	
	Ended		6 Months Ended	
	1.4.2016	1.4.2015	1.1.2016	1.1.2015
	to	to	to	to
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	26,077	26,598	51,637	52,176
Deposits and placements from banks and other financial institutions	699	3,707	1,558	7,866
	<u>26,776</u>	<u>30,305</u>	<u>53,195</u>	<u>60,042</u>

Included in interest expense on deposits and placements from banks and other financial institutions are interest expense on deposits and placements from the holding company and its branches amounting to RM1,086,000 (1.1.2015 - 30.6.2015: RM860,000) as disclosed in Note 28.

22. Allowance for/(write back of) impairment losses on loans, advances and financing, net

	Group and Bank			
	Second Quarter		Cumulative	
	Ended		6 Months Ended	
	1.4.2016	1.4.2015	1.1.2016	1.1.2015
	to	to	to	to
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	RM'000	RM'000	RM'000	RM'000
Allowance for/(write back of) loans, advances and financing				
Individual impairment:				
- Allowance made (Note 14(vii))	2,243	6,511	3,242	13,583
- Amount written back (Note 14(vii))	(622)	(60)	(2,157)	(182)
Collective impairment, net				
- Allowance made (Note 14(vii))	7,102	12,675	10,367	18,094
- Amount written back (Note 14(vii))	(6,659)	(9,203)	(10,976)	(10,296)
Impaired loans, advances and financing recovered	(33)	(10)	(55)	(19)
	<u>2,031</u>	<u>9,912</u>	<u>421</u>	<u>21,180</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

23. Non-interest income

	Group			
	Second Quarter		Cumulative	
	Ended		6 Months Ended	
	1.4.2016	1.4.2015	1.1.2016	1.1.2015
	to	to	to	to
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Commission	1,125	996	2,098	1,975
Service charges and fees	287	773	993	1,385
Guarantee fees	687	491	1,148	908
	<u>2,099</u>	<u>2,260</u>	<u>4,239</u>	<u>4,268</u>
Investment income:				
Net gain on sale of investments:				
- Securities held for trading	-	13	2	53
- Securities available-for-sale	-	-	-	214
Net gain on revaluation of securities held for trading	-	11	-	9
Writeback of impairment losses on securities held to maturity	8	26	8	29
Gross dividend from securities available-for-sale	56	55	56	55
	<u>64</u>	<u>105</u>	<u>66</u>	<u>360</u>
Foreign exchange gain	6,479	3,956	1,003	18,237
Unrealised (loss)/gain on foreign exchange forward contracts	(4,693)	(2,713)	1,871	(16,217)
Rental income	90	87	178	171
Gain on disposal of property	4	4	8	12
	<u>1,880</u>	<u>1,334</u>	<u>3,060</u>	<u>2,203</u>
	<u>4,043</u>	<u>3,699</u>	<u>7,365</u>	<u>6,831</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

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

	Bank			
	Second Quarter		Cumulative	
	Ended		6 Months Ended	
	1.4.2016 to 30.6.2016 RM'000	1.4.2015 to 30.6.2015 RM'000	1.1.2016 to 30.6.2016 RM'000	1.1.2015 to 30.6.2015 RM'000
Fee income:				
Commission	1,122	994	2,090	1,970
Service charges and fees	287	773	993	1,385
Guarantee fees	687	491	1,148	908
	<u>2,096</u>	<u>2,258</u>	<u>4,231</u>	<u>4,263</u>
Investment income:				
Net gain on sale of investments:				
- Securities held for trading	-	13	2	53
- Securities available-for-sale	-	-	-	214
Net gain on revaluation of securities held for trading	-	11	-	9
Writeback of impairment losses on securities held to maturity	8	26	8	29
Gross dividend from securities available-for-sale	56	55	56	55
	<u>64</u>	<u>105</u>	<u>66</u>	<u>360</u>
Foreign exchange gain	6,479	3,956	1,003	18,237
Unrealised (loss)/gain on foreign exchange forward contracts	(4,693)	(2,713)	1,871	(16,217)
Rental income	90	87	178	171
Gain on disposal of property	4	4	8	12
	<u>1,880</u>	<u>1,334</u>	<u>3,060</u>	<u>2,203</u>
	<u>4,040</u>	<u>3,697</u>	<u>7,357</u>	<u>6,826</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

24. Overhead expenses

	Group			
	Second Quarter		Cumulative	
	Ended		6 Months Ended	
	1.4.2016	1.4.2015	1.1.2016	1.1.2015
	to	to	to	to
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, allowances and bonuses	5,946	4,471	11,776	9,764
Defined Contribution Plan				
- Employees Provident Fund	801	622	1,588	1,431
Others	730	886	1,191	1,620
	<u>7,477</u>	<u>5,979</u>	<u>14,555</u>	<u>12,815</u>
Establishment costs				
Depreciation	1,136	554	2,277	1,121
Amortisation of intangible assets	84	120	198	241
Repair and maintenance	545	572	1,090	747
Information technology expenses	443	292	672	522
Rental expenses	224	214	446	429
Others	603	461	1,027	872
	<u>3,035</u>	<u>2,213</u>	<u>5,710</u>	<u>3,932</u>
Marketing costs				
Advertising and publicity	51	30	124	131
Others	10	21	19	33
	<u>61</u>	<u>51</u>	<u>143</u>	<u>164</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

24. Overhead expenses (cont'd.)

	Group			
	Second Quarter		Cumulative	
	Ended		6 Months Ended	
	1.4.2016	1.4.2015	1.1.2016	1.1.2015
	to	to	to	to
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	RM'000	RM'000	RM'000	RM'000
Administration and general costs				
Communication expenses	252	281	530	568
Subscriptions	304	255	613	511
Professional fees	105	497	182	675
Auditors remunerations	134	128	249	231
Non-executive directors' remuneration	206	233	575	409
Insurance	251	305	259	368
Travelling	78	125	157	226
Others	413	306	634	612
	<u>1,743</u>	<u>2,130</u>	<u>3,199</u>	<u>3,600</u>
Total	<u>12,316</u>	<u>10,373</u>	<u>23,607</u>	<u>20,511</u>

The above expenses include the following statutory disclosures:

	Group			
	Second Quarter		Cumulative	
	Ended		6 Months Ended	
	1.4.2016	1.4.2015	1.1.2016	1.1.2015
	to	to	to	to
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	RM'000	RM'000	RM'000	RM'000
Directors' fee and remuneration	297	1,296	575	1,296
Key management personnel	432	830	869	1,309
Hire of equipment	26	30	56	58
Auditors' remuneration				
- Statutory audit	81	71	109	97
- Other regulated related services	3	3	26	27
- Other services	50	52	114	105
	<u>50</u>	<u>52</u>	<u>114</u>	<u>105</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

24. Overhead expenses (cont'd.)

	Bank			
	Second Quarter Ended		Cumulative 6 Months Ended	
	1.4.2016 to 30.6.2016 RM'000	1.4.2015 to 30.6.2015 RM'000	1.1.2016 to 30.6.2016 RM'000	1.1.2015 to 30.6.2015 RM'000
Personnel costs				
Salaries, allowances and bonuses	5,946	4,471	11,776	9,764
Defined Contribution Plan - Employees Provident Fund	801	622	1,588	1,431
Others	730	886	1,191	1,620
	<u>7,477</u>	<u>5,979</u>	<u>14,555</u>	<u>12,815</u>
Establishment costs				
Depreciation	1,136	554	2,277	1,121
Amortisation of intangible assets	84	120	198	241
Repair and maintenance	545	572	1,090	747
Information technology expenses	443	292	672	522
Rental expenses	224	214	446	429
Others	603	461	1,027	872
	<u>3,035</u>	<u>2,213</u>	<u>5,710</u>	<u>3,932</u>
Marketing costs				
Advertising and publicity	51	30	124	131
Others	10	21	19	33
	<u>61</u>	<u>51</u>	<u>143</u>	<u>164</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

24. Overhead expenses (cont'd.)

	Bank			
	Second Quarter		Cumulative	
	Ended		6 Months Ended	
	1.4.2016	1.4.2015	1.1.2016	1.1.2015
	to	to	to	to
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	RM'000	RM'000	RM'000	RM'000
Administration and general costs				
Communication expenses	252	281	530	568
Subscriptions	304	255	613	511
Professional fees	105	497	182	675
Auditors remunerations	133	126	248	229
Non-executive directors' remuneration	206	233	575	409
Insurance	251	305	259	368
Travelling	78	125	157	226
Others	413	306	634	612
	<u>1,742</u>	<u>2,128</u>	<u>3,198</u>	<u>3,598</u>
Total	<u>12,315</u>	<u>10,371</u>	<u>23,606</u>	<u>20,509</u>

The above expenses include the following statutory disclosures:

	Bank			
	Second Quarter		Cumulative	
	Ended		6 Months Ended	
	1.4.2016	1.4.2015	1.1.2016	1.1.2015
	to	to	to	to
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	RM'000	RM'000	RM'000	RM'000
Directors' fee and remuneration	297	1,296	575	1,296
Key management personnel	432	830	869	1,309
Hire of equipment	26	58	56	58
Auditors' remuneration				
- Statutory audit	80	71	108	97
- Other regulated related services	3	3	26	27
- Other services	50	52	114	105
	<u>50</u>	<u>52</u>	<u>114</u>	<u>105</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

25. Commitments and contingencies

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

The Group and the Bank have entered into derivative contracts but are only restricted to forward foreign exchange contracts.

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

Group and Bank	Principal Amount RM'000	Positive Fair Value Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
30 June 2016				
Direct credit substitutes	5,761	-	5,761	5,082
Transaction-related contingent items	176,685	-	88,343	83,284
Short-term self-liquidating trade-related contingencies	49,024	-	9,805	9,797
Forward foreign exchange contracts				
- less than one year	243,786	2,275	3,923	3,626
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity more than one year	37,135	-	18,568	18,568
- maturity less than one year	1,877,098	-	375,420	374,249
Any commitment that are unconditionally cancelled at any time without prior notice	54,296	-	-	-
Total	2,443,785	2,275	501,820	494,606

Bangkok Bank Berhad
(Incorporated in Malaysia)

25. Commitments and contingencies (cont'd.)

Group and Bank	Principal Amount RM'000	Positive Fair Value Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
31 December 2015				
Direct credit substitutes	5,969	-	5,969	5,287
Transaction-related contingent items	191,951	-	95,975	90,436
Short-term self-liquidating trade-related contingencies	24,821	-	4,964	4,964
Forward foreign exchange contracts				
- less than one year	417,807	6,971	12,066	9,461
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity more than one year	69,859	-	34,930	34,926
- maturity less than one year	1,946,535	-	389,307	389,276
Any commitment that are unconditionally cancelled at any time without prior notice	97,262	-	-	-
Total	2,754,204	6,971	543,211	534,350

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

As at the reporting date, the commitments and contingencies of the Group and of the Bank above have not included potential fines on non-compliance to regulatory and legislative requirements whereby the amount cannot be reliably determined at the reporting date.

Bangkok Bank Berhad
(Incorporated in Malaysia)

26. Fair value hierarchy

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

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly;

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

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

Group and Bank	Level 1	Level 2	Level 3	Total
30 June 2016	RM'000	RM'000	RM'000	RM'000
Securities available-for-sale				
Money market instruments:				
Malaysian Government Securities		282,872		282,872
Cagamas Bonds	-	50,040	-	50,040
Government Investment Issue		402,798	-	402,798
Negotiable Instruments of Deposit	-	250,000	-	250,000
Unquoted securities in Malaysia:				
Private debt securities	-	90,044	-	90,044
	-	<u>1,075,754</u>	-	<u>1,075,754</u>
Derivative financial instruments				
Derivative assets	-	2,275	-	2,275
Derivative liabilities	-	(1,576)	-	(1,576)
	-	<u>699</u>	-	<u>699</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

26. Fair value hierarchy (cont'd.)

Group and Bank 31 December 2015	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Securities available-for-sale				
Money market instruments:				
Malaysian Government Securities	-	282,350	-	282,350
Cagamas Bonds	-	49,990	-	49,990
Government Investment Issue	-	360,692	-	360,692
Malaysia Treasury Bills	-	59,755	-	59,755
Negotiable Instruments of Deposit	-	300,000	-	300,000
Unquoted securities in Malaysia:				
Private debt securities	-	139,914	-	139,914
	-	1,192,701	-	1,192,701
Derivative financial instruments				
Derivative assets	-	6,971	-	6,971
Derivative liabilities	-	(8,144)	-	(8,144)
	-	(1,173)	-	(1,173)

Valuation methods and assumptions

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

The following methods and assumptions were used to estimate the fair values:

(i) Securities available-for-sale

The fair value of the securities available-for-sale is estimated based on broker/dealer price quotations.

Bangkok Bank Berhad
(Incorporated in Malaysia)

26. Fair value hierarchy (cont'd.)

Valuation methods and assumptions (cont'd.)

(ii) Derivative financial instruments

The fair value of derivative financial instruments is estimated using valuation techniques with significant market observable inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations.

The models incorporate various inputs including the credit quality of counterparties, foreign exchange and forward rates and interest rate curves.

27. Capital adequacy

- (i) Capital adequacy ratios of the Group and of the Bank are computed in accordance with BNM's revised Risk Weighted Capital Adequacy Framework ("RWCAF"): Standardised Approach for Credit Risk and Market Risk, and Basic Indicator Approach for Operational Risk (Basel II).

The implementation of Basel III in Malaysia has commenced with effect from 1 January 2013 under the new Basel III rules released on 28 November 2012 by BNM. Under the new Basel III rules, banking institutions are required to maintain higher minimum quantity and quality of capital but the requirements will be subject to a service of the transitional arrangements and be phased-in over a period of time commencing 2013 and to be fully effective by 2019. BNM is also expected to introduce additional capital buffer requirements which will comprise of capital conservation buffer of 2.5% of total RWA and countercyclical capital buffer ranging between 0% - 2.5% of total RWA.

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

	30.6.2016	31.12.2015
Common Equity Tier 1 Capital Ratio	21.68%	21.10%
Total Capital Ratio	<u>22.87%</u>	<u>22.29%</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

27. Capital adequacy (cont'd.)

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

	30.6.2016	31.12.2015
	RM'000	RM'000
Common Equity Tier 1 Capital		
Paid-up share capital	600,000	600,000
Statutory reserve	153,441	153,441
Unrealised gain on available-for-sale securities	2,917	602
Retained profits	46,429	28,897
Less: Regulatory adjustment, applied on CET1 Capital		
Deferred tax assets	(6,402)	(5,678)
Gain on available-for-sale securities	(1,604)	(331)
Total Common Equity Tier 1 Capital	<u>794,781</u>	<u>776,931</u>
Tier 2 Capital		
Collective impairment (only those attributable to non-impaired loans, advances and financing)	<u>43,741</u>	<u>44,068</u>
Total Tier 2 Capital	<u>43,741</u>	<u>44,068</u>
Total Capital		
Tier 1 Capital	794,781	776,931
Tier 2 Capital	43,741	44,068
Less: Investment in subsidiary	(10)	(10)
Total Capital	<u>838,512</u>	<u>820,989</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

27. Capital adequacy (cont'd.)

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

	Principal	Risk-weighted	Principal	Risk-weighted
	30.6.2016	assets	31.12.2015	assets
	RM'000	30.6.2016	RM'000	31.12.2015
		RM'000	RM'000	RM'000
0%	870,353	-	839,324	-
20%	495,158	99,032	578,964	115,793
35%	2,188	766	2,409	843
50%	70,091	35,046	66,069	33,034
100%	3,319,350	3,319,349	3,329,070	3,329,070
150%	30,058	<u>45,087</u>	31,114	<u>46,671</u>
Total risk-weighted assets for credit risk		3,499,280		3,525,411
Total risk-weighted assets for market risk		13,012		10,578
Total risk-weighted assets for operational risk		<u>153,801</u>		<u>146,762</u>
Total risk-weighted assets		<u><u>3,666,093</u></u>		<u><u>3,682,751</u></u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

28. Significant related party disclosures

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

	Group and Bank			
	Second Quarter		Cumulative	
	Ended		6 Months Ended	
	1.4.2016	1.4.2015	1.1.2016	1.1.2015
	to	to	to	to
	30.6.2016	30.6.2015	30.6.2016	30.6.2015
	RM'000	RM'000	RM'000	RM'000
Income				
Interest on advances to the holding company and its branches	13	1	22	1
Expenditure				
Interest on advances from the holding company and its branches	535	367	1,086	860

	Group and Bank	
	30.6.2016	31.12.2015
	RM'000	RM'000
Amount due to		
Deposits and placements from the holding company and its branches	290,652	327,448
Amount due from		
Cash and short-term funds placed with the holding company and its branches	9,361	6,054

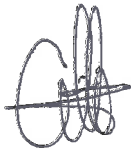
The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

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

Statement by directors

We, Chris Chia Woon Liat and Lee Khee Joo @ Lee Ying Chong , being two of the directors of Bangkok Bank Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 2 to 41 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Bank as at 30 June 2016 and of the results and the cash flows of the Group and of the Bank for the six-month period then ended.

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



Chris Chia Woon Liat



Lee Khee Joo @ Lee Ying Chong

Kuala Lumpur, Malaysia

14 October 2016