



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

Statement by Directors and Unaudited Interim
Condensed Financial Statements
30 September 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

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

**Performance review for the nine-month period ended 30 September 2016 and
commentary on the prospects**

Bangkok Bank Berhad (“the Bank”) registered a profit before tax (“PBT”) of RM29.49 million for the nine-month period ended 30 September 2016 as compared to RM9.01 million recorded during the previous corresponding period. The higher PBT in the current period was mainly due to the write back of collective impairment and recoveries from impaired loan accounts as compared to the higher impairment allowance made in the previous corresponding period.

Gross loans, advances and financing marginally decreased from RM2.85 billion as at 31 December 2015 to RM2.83 billion as at 30 September 2016 . The decrease was mainly due to tightening of the Bank's lending criteria.

Deposits from customers have declined from RM3.13 billion as at 31 December 2015 to RM2.76 billion as at 30 September 2016. The Bank continues 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 September 2016

	Note	Group		Bank	
		30.9.2016 RM'000	31.12.2015 RM'000	30.9.2016 RM'000	31.12.2015 RM'000
Assets					
Cash and short-term funds		108,903	135,976	108,803	135,888
Deposits and placements with banks		70,000	-	70,000	-
Securities available-for-sale	12	824,289	1,193,573	824,289	1,193,573
Securities held-to-maturity	13	13	13	13	13
Loans, advances and financing	14	2,670,900	2,693,380	2,670,900	2,693,380
Derivative assets		97	6,971	97	6,971
Tax recoverable		11,929	11,135	11,928	11,135
Other assets	15	10,904	11,569	10,904	11,568
Statutory deposit with Bank Negara Malaysia		94,000	114,000	94,000	114,000
Investment in subsidiary		-	-	10	10
Property and equipment	16	140,919	131,052	140,919	131,052
Intangible assets		84	305	84	305
Deferred tax assets		-	5,476	-	5,476
Total assets		3,932,038	4,303,450	3,931,947	4,303,371
Liabilities and shareholder's equity					
Deposits from customers	17	2,763,151	3,129,926	2,763,151	3,129,926
Deposits and placements from banks and other financial institutions	18	324,196	340,327	324,196	340,327
Derivative liabilities		808	8,144	808	8,144
Other liabilities	19	31,802	42,037	31,799	42,034
Deferred tax liabilities		236	-	236	-
Total liabilities		3,120,193	3,520,434	3,120,190	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		5,180	602	5,180	602
Retained profits		53,214	28,963	53,136	28,897
Shareholder's equity		811,845	783,016	811,757	782,940
Total liabilities and shareholder's equity		3,932,038	4,303,450	3,931,947	4,303,371
Commitments and contingencies	25	2,224,671	2,754,204	2,224,671	2,754,204

These unaudited 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 September 2016

	Note	Group			
		Third Quarter Ended		Cumulative 9 Months Ended	
		1.7.2016 to 30.9.2016 RM'000	1.7.2015 to 30.9.2015 RM'000	1.1.2016 to 30.9.2016 RM'000	1.1.2015 to 30.9.2015 RM'000
Interest income	20	44,554	48,834	135,406	148,088
Interest expense	21	(25,897)	(29,108)	(79,092)	(89,150)
Net interest income		18,657	19,726	56,314	58,938
Non-interest income	23	4,120	4,858	11,485	11,689
Net income		22,777	24,584	67,799	70,627
Overhead expenses	24	(16,086)	(10,053)	(39,692)	(30,564)
		6,691	14,531	28,107	40,063
Loan impairment charges, net	22	1,819	(9,860)	1,398	(31,040)
Profit before taxation		8,510	4,671	29,505	9,023
Taxation		(1,797)	(1,030)	(5,254)	(2,307)
Net profit for the period		6,713	3,641	24,251	6,716
Earnings per share (sen)					
- basic		1.12	0.61	4.04	1.12
- diluted		1.12	0.61	4.04	1.12

These unaudited 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 September 2016 (cont'd.)

	Note	Third Quarter Ended		Bank Cumulative 9 Months Ended	
		1.7.2016 to 30.9.2016 RM'000	1.7.2015 to 30.9.2015 RM'000	1.1.2016 to 30.9.2016 RM'000	1.1.2015 to 30.9.2015 RM'000
Interest income	20	44,554	48,834	135,406	148,088
Interest expense	21	(25,897)	(29,108)	(79,092)	(89,150)
Net interest income		18,657	19,726	56,314	58,938
Non-interest income	23	4,111	4,850	11,468	11,676
Net income		22,768	24,576	67,782	70,614
Overhead expenses	24	(16,085)	(10,053)	(39,691)	(30,562)
		6,683	14,523	28,091	40,052
Loan impairment charges, net	22	1,819	(9,860)	1,398	(31,040)
Profit before taxation		8,502	4,663	29,489	9,012
Taxation		(1,795)	(1,027)	(5,250)	(2,304)
Net profit for the period		6,707	3,636	24,239	6,708
Earnings per share (sen)					
- basic		1.12	0.61	4.04	1.12
- diluted		1.12	0.61	4.04	1.12

These unaudited 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 September 2016

	Group			
	Third Quarter		Cumulative	
	Ended		9 Months Ended	
	1.7.2016	1.7.2015	1.1.2016	1.1.2015
	to	to	to	to
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	6,713	3,641	24,251	6,716
Other comprehensive income				
Items that may be reclassified to profit or loss subsequently:				
Net gain/(loss) on securities available-for-sale	2,978	(5,075)	6,013	(2,190)
Income tax relating to components of other comprehensive income	(715)	1,269	(1,435)	547
Other comprehensive income/(loss) for the period, net of tax	2,263	(3,806)	4,578	(1,643)
Total comprehensive income/(loss) for the period, net of tax	8,976	(165)	28,829	5,073

These unaudited 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 September 2016 (cont'd.)

	Bank			
	Third Quarter		Cumulative	
	Ended		9 Months Ended	
	1.7.2016 to 30.9.2016 RM'000	1.7.2015 to 30.9.2015 RM'000	1.1.2016 to 30.9.2016 RM'000	1.1.2015 to 30.9.2015 RM'000
Net profit for the period	6,707	3,636	24,239	6,708
Other comprehensive income				
Items that may be reclassified to profit or loss subsequently:				
Net gain/(loss) on securities available-for-sale	2,978	(5,075)	6,013	(2,190)
Income tax relating to components of other comprehensive income	(715)	1,269	(1,435)	547
Other comprehensive income/(loss) for the period, net of tax	2,263	(3,806)	4,578	(1,643)
Other comprehensive income/(loss) for the period, net of tax	8,970	(170)	28,817	5,065

These unaudited 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 September 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	-	-	(1,643)	6,716	5,073
At 30 September 2015	<u>600,000</u>	<u>146,482</u>	<u>(4,166)</u>	<u>28,703</u>	<u>771,019</u>
At 1 January 2016	600,000	153,451	602	28,963	783,016
Total comprehensive income	-	-	4,578	24,251	28,829
At 30 September 2016	<u>600,000</u>	<u>153,451</u>	<u>5,180</u>	<u>53,214</u>	<u>811,845</u>

These unaudited 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 September 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	-	-	(1,643)	6,708	5,065
At 30 September 2015	<u>600,000</u>	<u>146,472</u>	<u>(4,166)</u>	<u>28,636</u>	<u>770,942</u>
At 1 January 2016	600,000	153,441	602	28,897	782,940
Total comprehensive income	-	-	4,578	24,239	28,817
At 30 September 2016	<u>600,000</u>	<u>153,441</u>	<u>5,180</u>	<u>53,136</u>	<u>811,757</u>

These unaudited 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 September 2016

		Group		Bank	
	Note	1.1.2016 to 30.9.2016 RM'000	1.1.2015 to 30.9.2015 RM'000	1.1.2016 to 30.9.2016 RM'000	1.1.2015 to 30.9.2015 RM'000
Cash flows from operating activities					
Profit before tax		29,505	9,023	29,489	9,012
Adjustments for:					
Depreciation of property and equipment	24	3,410	1,661	3,410	1,661
Amortisation of intangible assets	24	221	357	221	357
(Write back of)/allowance for losses on loans, advances and financing, net	22	(1,342)	31,920	(1,342)	31,920
Write back of impairment losses of securities held-to-maturity	23	(8)	(45)	(8)	(45)
Unrealised (gain)/loss on foreign exchange forward contracts	23	(461)	19,790	(461)	19,790
Net loss on revaluation of securities held for trading	23	-	2	-	2
Net gain on disposal of securities held for trading	23	(14)	(132)	(14)	(132)
Net gain on disposal of securities available-for-sale (Accretion of discount), net of amortisation of premium	20	731	(2,427)	731	(2,427)
Gross dividend from securities available-for-sale	23	(103)	(103)	(103)	(103)
Operating profit before working capital changes		31,939	59,832	31,923	59,821
Decrease/(increase) in loans, advances and financing		23,822	(132,578)	23,822	(132,578)
Decrease/(increase) in other assets		664	(3,574)	664	(3,574)
Decrease/(increase) in statutory deposit with Bank Negara Malaysia		20,000	(17,000)	20,000	(17,000)
(Decrease)/increase in deposits from customers		(366,775)	4,880	(366,775)	4,880

These unaudited 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 September 2016 (cont'd.)

	Group		Bank	
	1.1.2016 to 30.9.2016 RM'000	1.1.2015 to 30.9.2015 RM'000	1.1.2016 to 30.9.2016 RM'000	1.1.2015 to 30.9.2015 RM'000
Cash flows from operating activities (cont'd.)				
Decrease in deposits and placements of banks and other financial institutions	(16,131)	(538,976)	(16,131)	(538,976)
Decrease in bills and acceptances payable	-	(1,103)	-	(1,103)
Decrease in other liabilities	(10,237)	(2,831)	(10,237)	(2,831)
Purchase of securities held for trading	(30,502)	(189,144)	(30,502)	(189,144)
Purchase of securities available-for-sale	(440,434)	(1,918,936)	(440,434)	(1,918,936)
Proceeds from sale of securities held for trading	30,516	239,278	30,516	239,278
Proceeds from sale of securities available-for-sale	-	69,720	-	69,720
Proceeds from maturity of securities available-for-sale	815,000	1,880,000	815,000	1,880,000
Proceeds from partial redemption of securities held-to-maturity	8	45	8	45
Cash used in operations	57,870	(550,387)	57,854	(550,398)
Taxes paid	(2,016)	(6,142)	(2,012)	(6,139)
Taxes refunded	247	-	247	-
Net cash generated from/(used in) operating activities	<u>56,101</u>	<u>(556,529)</u>	<u>56,089</u>	<u>(556,537)</u>
Cash flows from investing activities				
Purchase of property and equipment	(13,277)	(1,408)	(13,277)	(1,408)
Purchase of intangible assets	-	(1)	-	(1)
Dividend received	103	103	103	103
Net cash used in investing activities	<u>(13,174)</u>	<u>(1,306)</u>	<u>(13,174)</u>	<u>(1,306)</u>

These unaudited 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 September 2016 (cont'd.)

	Group		Bank	
	1.1.2016 to 30.9.2016 RM'000	1.1.2015 to 30.9.2015 RM'000	1.1.2016 to 30.9.2016 RM'000	1.1.2015 to 30.9.2015 RM'000
Net increase/(decrease) in cash and cash equivalents	42,927	(557,835)	42,915	(557,843)
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	178,903	180,241	178,803	180,151
Cash and cash equivalents comprise:				
Cash and short-term funds	108,903	148,045	108,803	147,955
Deposits and placements with banks	70,000	32,196	70,000	32,196
	178,903	180,241	178,803	180,151

These unaudited 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 September 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 Ampang, 50450 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 interim condensed 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 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 model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 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 depicts 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 Group and the Bank 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 statements of financial position 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 accounting policies, management has 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) Current income tax

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

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

**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.)

(c) Deferred tax

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

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

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

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 September 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 September 2016.

7. Debt and equity securities

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

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

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 and the Bank

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

10. Dividends paid

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

11. Segmental information

As the Group and the Bank do not have foreign operations, the Group and the Bank are not required to present separate identifiable geographical segments.

12. Securities available-for-sale

	Group and Bank	
	30.09.2016	31.12.2015
	RM'000	RM'000
In Malaysia:		
At fair value		
Money market instruments:		
Government Investment Issues	404,141	360,692
Malaysian Government Securities	283,924	282,350
Negotiable Instruments of Deposit	-	300,000
Malaysian Treasury Bills	-	59,755
Cagamas Bonds	50,015	49,990
Unquoted securities:		
Private debt securities	85,337	139,914
	<u>823,417</u>	<u>1,192,701</u>
At cost		
Unquoted securities:		
Shares	872	872
	<u>824,289</u>	<u>1,193,573</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

13. Securities held-to-maturity

	Group and Bank	
	30.09.2016	31.12.2015
	RM'000	RM'000
In Malaysia:		
At amortised cost		
Unquoted securities:		
Private debt securities	13	13

14. Loans, advances and financing

	Group and Bank	
	30.09.2016	31.12.2015
	RM'000	RM'000
At amortised cost		
Overdrafts	171,488	176,088
Term loans:		
- Housing loans	3,368	3,932
- Syndicated term loan	115,210	124,453
- Other term loans	1,074,128	1,085,931
Revolving credits	648,828	541,850
Bills receivables	3,480	7,412
Trust receipts	112,857	92,451
Bankers' acceptances	702,658	826,370
Staff loans	854	1,064
	<u>2,832,871</u>	<u>2,859,551</u>
Unearned interest	(5,107)	(6,512)
Gross loans, advances and financing	<u>2,827,764</u>	<u>2,853,039</u>
Less: Allowances for loans, advances and financing		
- Individual impairment allowance	(90,709)	(90,525)
- Collective impairment allowance	(66,155)	(69,134)
Net loans, advances and financing	<u>2,670,900</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	
	30.09.2016	31.12.2015
	RM'000	RM'000
Within one year	1,773,328	1,766,364
One year to three years	189,922	145,911
Three years to five years	450,123	493,247
After five years	414,391	447,517
	<u>2,827,764</u>	<u>2,853,039</u>

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

	Group and Bank	
	30.09.2016	31.12.2015
	RM'000	RM'000
Purchase of transport vehicles	182	330
Purchase of residential properties	5,069	4,904
Purchase of non-residential properties	100,640	69,771
Purchase of fixed assets other than land and building	44,418	43,202
Personal use	14,751	16,011
Construction	331,578	285,492
Mergers and acquisitions	37,525	50,517
Working capital	1,953,023	2,151,690
Others	340,578	231,122
	<u>2,827,764</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	
	30.09.2016	31.12.2015
	RM'000	RM'000
Domestic non-bank financial institutions	271,995	265,549
Domestic business enterprises:		
- Small medium enterprises	618,011	629,525
- Others	1,900,708	1,914,246
Individuals	<u>37,050</u>	<u>43,719</u>
	<u>2,827,764</u>	<u>2,853,039</u>

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

	Group and Bank	
	30.09.2016	31.12.2015
	RM'000	RM'000
Variable rate:		
- Base lending rate plus	512,618	516,483
- Cost plus	2,247,780	2,294,451
- Other variable rates	<u>67,366</u>	<u>42,105</u>
	<u>2,827,764</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	
	30.09.2016	31.12.2015
	RM'000	RM'000
Balance as at 1 January	152,520	116,032
Classified as impaired during the period/year	36,686	46,709
Reclassified as non-impaired during the period/year	(1,084)	(864)
Amount recovered	(11,716)	(4,270)
Amount written off	(1,441)	(5,087)
Balance as at end of period/year	<u>174,965</u>	<u>152,520</u>
Individual impairment allowance	<u>(90,709)</u>	<u>(90,525)</u>
Net impaired loans, advances and financing	<u>84,256</u>	<u>61,995</u>
Ratio of net impaired loans, advances and financing to gross loans, advances and financing less individual impairment allowance	<u>3.08%</u>	<u>2.24%</u>

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

	Group and Bank	
	30.09.2016	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)	7,592	29,617
Amount written back (Note 22)	(5,955)	(744)
Amount written off	(1,453)	(5,087)
Balance as at end of period/year	<u>90,709</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)	12,270	25,461
Amount written back (Note 22)	(15,249)	(21,532)
Balance as at end of period/year	<u>66,155</u>	<u>69,134</u>
Collective impairment allowance as % of gross loans, advances and financing less individual impairment allowance	<u>2.42%</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	
	30.09.2016	31.12.2015
	RM'000	RM'000
Purchase of residential properties	1,434	1,602
Construction	10,625	9,831
Working capital	138,993	140,752
Others	23,913	335
	<u>174,965</u>	<u>152,520</u>

15. Other assets

	Group		Bank	
	30.09.2016	31.12.2015	30.09.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Deposits and prepayments	2,116	1,764	2,116	1,764
Interest receivables	7,568	8,488	7,568	8,487
Other receivables	1,220	1,317	1,220	1,317
	<u>10,904</u>	<u>11,569</u>	<u>10,904</u>	<u>11,568</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

16. Property and equipment

During the nine-month period ended 30 September 2016, the Group and the Bank acquired assets with a cost of RM13,277,000 (1.1.2015 - 31.12.2015: RM1,776,000).

17. Deposits from customers

(i) By type of deposit:

	Group and Bank	
	30.09.2016	31.12.2015
	RM'000	RM'000
Fixed deposits	2,357,391	2,083,169
Negotiable instruments of deposits	150,000	400,000
Current accounts	201,811	240,441
Savings deposits	11,505	11,533
Money market deposits	42,444	394,783
	<u>2,763,151</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	
	30.09.2016	31.12.2015
	RM'000	RM'000
Within six months	2,036,412	2,715,588
Six months to one year	508,369	157,983
One year to three years	1,549	1,119
After three years	3,505	3,262
	<u>2,549,835</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	
	30.09.2016	31.12.2015
	RM'000	RM'000
Domestic financial institutions	39,402	444,109
Government	150,000	-
Business enterprises	2,132,468	2,297,918
Individuals	441,281	387,899
	<u>2,763,151</u>	<u>3,129,926</u>

18. Deposits and placements from banks and other financial institutions

	Group and Bank	
	30.09.2016	31.12.2015
	RM'000	RM'000
Unsecured		
Licensed banks	<u>324,196</u>	<u>340,327</u>

Included in deposits and placements are deposits and placements from the holding company and its branches amounting to RM311,766,000 (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.

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

19. Other liabilities

	Group		Bank	
	30.09.2016	31.12.2015	30.09.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Accruals	6,032	2,486	6,032	2,486
Interest payables	18,741	16,144	18,741	16,144
Other payables	7,029	23,407	7,026	23,404
	<u>31,802</u>	<u>42,037</u>	<u>31,799</u>	<u>42,034</u>

20. Interest income

	Group and Bank			
	Third Quarter		Cumulative	
	Ended	Ended	9 Months Ended	9 Months Ended
	1.7.2016	1.7.2015	1.1.2016	1.1.2015
	to	to	to	to
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
	RM'000	RM'000	RM'000	RM'000
Loans, advances and financing:				
- Interest income from other than impaired loans	34,422	36,144	103,492	107,637
- Interest income from impaired loans	1,105	1,040	3,132	3,145
Deposits and placements with banks and other financial institutions	1,061	2,491	2,789	10,675
Securities held for trading	10	33	11	101
Securities available-for-sale	8,272	8,982	26,713	24,103
	<u>44,870</u>	<u>48,690</u>	<u>136,137</u>	<u>145,661</u>
(Amortisation of premium), net of accretion of discount				
- Securities held for trading	(1)	3	(1)	34
- Securities available-for-sale	(315)	141	(730)	2,393
	<u>44,554</u>	<u>48,834</u>	<u>135,406</u>	<u>148,088</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

21. Interest expense

	Group and Bank			
	Third Quarter		Cumulative	
	Ended		9 Months Ended	
	1.7.2016	1.7.2015	1.1.2016	1.1.2015
	to	to	to	
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	25,110	26,755	76,747	78,931
Deposits and placements from banks and other financial institutions	787	2,353	2,345	10,219
	<u>25,897</u>	<u>29,108</u>	<u>79,092</u>	<u>89,150</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 RM1,785,000 (1.1.2015 - 30.9.2015: RM1,353,000) as disclosed in Note 28.

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

	Group and Bank			
	Third Quarter		Cumulative	
	Ended		9 Months Ended	
	1.7.2016	1.7.2015	1.1.2016	1.1.2015
	to	to	to	
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
	RM'000	RM'000	RM'000	RM'000
Allowance for/(write back of) loans, advances and financing				
Individual impairment:				
- Allowance made (Note 14(vii))	4,350	5,513	7,592	19,096
- Amount written back (Note 14(vii))	(3,798)	(518)	(5,955)	(700)
Collective impairment, net				
- Allowance made (Note 14(vii))	1,903	16,850	12,270	28,312
- Amount written back (Note 14(vii))	(4,273)	(11,124)	(15,249)	(14,788)
Impaired loans, advances and financing recovered	(1)	(861)	(56)	(880)
	<u>(1,819)</u>	<u>9,860</u>	<u>(1,398)</u>	<u>31,040</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

23. Non-interest income

	Group			
	Third Quarter		Cumulative	
	Ended		9 Months Ended	
	1.7.2016 to 30.9.2016 RM'000	1.7.2015 to 30.9.2015 RM'000	1.1.2016 to 30.9.2016 RM'000	1.1.2015 to 30.9.2015 RM'000
Fee income:				
Commission	1,023	1,063	3,121	3,038
Service charges and fees	344	857	1,337	2,242
Guarantee fees	537	469	1,685	1,377
	<u>1,904</u>	<u>2,389</u>	<u>6,143</u>	<u>6,657</u>
Investment income:				
Net gain on sale of investments:				
- Securities held for trading	12	79	14	132
- Securities available-for-sale	-	-	-	214
Net loss on revaluation of securities held for trading	-	(11)	-	(2)
Write back of impairment losses on securities held to maturity	-	16	8	45
Gross dividend from securities available-for-sale	47	48	103	103
	<u>59</u>	<u>132</u>	<u>125</u>	<u>492</u>
Foreign exchange gain	3,471	5,824	4,474	24,061
Unrealised (loss)/gain on foreign exchange forward contracts	(1,410)	(3,573)	461	(19,790)
Rental income	94	84	272	255
Other non-interest income	2	2	10	14
	<u>2,157</u>	<u>2,337</u>	<u>5,217</u>	<u>4,540</u>
	<u>4,120</u>	<u>4,858</u>	<u>11,485</u>	<u>11,689</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

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

	Bank			
	Third Quarter		Cumulative	
	Ended		9 Months Ended	
	1.7.2016 to 30.9.2016 RM'000	1.7.2015 to 30.9.2015 RM'000	1.1.2016 to 30.9.2016 RM'000	1.1.2015 to 30.9.2015 RM'000
Fee income:				
Commission	1,014	1,055	3,104	3,025
Service charges and fees	344	857	1,337	2,242
Guarantee fees	537	469	1,685	1,377
	<u>1,895</u>	<u>2,381</u>	<u>6,126</u>	<u>6,644</u>
Investment income:				
Net gain on sale of investments:				
- Securities held for trading	12	79	14	132
- Securities available-for-sale	-	-	-	214
Net loss on revaluation of securities held for trading	-	(11)	-	(2)
Write back of impairment losses on securities held to maturity	-	16	8	45
Gross dividend from securities available-for-sale	47	48	103	103
	<u>59</u>	<u>132</u>	<u>125</u>	<u>492</u>
Foreign exchange gain	3,471	5,824	4,474	24,061
Unrealised (loss)/gain on foreign exchange forward contracts	(1,410)	(3,573)	461	(19,790)
Rental income	94	84	272	255
Other non-interest income	2	2	10	14
	<u>2,157</u>	<u>2,337</u>	<u>5,217</u>	<u>4,540</u>
	<u>4,111</u>	<u>4,850</u>	<u>11,468</u>	<u>11,676</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

24. Overhead expenses

	Group			
	Third Quarter		Cumulative	
	Ended		9 Months Ended	
	1.7.2016 to 30.9.2016 RM'000	1.7.2015 to 30.9.2015 RM'000	1.1.2016 to 30.9.2016 RM'000	1.1.2015 to 30.9.2015 RM'000
Personnel costs				
Salaries, allowances and bonuses	6,744	5,086	18,520	14,850
Defined Contribution Plan - Employees Provident Fund	854	707	2,442	2,138
Others	1,069	841	2,260	2,461
	<u>8,667</u>	<u>6,634</u>	<u>23,222</u>	<u>19,449</u>
Establishment costs				
Depreciation	1,133	540	3,410	1,661
Amortisation of intangible assets	23	116	221	357
Repair and maintenance	540	156	1,630	903
Information technology expenses	292	333	964	855
Rental expenses	227	215	673	644
Others	871	407	1,898	1,279
	<u>3,086</u>	<u>1,767</u>	<u>8,796</u>	<u>5,699</u>
Marketing costs				
Advertising and publicity	45	43	169	174
Others	14	7	33	40
	<u>59</u>	<u>50</u>	<u>202</u>	<u>214</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

24. Overhead expenses (cont'd.)

	Group			
	Third Quarter		Cumulative	
	Ended		9 Months Ended	
	1.7.2016	1.7.2015	1.1.2016	1.1.2015
	to	to	to	to
30.9.2016	30.9.2015	30.9.2016	30.9.2015	
	RM'000	RM'000	RM'000	RM'000
Administration and general costs				
Communication expenses	273	284	803	852
Subscriptions	365	327	978	838
Professional fees	734	325	916	1,000
Auditors remunerations	57	51	305	282
Non-executive directors' remuneration	205	231	780	640
Insurance	129	62	388	430
Travelling	71	(9)	228	217
Loss on indemnity	2,067	-	2,067	-
Others	373	331	1,007	943
	<u>4,274</u>	<u>1,602</u>	<u>7,472</u>	<u>5,202</u>
Total	<u>16,086</u>	<u>10,053</u>	<u>39,692</u>	<u>30,564</u>

The above expenses include the following statutory disclosures:

	Group			
	Third Quarter		Cumulative	
	Ended		9 Months Ended	
	1.7.2016	1.7.2015	1.1.2016	1.1.2015
	to	to	to	to
30.9.2016	30.9.2015	30.9.2016	30.9.2015	
	RM'000	RM'000	RM'000	RM'000
Directors' fee and remuneration	205	245	780	1,541
Key management personnel	441	421	1,310	1,729
Hire of equipment	26	25	82	83
Auditors' remuneration				
- Statutory audit	29	24	137	121
- Other regulated related services	23	22	49	49
- Other services	5	7	119	112
	<u>5</u>	<u>7</u>	<u>119</u>	<u>112</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

24. Overhead expenses (cont'd.)

	Bank			
	Third Quarter		Cumulative	
	Ended		9 Months Ended	
	1.7.2016 to 30.9.2016 RM'000	1.7.2015 to 30.9.2015 RM'000	1.1.2016 to 30.9.2016 RM'000	1.1.2015 to 30.9.2015 RM'000
Personnel costs				
Salaries, allowances and bonuses	6,744	5,086	18,520	14,850
Defined Contribution Plan - Employees Provident Fund	854	707	2,442	2,138
Others	1,069	841	2,260	2,461
	<u>8,667</u>	<u>6,634</u>	<u>23,222</u>	<u>19,449</u>
Establishment costs				
Depreciation	1,133	540	3,410	1,661
Amortisation of intangible assets	23	116	221	357
Repair and maintenance	540	156	1,630	903
Information technology expenses	292	333	964	855
Rental expenses	227	215	673	644
Others	871	407	1,898	1,279
	<u>3,086</u>	<u>1,767</u>	<u>8,796</u>	<u>5,699</u>
Marketing costs				
Advertising and publicity	45	43	169	174
Others	14	7	33	40
	<u>59</u>	<u>50</u>	<u>202</u>	<u>214</u>

Bangkok Bank Berhad
(Incorporated in Malaysia)

24. Overhead expenses (cont'd.)

	Bank			
	Third Quarter		Cumulative	
	Ended		9 Months Ended	
	1.7.2016	1.7.2015	1.1.2016	1.1.2015
	to	to	to	to
30.9.2016	30.9.2015	30.9.2016	30.9.2015	
	RM'000	RM'000	RM'000	RM'000
Administration and general costs				
Communication expenses	273	284	803	852
Subscriptions	365	327	978	838
Professional fees	734	325	916	1,000
Auditors remunerations	56	51	304	280
Non-executive directors' remuneration	205	231	780	640
Insurance	129	62	388	430
Travelling	71	(9)	228	217
Loss on indemnity	2,067	-	2,067	-
Others	373	331	1,007	943
	<u>4,273</u>	<u>1,602</u>	<u>7,471</u>	<u>5,200</u>
Total	<u>16,085</u>	<u>10,053</u>	<u>39,691</u>	<u>30,562</u>

The above expenses include the following statutory disclosures:

	Bank			
	Third Quarter		Cumulative	
	Ended		9 Months Ended	
	1.7.2016	1.7.2015	1.1.2016	1.1.2015
	to	to	to	to
30.9.2016	30.9.2015	30.9.2016	30.9.2015	
	RM'000	RM'000	RM'000	RM'000
Directors' fee and remuneration	205	245	780	1,541
Key management personnel	441	421	1,310	1,729
Hire of equipment	26	25	82	83
Auditors' remuneration				
- Statutory audit	28	23	136	120
- Other regulated related services	23	22	49	49
- Other services	5	6	119	111
	<u>5</u>	<u>6</u>	<u>119</u>	<u>111</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 September 2016				
Direct credit substitutes	20,069	-	20,069	19,399
Transaction-related contingent items	194,996	-	97,498	84,689
Short-term self-liquidating trade-related contingencies	63,164	-	12,633	12,484
Forward foreign exchange contracts				
- less than one year	73,777	97	464	394
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity of up to one year	1,791,686	-	358,337	358,928
- maturity of over one year	75,456	-	37,728	37,728
Any commitment that are unconditionally cancelled at any time without prior notice	5,523	-	-	-
Total	2,224,671	97	526,729	513,622

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 of up to one year	1,946,535	-	389,307	389,276
- maturity of over one year	69,859	-	34,930	34,926
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 September 2016	RM'000	RM'000	RM'000	RM'000
Securities available-for-sale				
Money market instruments:				
Government Investment Issue	-	404,141	-	404,141
Malaysian Government Securities		283,924		283,924
Cagamas Bonds	-	50,015	-	50,015
Unquoted securities:				
Private debt securities	-	85,337	-	85,337
	-	823,417	-	823,417
Derivative financial instruments				
Derivative assets	-	97	-	97
Derivative liabilities	-	(808)	-	(808)
	-	(711)	-	(711)

Bangkok Bank Berhad
(Incorporated in Malaysia)

26. Fair value hierarchy (cont'd.)

Group and Bank	Level 1	Level 2	Level 3	Total
31 December 2015	RM'000	RM'000	RM'000	RM'000
Securities available-for-sale				
Money market instruments:				
Government Investment Issue	-	360,692	-	360,692
Malaysian Government				
Securities	-	282,350	-	282,350
Negotiable Instruments of Deposit	-	300,000	-	300,000
Malaysia Treasury Bills	-	59,755	-	59,755
Cagamas Bonds	-	49,990	-	49,990
Unquoted securities:				
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:

	30.9.2016	31.12.2015
Common Equity Tier 1 Capital Ratio	22.25%	21.10%
Total Capital Ratio	<u>23.44%</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:

	30.9.2016	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	5,180	602
Retained profits	53,136	28,897
Less: Regulatory adjustment, applied on CET1 Capital		
Other intangibles	(84)	-
Deferred tax assets	(1,400)	(5,678)
Gain on available-for-sale securities	(2,849)	(331)
Total Common Equity Tier 1 Capital	<u>807,424</u>	<u>776,931</u>
Tier 2 Capital		
Collective impairment (only those attributable to non-impaired loans, advances and financing)	<u>43,178</u>	<u>44,068</u>
Total Tier 2 Capital	<u>43,178</u>	<u>44,068</u>
Total Capital		
Tier 1 Capital	807,424	776,931
Tier 2 Capital	43,178	44,068
Less: Investment in subsidiary	(10)	(10)
Total Capital	<u>850,592</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
	30.9.2016	assets	31.12.2015	assets
	RM'000	30.9.2016	RM'000	31.12.2015
		RM'000	RM'000	RM'000
0%	806,394	-	839,324	-
20%	267,907	53,581	578,964	115,793
35%	1,989	696	2,409	843
50%	80,137	40,069	66,069	33,034
100%	3,271,787	3,271,787	3,329,070	3,329,070
150%	58,755	<u>88,133</u>	31,114	<u>46,671</u>
Total risk-weighted assets for credit risk		3,454,266		3,525,411
Total risk-weighted assets for market risk		20,405		10,578
Total risk-weighted assets for operational risk		<u>154,819</u>		<u>146,762</u>
Total risk-weighted assets		<u>3,629,490</u>		<u>3,682,751</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			
	Third Quarter		Cumulative	
	Ended		9 Months Ended	
	1.7.2016	1.7.2015	1.1.2016	1.1.2015
	to	to	to	to
	30.9.2016	30.9.2015	30.9.2016	30.9.2015
	RM'000	RM'000	RM'000	RM'000
Income				
Interest on advances to the holding company and its branches	-	-	22	1
Expenditure				
Interest on advances from the holding company and its branches	699	493	1,785	1,353

	Group and Bank	
	30.9.2016	31.12.2015
	RM'000	RM'000
Amount due to		
Deposits and placements from the holding company and its branches	311,766	327,448
Amount due from		
Cash and short-term funds placed with the holding company and its branches	12,657	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.

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**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 September 2016 and of the results and the cash flows of the Group and of the Bank for the nine-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
15 December 2016