

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

**Unaudited Interim Condensed Financial Statements**  
**30 June 2020**

**199401014060 (299740-W)**

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

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

**Performance review for the six-month period ended 30 June 2020 and commentary on the prospects**

Bangkok Bank Berhad (“BBB”) registered a loss before tax (“LBT”) of RM9.2 million for the six month period ended 30 June 2020 as compared to profit before tax of RM5.4 million recorded during the previous corresponding period. Net interest income decreased by RM4.0 million as compared with previous corresponding period due to loan contraction as well as cascading effect of Overnight Policy Rate (OPR) and Federal Fund Rate (FED) rate reduction in 2020 which caused negative impact to the Bank’s earning. The adverse impact was further exacerbated by higher allowances for expected credit losses.

Gross loans dropped from RM3.4 billion as at 31 December 2019 to RM 3.0 billion as at 30 June 2020 as a result of the deeper economic uncertainties from the recent COVID-19 pandemic.

Deposits from customers decreased from RM3.0 billion as at 31 December 2019 to RM2.3 billion as at 30 June 2020. The Bank has heightened efforts on gathering customer deposits to maintain prudent liquidity position and to pace with loan drawdown. Liquidity coverage ratio and net stable funding ratio are well above regulatory requirements as at 30 June 2020.

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

**Bangkok Bank Berhad**  
**(Incorporated in Malaysia)**
**Unaudited interim condensed statements of financial position as at 30 June 2020**

	Note	Group		Bank	
		30.6.2020 RM'000	31.12.2019 RM'000	30.6.2020 RM'000	31.12.2019 RM'000
<b>Assets</b>					
Cash and short-term funds		241,941	486,493	241,814	486,366
Deposits and placements with banks and other financial institutions		-	30,047	-	30,047
Financial assets at fair value through other comprehensive income ("FVOCI")	12	909,594	1,169,519	909,594	1,169,519
Financial assets at amortised costs	13	102,336	102,351	102,336	102,351
Loans, advances and financing	14	2,992,893	3,206,001	2,992,893	3,206,001
Derivative assets		536	2,100	536	2,100
Tax recoverable		17,162	18,593	17,157	18,590
Other assets	15	5,624	6,538	5,624	6,538
Statutory deposit with Bank Negara Malaysia	16	-	65,479	-	65,479
Investment in subsidiary		-	-	10	10
Property and equipment	17	127,175	129,182	127,175	129,182
Intangible assets		577	706	577	706
Right-of-use assets	18	7,658	7,444	7,658	7,444
Deferred tax assets		8,258	5,150	8,258	5,150
<b>Total assets</b>		<b>4,413,754</b>	<b>5,229,603</b>	<b>4,413,632</b>	<b>5,229,483</b>
<b>Liabilities and shareholder's equity</b>					
Deposits from customers	19	2,272,942	2,982,698	2,272,942	2,982,698
Deposits and placements from banks and other financial institutions	20	843,208	939,981	843,208	939,981
Derivative liabilities		2,247	1,398	2,247	1,398
Other liabilities	21	37,176	44,768	37,174	44,766
<b>Total liabilities</b>		<b>3,155,573</b>	<b>3,968,845</b>	<b>3,155,571</b>	<b>3,968,843</b>

*These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and accompanying explanatory notes attached to these unaudited interim condensed financial statements.*

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

**Unaudited interim condensed statements of financial position as at 30 June 2020 (cont'd.)**

	Note	Group		Bank	
		30.6.2020 RM'000	31.12.2019 RM'000	30.6.2020 RM'000	31.12.2019 RM'000
<b>Liabilities and shareholder's equity (cont'd.)</b>					
Share capital		1,000,000	1,000,000	1,000,000	1,000,000
FVOCI reserve		23,116	16,939	23,116	16,939
Retained profits		235,065	243,819	234,945	243,701
<b>Shareholder's equity</b>		<u>1,258,181</u>	<u>1,260,758</u>	<u>1,258,061</u>	<u>1,260,640</u>
<b>Total liabilities and shareholder's equity</b>		<u>4,413,754</u>	<u>5,229,603</u>	<u>4,413,632</u>	<u>5,229,483</u>
<b>Commitments and contingencies</b>	27	<u>2,715,129</u>	<u>2,866,651</u>	<u>2,715,129</u>	<u>2,866,651</u>

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

**Unaudited interim condensed income statements**  
**For the financial period ended 30 June 2020**

	Note	Group			
		Second Quarter Ended		Cumulative 6 Months Ended	
		1.4.2020	1.4.2019	1.1.2020	1.1.2019
		to	to	to	to
		30.06.2020	30.06.2019	30.06.2020	30.06.2019
		RM'000	RM'000	RM'000	RM'000
Interest income	22	42,508	58,085	92,778	120,833
Interest expense	23	(20,610)	(34,104)	(48,292)	(72,331)
Net interest income		21,898	23,981	44,486	48,502
Non-interest income	25	3,588	3,615	6,574	6,955
Net income		25,486	27,596	51,060	55,457
Overhead expenses	26	(14,826)	(14,273)	(28,162)	(28,968)
Operating profit		10,660	13,323	22,898	26,489
(Allowance for)/writeback of expected credit losses, net	24	(4,080)	(20,918)	(32,130)	(21,055)
(Loss)/profit before taxation		6,580	(7,595)	(9,232)	5,434
Taxation		(2,725)	858	478	(4,513)
Net (loss)/profit for the financial period		3,855	(6,737)	(8,754)	921
(Loss)/earnings per share (sen)					
- basic		0.39	(0.67)	(0.88)	0.09
- diluted		0.39	(0.67)	(0.88)	0.09

*These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and accompanying explanatory notes attached to these unaudited interim condensed financial statements.*

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

**Unaudited interim condensed income statements**  
**For the financial period ended 30 June 2020 (cont'd.)**

	Note	Bank			
		Second Quarter Ended		Cumulative 6 Months Ended	
		1.4.2020	1.4.2019	1.1.2020	1.1.2019
		to	to	to	to
		30.06.2020	30.06.2019	30.06.2020	30.06.2019
		RM'000	RM'000	RM'000	RM'000
Interest income	22	42,508	58,085	92,778	120,833
Interest expense	23	(20,610)	(34,104)	(48,292)	(72,331)
Net interest income		21,898	23,981	44,486	48,502
Non-interest income	25	3,586	3,607	6,569	6,946
Net income		25,484	27,588	51,055	55,448
Overhead expenses	26	(14,824)	(14,272)	(28,160)	(28,966)
Operating profit		10,660	13,316	22,895	26,482
(Allowance for)/writeback of expected credit losses, net	24	(4,080)	(20,918)	(32,130)	(21,055)
(Loss)/profit before taxation		6,580	(7,602)	(9,235)	5,427
Taxation		(2,725)	859	479	(4,512)
Net (loss)/profit for the financial period		3,855	(6,743)	(8,756)	915
(Loss)/earnings per share (sen)					
- basic		0.39	(0.67)	(0.88)	0.09
- diluted		0.39	(0.67)	(0.88)	0.09

*These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and accompanying explanatory notes attached to these unaudited interim condensed financial statements.*

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**Bangkok Bank Berhad**  
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**Unaudited interim condensed statements of comprehensive income**  
**For the financial period ended 30 June 2020**

	<b>Group</b>			
	<b>Second Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>1.4.2020</b>	<b>1.4.2019</b>	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>30.06.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net (loss)/profit for the period</b>	<u>3,855</u>	<u>(6,737)</u>	<u>(8,754)</u>	<u>921</u>
<b>Other comprehensive income that will be reclassified to the income statement subsequently:</b>				
Net gain on financial assets at FVOCI	7,819	3,419	7,819	5,092
Income tax relating to components of other comprehensive income	<u>(1,642)</u>	<u>(803)</u>	<u>(1,642)</u>	<u>(1,189)</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>6,177</u>	<u>2,616</u>	<u>6,177</u>	<u>3,903</u>
<b>Total comprehensive (loss)/income for the period, net of tax</b>	<u>10,032</u>	<u>(4,121)</u>	<u>(2,577)</u>	<u>4,824</u>

*These unaudited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and accompanying explanatory notes attached to these unaudited interim condensed financial statements.*

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**Bangkok Bank Berhad**  
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**Unaudited interim condensed statements of comprehensive income**  
**For the financial period ended 30 June 2020 (cont'd.)**

	<b>Bank</b>			
	<b>Second Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>1.4.2020</b>	<b>1.4.2019</b>	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.06.2020</b>	<b>30.06.2019</b>	<b>30.06.2020</b>	<b>30.06.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net (loss)/profit for the period</b>	<u>3,855</u>	<u>(6,743)</u>	<u>(8,756)</u>	<u>915</u>
<b>Other comprehensive income that will be reclassified to the income statement subsequently:</b>				
Net gain on financial assets at FVOCI	7,819	3,419	7,819	5,092
Income tax relating to components of other comprehensive income	<u>(1,642)</u>	<u>(803)</u>	<u>(1,642)</u>	<u>(1,189)</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>6,177</u>	<u>2,616</u>	<u>6,177</u>	<u>3,903</u>
<b>Total comprehensive (loss)/income for the period, net of tax</b>	<u>10,032</u>	<u>(4,127)</u>	<u>(2,579)</u>	<u>4,818</u>

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**Bangkok Bank Berhad**  
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**Unaudited interim condensed statements of changes in equity**  
**For the financial period ended 30 June 2020**

Group	<--- Non-distributable--->		Distributable	Total RM'000
	Share capital RM'000	FVOCI reserve RM'000	Retained profits RM'000	
<b>At 1 January 2019</b>	1,000,000	11,074	245,264	1,256,338
Total comprehensive income	-	3,903	921	4,824
<b>At 30 June 2019</b>	<u>1,000,000</u>	<u>14,977</u>	<u>246,185</u>	<u>1,261,162</u>
<b>At 1 January 2020</b>	1,000,000	16,939	243,819	1,260,758
Total comprehensive (loss)/income	-	6,177	(8,754)	(2,577)
<b>At 30 June 2020</b>	<u>1,000,000</u>	<u>23,116</u>	<u>235,065</u>	<u>1,258,181</u>
<b>Bank</b>				
	<--- Non-distributable--->		Distributable	Total RM'000
	Share capital RM'000	FVOCI reserve RM'000	Retained profits RM'000	
<b>At 1 January 2019</b>	1,000,000	11,074	245,154	1,256,228
Total comprehensive income	-	3,903	921	4,824
<b>At 30 June 2019</b>	<u>1,000,000</u>	<u>14,977</u>	<u>246,075</u>	<u>1,261,052</u>
<b>At 1 January 2020</b>	1,000,000	16,939	243,701	1,260,640
Total comprehensive (loss)/income	-	6,177	(8,756)	(2,579)
<b>At 30 June 2020</b>	<u>1,000,000</u>	<u>23,116</u>	<u>234,945</u>	<u>1,258,061</u>

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**Bangkok Bank Berhad**  
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**Unaudited interim condensed statements of cash flows**  
**For the financial period ended 30 June 2020**

	Note	Group		Bank	
		1.1.2020 to 30.06.2020 RM'000	1.1.2019 to 30.06.2019 RM'000	1.1.2020 to 30.06.2020 RM'000	1.1.2019 to 30.06.2019 RM'000
<b>Cash flows from operating activities</b>					
(Loss)/profit before taxation		(9,232)	5,434	(9,235)	5,427
Adjustments for:					
Depreciation	26	2,397	2,371	2,397	2,371
Amortisation of intangible assets	26	129	147	129	147
Amortisation of right-of-use assets	26	597	451	597	451
Property and equipment written off		-	54	-	54
Interest expense on lease liability	18	133	170	133	170
Interest income from debt instruments at amortised cost	22	(2,510)	(2,470)	(2,510)	(2,470)
Interest income from debt instruments at FVOCI	22	(18,069)	(16,157)	(18,069)	(16,157)
Allowance for ECL made	24	32,290	23,227	32,290	23,227
Unrealised loss/(gain) on foreign exchange forward	25	2,412	(54)	2,412	(54)
Dividend from financial assets at FVOCI		(55)	(55)	(55)	(55)
Amortisation of premium, net of (accretion of discount)	22	424	20	424	20
Operating profit before working capital changes		8,516	13,138	8,513	13,131

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**Bangkok Bank Berhad**  
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**Unaudited interim condensed statements of cash flows**  
**For the financial period ended 30 June 2020 (cont'd.)**

	Group		Bank	
	1.1.2020 to 30.06.2020 RM'000	1.1.2019 to 30.06.2019 RM'000	1.1.2020 to 30.06.2020 RM'000	1.1.2019 to 30.06.2019 RM'000
<b>Cash flows from operating activities (cont'd.)</b>				
Balance carried forward	8,516	13,138	8,513	13,131
<b>Decrease in operating assets:</b>				
Loans, advances and financing	180,612	247,329	180,612	247,329
Other assets	914	1,219	914	1,219
Statutory deposits with Bank Negara Malaysia	65,479	510	65,479	510
<b>Increase/(Decrease) in operating liabilities:</b>				
Deposits from customers	(709,756)	66,664	(709,756)	66,664
Deposits and placement from banks and other financial institutions	(96,773)	(577,963)	(96,773)	(577,963)
Other liabilities	(7,857)	(2,597)	(7,857)	(2,595)
Cash generated from operating activities	(558,865)	(251,700)	(558,868)	(251,705)
Taxes paid	(8,216)	(9,749)	(8,213)	(9,751)
Taxes refunded	5,374	4,071	5,374	4,071
Net cash used in operating activities	(561,707)	(257,378)	(561,707)	(257,385)
<b>Cash flows from investing activities</b>				
Purchase of financial assets at FVOCI	(954,063)	(1,067,443)	(954,063)	(1,067,443)
Proceeds from sale of financial assets at FVOCI	1,239,633	707,689	1,239,633	707,689
Proceeds from partial redemption/ interest of financial assets at amortised costs	2,539	2,512	2,539	2,512
Purchase of property and equipment	(390)	(298)	(390)	(298)
Purchase of intangible assets	-	(91)	-	(91)
Dividend from financial assets at FVOCI	55	55	55	55
Net cash generated from/ (used in) investing activities	287,774	(357,576)	287,774	(357,576)

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**Bangkok Bank Berhad**  
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**Unaudited interim condensed statements of cash flows**  
**For the financial period ended 30 June 2020 (cont'd.)**

	Note	Group		Bank	
		1.1.2020 to 30.06.2020 RM'000	1.1.2019 to 30.06.2019 RM'000	1.1.2020 to 30.06.2020 RM'000	1.1.2019 to 30.06.2019 RM'000
<b>Cash flows from financing activities</b>					
Payment of lease liabilities	18	(666)	(618)	(666)	(618)
Net cash used in financing activities		(666)	(618)	(666)	(618)
<b>Net (decrease) in cash and cash equivalents</b>		(274,599)	(615,572)	(274,599)	(615,579)
<b>Cash and cash equivalents at beginning of financial period</b>		516,540	1,070,782	516,413	1,070,664
<b>Cash and cash equivalents at end of financial period</b>		241,941	455,210	241,814	455,085
<b>Cash and cash equivalents comprise:</b>					
Cash and short-term funds		241,941	344,917	241,814	344,792
Deposits and placements of banks and other financial institutions		-	110,293	-	110,293
		241,941	455,210	241,814	455,085

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

**Notes to the unaudited interim condensed financial statements - 30 June 2020**

**1. Corporate information**

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

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

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

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

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

**2. Basis of preparation of the financial statements**

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

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

The unaudited interim condensed financial statements have been prepared under the historical cost convention except for the following assets which are stated at fair value: financial assets at FVTPL, financial assets at FVOCI and derivatives. The unaudited interim condensed financial statements are presented in Ringgit Malaysia ("RM"), which is the Bank's functional currency and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

The unaudited interim condensed financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the financial year ended 31 December 2019. These explanatory notes attached to the unaudited interim condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group and of the Bank since the financial year ended 31 December 2019.

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

**2.2 Changes in accounting policies**

The accounting policies adopted in the preparation of the unaudited interim condensed financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2019, except for the adoption of new standard, IC Interpretations and amendments to standards effective as of 1 January 2020 as follows:

<b>Descriptions</b>	<b>Effective for annual periods beginning on or after</b>
Amendment to MFRS 3 <i>Business Combinations: Definition of a Business</i>	1 January 2020
Amendments to MFRS 7 <i>Financial Instruments: Disclosures</i> , MFRS 9 <i>Financial Instruments</i> and MFRS 139 <i>Financial Instruments: Recognition and Measurement</i>	1 January 2020

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

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

As at the reporting date, the following are standards, amendments to standards, annual improvements to standards and IC Interpretations issued by the Malaysian Accounting Standards Board ("MASB") but not yet effective.

<b>Descriptions</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 101 <i>Presentation of Financial Statements</i> and MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material</i>	1 January 2020
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

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

### **2.4 Significant accounting judgements, estimates and assumptions**

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

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

#### **(a) Impairment losses on financial assets**

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

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

- The Group's and the Bank's internal credit grading model, which assigns PDs to the individual grades;
- The Group's and the Bank's criteria for assessing if there has been a significant increase in credit risk resulting in impairment losses on financial assets to be measured on a lifetime basis and the qualitative assessment;
- Development of ECL models, including the various formulas and the choice of inputs;
- ECL is adjusted with a management overlay where considered appropriate;
- Determination of associations between macroeconomic factors and the effect on PDs, LGDs and EADs; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings.

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

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

**(b) Deferred tax and current tax**

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

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

**3. Auditors' report on preceding annual financial statements**

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2019 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 2020.

**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 except for changes in ECL as the Group and the Bank has weighed in the economic impact of COVID-19 as well as global uncertainties in 2020 into its macroeconomic factors. As a result, ECL has increased significantly by RM32.1 million for the financial period ended 30 June 2020.

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**7. Debt and equity securities**

There were no issuances, repurchases and repayments of debt and equity securities during the six months ended 30 June 2020.

**8. Subsequent events**

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

**9. Changes in composition of the Group**

There were no changes in the composition of the Group during the financial period ended 30 June 2020.

**10. Dividends paid**

No dividend was declared or paid during the financial period ended 30 June 2020.

**11. Segmental information**

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

**12. Financial assets at fair value through other comprehensive income**

	<b>Group and Bank</b>	
	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Debt instruments</b>		
Malaysian Government Securities	52,995	20,421
Government Investment Issues	489,271	472,102
Negotiable Instruments of Deposit	240,554	561,966
Corporate bonds	114,004	103,417
	<u>896,824</u>	<u>1,157,906</u>
<b>Equity instruments</b>		
Unquoted shares	12,770	11,613
	<u>909,594</u>	<u>1,169,519</u>

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

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

	<b>Stage 1 ECL RM'000</b>	<b>Stage 2 ECL RM'000</b>	<b>Stage 3 ECL RM'000</b>	<b>Total RM'000</b>
<b>Group and Bank</b>				
At 1 January 2020	262	-	-	262
New debt instruments originated	9	-	-	9
Debt instruments derecognised	(85)	-	-	(85)
ECL allowance written back	(104)	-	-	(104)
At 30 June 2020	<u>82</u>	<u>-</u>	<u>-</u>	<u>82</u>
<b>Group and Bank</b>				
At 1 January 2019	19	-	731	750
New debt instruments originated	152	-	-	152
ECL allowance charged	97	-	-	97
Debt instruments derecognised	(6)	-	(731)	(737)
At 31 December 2019	<u>262</u>	<u>-</u>	<u>-</u>	<u>262</u>

**13. Financial assets at amortised cost**

	<b>Group and Bank</b>	
	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Debt instruments</b>		
Corporate bonds	102,347	102,374
<b>Unquoted securities:</b>		
Corporate bonds	567	568
	<u>102,914</u>	<u>102,942</u>
Less: allowance for ECL	(578)	(591)
	<u>102,336</u>	<u>102,351</u>

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

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

	<b>Stage 1 ECL RM'000</b>	<b>Stage 2 ECL RM'000</b>	<b>Stage 3 ECL RM'000</b>	<b>Total RM'000</b>
<b>Group and Bank</b>				
At 1 January 2020	23	-	568	591
ECL allowance written back	(13)	-	-	(13)
At 30 June 2020	10	-	568	578
<b>Group and Bank</b>				
At 1 January 2019	-	-	571	571
ECL allowance charged	23	-	-	23
Debt instruments derecognised	-	-	(3)	(3)
At 31 December 2019	23	-	568	591

**14. Loans, advances and financing**

	<b>Group and Bank</b>	
	<b>30.6.2020 RM'000</b>	<b>31.12.2019 RM'000</b>
<b>At amortised cost</b>		
Overdrafts	63,206	105,419
Term loans:		
- Housing loans	2,312	2,361
- Syndicated term loan	163,295	149,644
- Other term loans	800,015	920,145
Revolving credits	1,405,748	1,511,777
Bills receivables	229,427	103,011
Trust receipts	103,082	128,803
Bankers' acceptances	445,410	477,628
Staff loans	419	461
	<u>3,212,914</u>	<u>3,399,249</u>
Unearned interest	(2,295)	(2,992)
Gross loans, advances and financing	<u>3,210,619</u>	<u>3,396,257</u>
Less: allowance for ECL		
- Stage 1	(69,905)	(50,974)
- Stage 2	(39,138)	(27,201)
- Stage 3	(108,683)	(112,081)
Net loans, advances and financing	<u>2,992,893</u>	<u>3,206,001</u>

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

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

	<b>Group and Bank</b>	
	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Maturing within one year	2,502,446	2,601,876
One year to three years	125,153	213,145
Three years to five years	418,007	250,711
Over five years	165,013	330,525
	<u>3,210,619</u>	<u>3,396,257</u>

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

	<b>Group and Bank</b>	
	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Primary agriculture	346,207	334,796
Mining and quarrying	11,480	12,072
Manufacturing	939,590	981,219
Electricity, gas and water supply	26,404	6,259
Construction	383,706	421,765
Wholesale and retail trade and restaurants and hotels	330,500	371,422
Transport, storage and communication	75,801	76,657
Finance, insurance, real estate and business activities	1,028,767	1,116,992
Household	68,164	75,075
	<u>3,210,619</u>	<u>3,396,257</u>

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

	<b>Group and Bank</b>	
	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-bank financial institutions	538,077	592,610
Domestic business enterprises:		
- Small medium enterprises	443,183	302,759
- Others	2,161,195	2,425,813
Individuals	68,164	75,075
	<u>3,210,619</u>	<u>3,396,257</u>

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

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

	<b>Group and Bank</b>	
	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed rate		
- Other fixed rate loan/financing	54,789	58,434
Variable rate		
- Base lending rate plus	181,305	233,280
- Cost-plus	2,094,018	2,232,654
- Other variable rates	880,507	871,889
	<u>3,210,619</u>	<u>3,396,257</u>

(v) Loans, advances and financing according to geographical distribution are as follows:

	<b>Group and Bank</b>	
	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysia	<u>3,210,619</u>	<u>3,396,257</u>

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

	<b>Group and Bank</b>	
	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January	149,328	97,550
Classified as impaired during the period/year	950	73,665
Amount recovered during the period/year	(5,156)	(20,755)
Amount written off during the period/year	(5,026)	(1,132)
Balance as at 30 June/31 December	<u>140,096</u>	<u>149,328</u>
Allowance for ECL Stage 3	<u>(108,683)</u>	<u>(112,081)</u>
Net impaired loans, advances and financing	<u>31,413</u>	<u>37,247</u>
Ratio of net impaired loans, advances and financing to gross loans, advances and financing less Stage 3 ECL allowance	<u>1.01%</u>	<u>1.13%</u>

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

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

	<b>Stage 1 ECL RM'000</b>	<b>Stage 2 ECL RM'000</b>	<b>Stage 3 ECL RM'000</b>	<b>Total RM'000</b>
<b>Group and Bank</b>				
At 1 January 2020	50,974	27,201	112,081	190,256
New loans, advances and financing originated	774	-	-	774
Loans, advances and financing derecognised (other than write-off)	(1,816)	(968)	-	(2,784)
Transfer to Stage 1	24	(24)	-	-
Transfer to Stage 2	(5,135)	5,135	-	-
Transfer to Stage 3	-	-	-	-
Net changes in loan loss allowances	25,084	7,794	1,628	34,506
Amount written off	-	-	(5,026)	(5,026)
At 30 June 2020	<u>69,905</u>	<u>39,138</u>	<u>108,683</u>	<u>217,726</u>
<b>Group and Bank</b>				
At 1 January 2019	55,571	19,803	65,659	141,033
New loans, advances and financing originated	3,781	-	-	3,781
Loans, advances and financing derecognised (other than write-off)	(5,212)	(1,059)	(1,716)	(7,987)
Transfer to Stage 1	1,165	(1,165)	-	-
Transfer to Stage 2	(4,284)	4,284	-	-
Transfer to Stage 3	(1,591)	(4)	1,595	-
Net changes in loan loss allowances	1,544	5,342	47,675	54,561
Amount written off	-	-	(1,132)	(1,132)
At 31 December 2019	<u>50,974</u>	<u>27,201</u>	<u>112,081</u>	<u>190,256</u>

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

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

	<b>Group and Bank</b>	
	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Manufacturing	121,963	124,621
Construction	-	1,421
Wholesale and retail trade and restaurants and hotels	16,555	21,679
Household	1,578	1,607
	<u>140,096</u>	<u>149,328</u>

**15. Other assets**

	<b>Group and Bank</b>	
	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits and prepayments	2,507	2,742
Other receivables	3,117	3,796
	<u>5,624</u>	<u>6,538</u>

**16. Statutory deposit with Bank Negara Malaysia**

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

**17. Property and equipment**

During the six months period ended 30 June 2020, the Group and the Bank acquired assets with a cost of RM390,000 (31.12.2019: RM2,176,000).

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**18. Right-of-use assets and lease liabilities**

	<b>Group and Bank</b>	
	<b>30.6.2020</b>	<b>31.12.2019</b>
<b>Right-of-use assets</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2020	7,444	8,057
Non-cash addition	811	629
Lease termination	-	(61)
Amortisation of right-of-use assets (Note 26)	(597)	(1,181)
At 30 June 2020	<u>7,658</u>	<u>7,444</u>
<b>Lease liabilities</b>		
At 1 January 2020	7,655	8,057
Non-cash addition	811	629
Lease termination	-	(64)
Accretion of interest expense (Note 23)	133	303
Lease payment	(666)	(1,270)
At 30 June 2020 (Note 21)	<u>7,933</u>	<u>7,655</u>

**19. Deposits from customers**

(i) By type of deposit:

	<b>Group and Bank</b>	
	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed deposits	1,840,484	2,269,367
Current accounts	298,197	313,976
Savings deposits	9,087	8,874
Short term deposits	125,174	390,481
	<u>2,272,942</u>	<u>2,982,698</u>

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

	<b>Group and Bank</b>	
	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within six months	1,660,681	2,281,116
Six months to one year	302,742	369,270
One year to three years	1,494	8,942
Over three years	741	520
	<u>1,965,658</u>	<u>2,659,848</u>

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**19. Deposits from customers (cont'd.)**

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

	<b>Group and Bank</b>	
	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Business enterprises	1,923,869	2,433,973
Individuals	349,073	548,725
	<u>2,272,942</u>	<u>2,982,698</u>

**20. Deposits and placements from banks and other financial institutions**

	<b>Group and Bank</b>	
	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	494,135	391,256
Other financial institutions	349,073	548,725
	<u>843,208</u>	<u>939,981</u>

Included in deposits and placements are deposits and placements from the holding company and its branches amounting to RM278,904,000 (31.12.2019: RM582,309,000) as disclosed in Note 30.

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**21. Other liabilities**

	Group		Bank	
	30.6.2020 RM'000	31.12.2019 RM'000	30.6.2020 RM'000	31.12.2019 RM'000
Accruals	6,372	8,901	6,370	8,899
Allowance for ECL on commitments and contingencies	17,076	17,089	17,076	17,089
Lease liability (Note 18)	7,933	7,655	7,933	7,655
Other payables	5,795	11,123	5,795	11,123
	<u>37,176</u>	<u>44,768</u>	<u>37,174</u>	<u>44,766</u>

Movements in the allowance for impairment on loan/financing commitments and financial guarantees are as follows:

	Stage 1 ECL RM'000	Stage 2 ECL RM'000	Stage 3 ECL RM'000	Total RM'000
<b>Group and Bank</b>				
At 1 January 2020	6,384	10,705	-	17,089
New loan/financing commitments, and financing guarantee originated	89	7	-	96
Loan/financing commitments, and financing guarantee derecognised	(21)	(23)	-	(44)
Transfer to Stage 1	117	(117)	-	-
Transfer to Stage 2	(235)	235	-	-
Transfer to Stage 3	-	(740)	740	-
Net changes in loan loss allowances	44	(2,481)	2,372	(65)
At 30 June 2020	<u>6,378</u>	<u>7,586</u>	<u>3,112</u>	<u>17,076</u>
<b>Group and Bank</b>				
At 1 January 2019	9,928	4,596	-	14,524
New loan/financing commitments, and financing guarantee originated	1,180	-	-	1,180
Loan/financing commitments, and financing guarantee derecognised	(539)	(52)	(6)	(597)
Transfer to Stage 1	1,414	(1,414)	-	-
Transfer to Stage 2	(7,743)	7,743	-	-
Transfer to Stage 3	-	-	-	-
Net changes in loan loss allowances	2,144	(168)	6	1,982
At 31 December 2019	<u>6,384</u>	<u>10,705</u>	<u>-</u>	<u>17,089</u>

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**22. Interest income**

	<b>Group and Bank</b>			
	<b>Second Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>1.4.2020</b>	<b>1.4.2019</b>	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
<b>30.6.2020</b>	<b>30.6.2019</b>	<b>30.6.2020</b>	<b>30.6.2019</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Loans, advances and financing				
- Interest income other than recoveries from impaired loans	31,346	41,105	66,992	84,838
- Recoveries from impaired loans	100	77	100	491
- Interest income on impaired loans	459	516	1,062	974
Deposits and placements with banks and other financial institutions	1,977	5,431	4,469	15,923
Debt instruments at amortised cost	1,241	1,230	2,510	2,470
Debt instruments at FVOCI	7,678	9,897	18,069	16,157
	<u>42,801</u>	<u>58,256</u>	<u>93,202</u>	<u>120,853</u>
(Amortisation of premium)/ accretion of discounts, net				
- Financial assets at FVOCI	(293)	(171)	(424)	(20)
	<u>42,508</u>	<u>58,085</u>	<u>92,778</u>	<u>120,833</u>

**23. Interest expense**

	<b>Group and Bank</b>			
	<b>Second Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>1.4.2020</b>	<b>1.4.2019</b>	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
<b>30.6.2020</b>	<b>30.6.2019</b>	<b>30.6.2020</b>	<b>30.6.2019</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits from customers	18,986	29,598	44,182	61,698
Deposits and placements from banks and other financial institutions	1,561	4,421	3,977	10,463
Accretion of interest expense (Note 18)	63	85	133	170
	<u>20,610</u>	<u>34,104</u>	<u>48,292</u>	<u>72,331</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 RM2,236,000 (30.6.2019: RM8,331,000) as disclosed in Note 30.

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

	<b>Group and Bank</b>			<b>Total</b>
	<b>Cumulative 6 Months Ended</b>			
	<b>1.1.2020 to 30.6.2020</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Allowance for ECL made				
- Loans, advances and financing	25,197	17,123	1,687	44,007
- Commitment and contingencies	1,790	2,908	3,112	7,810
	<u>26,987</u>	<u>20,031</u>	<u>4,799</u>	<u>51,817</u>
Allowance for ECL written back				
- Cash and short term funds	(127)	-	-	(127)
- Deposits and placements with banks and other financial institutions	(10)	-	-	(10)
- Financial assets at FVOCI	(180)	-	-	(180)
- Financial assets at amortised costs	(13)	-	-	(13)
- Loans, advances and financing	(6,266)	(5,186)	(59)	(11,511)
- Statutory deposit with Bank Negara Malaysia	(21)	-	-	(21)
- Commitment and contingencies	(1,796)	(6,027)	-	(7,823)
	<u>(8,413)</u>	<u>(11,213)</u>	<u>(59)</u>	<u>(19,685)</u>
Impaired loans, advances and financing recovered	-	-	(2)	(2)
<b>Total</b>	<u>18,574</u>	<u>8,818</u>	<u>4,738</u>	<u>32,130</u>

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

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

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

	<b>Group and Bank</b>			
	<b>Cumulative 6 Months Ended</b>			
	<b>1.1.2019 to 30.6.2019</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Allowance for ECL made				
- Cash and short term funds	38	-	-	38
- Deposits and placements with banks and other financial institutions	11	-	-	11
- Financial assets at FVOCI	119	-	-	119
- Financial assets at amortised costs	13	-	-	13
- Loans, advances and financing	17,827	4,000	27,088	48,915
- Statutory deposit with Bank Negara Malaysia	10	-	-	10
- Commitment and contingencies	1,762	1,954	10	3,726
	<u>19,780</u>	<u>5,954</u>	<u>27,098</u>	<u>52,832</u>
Allowance for ECL written back				
- Financial assets at amortised costs	-	-	(2)	(2)
- Loans, advances and financing	(13,066)	(1,839)	(8,754)	(23,659)
- Commitment and contingencies	(4,181)	(1,883)	-	(6,064)
	<u>(17,247)</u>	<u>(3,722)</u>	<u>(8,756)</u>	<u>(29,725)</u>
Impaired loans, advances and financing recovered	-	-	(2,052)	(2,052)
<b>Total</b>	<u>2,533</u>	<u>2,232</u>	<u>18,342</u>	<u>21,055</u>

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

	<b>Group and Bank</b>			<b>Total</b>
	<b>Second Quarter Ended</b>			
	<b>1.4.2019 to 30.6.2019</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Allowance for ECL made				
- Deposits and placements with banks and other financial institutions	17	-	-	17
- Financial assets at FVOCI	73	-	-	73
- Financial assets at amortised costs	5	-	-	5
- Loans, advances and financing	4,306	2,888	26,630	33,824
- Statutory deposit with Bank Negara Malaysia	4	-	-	4
- Commitment and contingencies	44	1,452	10	1,506
	<u>4,449</u>	<u>4,340</u>	<u>26,640</u>	<u>35,429</u>
Allowance for ECL written back				
- Cash and short term funds	(23)	-	-	(23)
- Financial assets at FVOCI	-	-	(2)	(2)
- Loans, advances and financing	(7,890)	-	(3,671)	(11,561)
- Commitment and contingencies	(1,217)	-	-	(1,217)
	<u>(9,130)</u>	<u>-</u>	<u>(3,673)</u>	<u>(12,803)</u>
Impaired loans, advances and financing recovered	-	-	(1,708)	(1,708)
<b>Total</b>	<u>(4,681)</u>	<u>4,340</u>	<u>21,259</u>	<u>20,918</u>

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**25. Non-interest income**

	<b>Group</b>			
	<b>Second Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>1.4.2020</b>	<b>1.4.2019</b>	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
<b>30.6.2020</b>	<b>30.6.2019</b>	<b>30.6.2020</b>	<b>30.6.2019</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Fee income:				
Commission	760	811	1,627	1,583
Service charges and fees	451	644	899	1,465
Guarantee fees	559	626	1,164	1,342
	<u>1,770</u>	<u>2,081</u>	<u>3,690</u>	<u>4,390</u>
Investment income:				
Gross dividend from financial assets at FVOCI	55	55	55	55
	<u>55</u>	<u>55</u>	<u>55</u>	<u>55</u>
Other income:				
Foreign exchange gain	1,307	1,104	4,722	2,314
Unrealised (loss)/gain on foreign exchange forwards	197	234	(2,412)	54
Rental income	257	135	514	133
Others	2	6	5	9
	<u>1,763</u>	<u>1,479</u>	<u>2,829</u>	<u>2,510</u>
<b>Total</b>	<u>3,588</u>	<u>3,615</u>	<u>6,574</u>	<u>6,955</u>

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

	Bank			
	Second Quarter Ended		Cumulative 6 Months Ended	
	1.4.2020	1.4.2019	1.1.2020	1.1.2019
	to	to	to	to
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Commission	758	803	1,622	1,574
Service charges and fees	451	644	899	1,465
Guarantee fees	559	626	1,164	1,342
	<u>1,768</u>	<u>2,073</u>	<u>3,685</u>	<u>4,381</u>
Investment income:				
Gross dividend from financial assets at FVOCI	55	55	55	55
	<u>55</u>	<u>55</u>	<u>55</u>	<u>55</u>
Other income:				
Foreign exchange gain	1,307	1,104	4,722	2,314
Unrealised (loss)/gain on foreign exchange forwards	197	234	(2,412)	54
Rental income	257	135	514	133
Others	2	6	5	9
	<u>1,763</u>	<u>1,479</u>	<u>2,829</u>	<u>2,510</u>
<b>Total</b>	<u>3,586</u>	<u>3,607</u>	<u>6,569</u>	<u>6,946</u>

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**26. Overhead expenses**

	Group			
	Second Quarter Ended		Cumulative 6 Months Ended	
	1.4.2020	1.4.2019	1.4.2020	1.4.2019
	to	to	to	to
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, allowances and bonuses	8,427	7,600	14,862	14,206
Defined Contribution Plan				
- Employees Provident Fund	1,308	1,179	2,307	2,115
Others	221	452	962	925
	<u>9,956</u>	<u>9,231</u>	<u>18,131</u>	<u>17,246</u>
Establishment costs				
Depreciation	1,196	1,212	2,397	2,371
Amortisation of intangible assets	65	91	129	147
Amortisation of right-of-use assets (Note 18)	305	214	597	451
Repair and maintenance	622	625	1,264	1,198
Information technology	385	410	698	695
Others	502	595	967	1,117
	<u>3,075</u>	<u>3,147</u>	<u>6,052</u>	<u>5,979</u>
Marketing costs				
Advertising and publicity	32	77	107	178
Others	4	13	26	55
	<u>36</u>	<u>90</u>	<u>133</u>	<u>233</u>
Administration and general costs				
Communication expenses	304	238	629	522
Subscriptions	436	454	950	2,138
Professional fees	142	241	302	773
Auditors remunerations	72	193	218	397
Non-executive directors' remuneration	312	285	574	551
Insurance	254	1	540	416
Travelling	44	94	133	183
Others	195	299	500	530
	<u>1,759</u>	<u>1,805</u>	<u>3,846</u>	<u>5,510</u>
<b>Total</b>	<u>14,826</u>	<u>14,273</u>	<u>28,162</u>	<u>28,968</u>

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## 26. Overhead expenses (cont'd.)

	Bank			
	Second Quarter Ended		Cumulative 6 Months Ended	
	1.4.2020	1.4.2019	1.4.2020	1.4.2019
	to	to	to	to
	30.6.2020	30.6.2019	30.6.2020	30.6.2019
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, allowances and bonuses	8,427	7,600	14,862	14,206
Defined Contribution Plan				
- Employees Provident Fund	1,308	1,179	2,307	2,115
Others	221	452	962	925
	<u>9,956</u>	<u>9,231</u>	<u>18,131</u>	<u>17,246</u>
Establishment costs				
Depreciation	1,196	1,212	2,397	2,371
Amortisation of intangible assets	65	91	129	147
Amortisation of right-of-use assets (Note 18)	305	214	597	451
Repair and maintenance	622	625	1,264	1,198
Information technology	385	410	698	695
Others	502	595	967	1,117
	<u>3,075</u>	<u>3,147</u>	<u>6,052</u>	<u>5,979</u>
Marketing costs				
Advertising and publicity	32	77	107	178
Others	4	14	26	55
	<u>36</u>	<u>91</u>	<u>133</u>	<u>233</u>
Administration and general costs				
Communication expenses	304	238	629	522
Subscriptions	436	454	950	2,138
Professional fees	142	241	302	773
Auditors remunerations	70	193	216	397
Non-executive directors' remuneration	312	285	574	551
Insurance	254	1	540	416
Travelling	44	94	133	183
Others	195	297	500	528
	<u>1,757</u>	<u>1,803</u>	<u>3,844</u>	<u>5,508</u>
<b>Total</b>	<u>14,824</u>	<u>14,272</u>	<u>28,160</u>	<u>28,966</u>

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**27. Commitments and contingencies**

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

The Group and the Bank do not enter into over-the-counter ("OTC") derivative transactions, repo-style transactions and credit derivative contracts booked in its trading and banking books other than the involvement in derivatives restricted to foreign forward exchange contracts.

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

<b>Group and Bank</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Amount RM'000</b>
<b>30 June 2020</b>				
Direct credit substitutes	31,886	-	31,886	31,886
Transaction-related contingent items	336,188	-	164,982	158,089
Short-term self-liquidating trade-related contingencies	37,838	-	7,568	7,568
Forward foreign exchange contracts				
- less than one year	256,833	2,100	2,866	1,569
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity more than one year	139,932	-	69,966	69,966
- maturity less than one year	1,899,203	-	379,841	379,191
Any commitment that are unconditionally cancelled at any time without prior notice	13,249	-	-	-
<b>Total</b>	<b>2,715,129</b>	<b>2,100</b>	<b>657,109</b>	<b>648,269</b>

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**27. Commitments and contingencies (cont'd.)**

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

<b>Group and Bank</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value of Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Amount RM'000</b>
<b>31 December 2019</b>				
Direct credit substitutes	36,084	-	36,084	36,084
Transaction-related contingent items	340,525	-	170,263	159,060
Short-term self-liquidating trade-related contingencies	42,978	-	8,595	8,259
Forward foreign exchange contracts				
- less than one year	262,749	2,100	4,294	3,755
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity more than one year	257,484	-	128,742	128,742
- maturity less than one year	1,922,715	-	384,543	384,152
Any commitment that are unconditionally cancelled at any time without prior notice	4,116	-	-	-
<b>Total</b>	<b>2,866,651</b>	<b>2,100</b>	<b>732,521</b>	<b>720,052</b>

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

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**28. Fair value hierarchy**

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

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

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

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

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

<b>Group and Bank 30 June 2020</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<u>Financial assets at FVOCI (Note 12)</u>				
Debt instruments				
Malaysian Government Securities	-	52,995	-	52,995
Government Investment Issue	-	489,271	-	489,271
Negotiable Instruments of Deposit	-	240,554	-	240,554
Corporate bonds	-	114,004	-	114,004
Equity instruments				
Unquoted shares	-	-	12,770	12,770
	-	896,824	12,770	909,594
<u>Derivatives financial instruments</u>				
Derivative financial assets				
Unrealised gain on derivatives	-	536	-	536
Derivative financial liabilities				
Unrealised loss on derivatives	-	(2,247)	-	(2,247)

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## 28. Fair value hierarchy (cont'd.)

Group and Bank 31 December 2019	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Financial assets at FVOCI (Note 12)</u>				
Debt instruments				
Malaysian Government				
Securities	-	20,421	-	20,421
Government Investment Issue	-	472,102	-	472,102
Negotiable Instruments of				
Deposit	-	561,966	-	561,966
Corporate bonds	-	103,417	-	103,417
Equity instruments:				
Unquoted shares	-	-	11,613	11,613
	-	1,157,906	11,613	1,169,519
<u>Derivatives financial instruments</u>				
Derivative financial assets				
Unrealised gain on derivatives	-	2,100	-	2,100
Derivative financial liabilities				
Unrealised loss on derivatives	-	(1,398)	-	(1,398)

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

**Valuation methods and assumptions**

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

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

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

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**29. Capital adequacy**

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

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

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

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

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

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

<b>Calendar Year</b>	<b>Capital Conservation Buffer</b>
2018	1.875%
2019 onwards	2.500%

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

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

	<b>Bank</b>	
	<b>30.6.2020</b>	<b>31.12.2019</b>
CET 1 Capital Ratio	29.02%	26.66%
Tier 1 Capital Ratio	29.02%	26.66%
Total Capital Ratio	<u>30.21%</u>	<u>27.86%</u>

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**29. Capital adequacy (cont'd.)**

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

	<b>Bank</b>	
	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CET 1 Capital</b>		
Paid-up share capital	1,000,000	1,000,000
Unrealised gain on financial assets at FVOCI	23,116	16,939
Retained profits	234,945	243,701
Less: Regulatory adjustments, applied on CET1 Capital:		
Other intangibles	(577)	(706)
Deferred tax assets	(8,258)	(5,150)
55% of unrealised gain on financial assets at at FVOCI	(12,714)	(9,316)
<b>Total CET 1 Capital</b>	<u>1,236,512</u>	<u>1,245,468</u>
<b>Tier 2 Capital</b>		
Stage 1 and 2 ECL *	50,767	55,936
<b>Total Tier 2 Capital</b>	<u>50,767</u>	<u>55,936</u>
<b>Total capital</b>		
CET 1 Capital	1,236,512	1,245,468
Tier 2 Capital	50,767	55,936
Less: Investment in subsidiary	(10)	(10)
<b>Total Capital</b>	<u>1,287,269</u>	<u>1,301,394</u>

\* Subject to a maximum of 1.25% of the total credit RWA determined under the Standardised Approach for credit risk.

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

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**29. Capital adequacy (cont'd.)**

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

	<b>Principal 30.6.2020 RM'000</b>	<b>Risk- weighted assets 30.6.2020 RM'000</b>	<b>Principal 31.12.2019 RM'000</b>	<b>Risk- weighted assets 31.12.2019 RM'000</b>
0%	637,518	-	810,823	-
20%	307,820	61,564	438,025	87,605
35%	789	276	822	287
50%	324,468	162,234	659,926	329,963
75%	10,221	7,666	2,733	2,050
100%	3,825,697	3,825,697	4,051,956	4,051,956
150%	2,594	<u>3,891</u>	2,010	<u>3,015</u>
Total risk-weighted assets for credit risk		4,061,328		4,474,876
Total risk-weighted assets for market risk		8,427		8,207
Total risk-weighted assets for operational risk		<u>190,786</u>		<u>187,891</u>
Total risk-weighted assets		<u><u>4,260,541</u></u>		<u><u>4,670,974</u></u>

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**30. Significant related party transactions and balances**

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

**(i) Related party transactions**

	<b>Group and Bank</b>			
	<b>Second Quarter Ended</b>		<b>Cumulative 6 Months Ended</b>	
	<b>1.4.2020</b>	<b>1.4.2019</b>	<b>1.1.2020</b>	<b>1.1.2019</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.6.2020</b>	<b>30.6.2019</b>	<b>30.6.2020</b>	<b>30.6.2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Income</b>				
Interest on advances to the holding company and its branches	3	25	16	27
<b>Expenditure</b>				
Interest on advances from the holding company and its branches	1,073	3,779	2,236	8,331
Administrative expenses to holding company	118	126	364	247

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

**(ii) Related party balances**

	<b>Group and Bank</b>	
	<b>30.6.2020</b>	<b>31.12.2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Amount due to</b>		
Deposits and placements from the holding company and its branches	278,904	287,785
<b>Amount due from</b>		
Cash and short-term funds placed with the holding company and its branches	11,277	9,012