

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

Statement by Directors and Interim Condensed Financial
Statements
30 September 2014

299740-W

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

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

**Performance review for the financial period ended 30 September 2014 and
commentary on the prospects**

Bangkok Bank Berhad (“BBB”) registered a profit before tax of RM1.2 million for the nine-month of 2014 which was sharply lower than the RM21.6 million recorded during the previous comparative period. The lower profit was mainly due to the newly classified impaired loans during the first half of 2014 which resulted in an net additional individual impairment charges of RM17.9 million. The additional impairment charges was partially set off against the writeback of collective impairment of RM3.6 million.

Net interest income improved 16.8% from RM41.7 million in the nine-month of 2013 to RM48.7 million in the nine-month of 2014 mainly due to expanded lending business and investment portfolio.

Non-interest income of RM11.0 million for 9 months ended 30 September 2014 remains largely unchanged as compared to RM11.2 million for the same period ended 30 September 2013.

Overhead expenses increased from RM25.9 million in the previous comparative period to RM28.7 million. The increase was mainly due to operational expenses incurred resulted from the additional staff force to support the growth and expansion of the Bank.

Gross loan outstanding increased from RM2.58 billion at end of December 2013 to RM2.80 billion at the nine-month ended 30 September 2014. The increase was due to new loans granted and utilisation of lending facilities.

Deposits from customers grew 17.9% from RM2.46 billion at end of December 2013 to RM2.90 billion at the nine-month ended 30 September 2014. This is the result of the Bank's heightened focus on generating customer deposits to maintain prudent liquidity position and to fund future loan growth.

Impaired loans increased from RM27.5 million at end of December 2013 to RM80.4 million at end of September 2014. This was due to a corporate and three SME customers totalling RM60 million being classified as impaired in March 2014. Net impaired loans ratio increased from 0.26% at end of December 2013 to 1.32% at end of September 2014.

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 2014

	Note	Group		Bank	
		30.9.2014 RM'000	31.12.2013 RM'000	30.9.2014 RM'000	31.12.2013 RM'000
Assets					
Cash and short-term funds		415,258	295,570	415,183	295,502
Securities held-for-trading	12	-	9,803	-	9,803
Securities available-for-sale	13	910,142	520,747	910,142	520,747
Securities held-to-maturity	14	40,024	40,104	40,024	40,104
Loans, advances and financing	15	2,695,531	2,493,493	2,695,531	2,493,493
Derivative assets	27	4,752	2,134	4,752	2,134
Other assets	16	13,546	6,058	13,546	6,058
Statutory deposit with Bank Negara Malaysia		90,000	90,000	90,000	90,000
Investment in subsidiary		-	-	10	10
Property and equipment	17	109,376	78,803	109,376	78,803
Intangible assets		774	1,012	774	1,012
Deferred tax assets		12,999	14,727	12,999	14,727
Total assets		4,292,402	3,552,451	4,292,337	3,552,393
Liabilities and shareholder's equity					
Deposits from customers	18	2,901,047	2,457,461	2,901,047	2,457,461
Deposits and placements of banks and other financial institution	19	554,651	365,099	554,651	365,099
Bills and acceptances payable		215,448	108,953	215,448	108,953
Derivative liabilities	27	5,287	2,582	5,287	2,582
Other liabilities	20	41,880	45,987	41,877	45,984
Total liabilities		3,718,313	2,980,082	3,718,310	2,980,079
Share capital		400,000	400,000	400,000	400,000
Statutory reserve		146,482	146,482	146,472	146,472
Revaluation reserve		(1,993)	(2,668)	(1,993)	(2,668)
Retained profits		29,600	28,555	29,548	28,510
Shareholder's equity		574,089	572,369	574,027	572,314
Total liabilities and shareholder's equity		4,292,402	3,552,451	4,292,337	3,552,393
Commitments and contingencies	26	3,052,071	2,391,131	3,052,071	2,391,131

The Interim Condensed Financial Statements should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Bangkok Bank Berhad
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Interim condensed income statements
For the financial period ended 30 September 2014

	Note	Group			
		Current Quarter		Cumulative Quarter	
		3 months ended		9 months ended	
		1.7.2014 to 30.9.2014 RM'000	1.7.2013 to 30.9.2013 RM'000	1.1.2014 to 30.9.2014 RM'000	1.1.2013 to 30.9.2013 RM'000
Interest income	21	41,306	34,275	117,869	102,391
Interest expense	22	(24,662)	(19,854)	(69,211)	(60,670)
Net interest income		16,644	14,421	48,658	41,721
Loan impairment charges, net	23	(15,408)	(8,518)	(29,687)	(5,525)
		1,236	5,903	18,971	36,196
Non-interest income	24	3,600	3,850	10,966	11,229
Net income		4,836	9,753	29,937	47,425
Overhead expenses	25	(9,437)	(8,785)	(28,700)	(25,863)
Profit before taxation		(4,601)	968	1,237	21,562
Taxation		1,056	(306)	(192)	(5,383)
Net profit for the period		(3,545)	662	1,045	16,179
Earnings per share (sen)					
- basic		(0.89)	0.17	0.26	4.04
- diluted		(0.89)	0.17	0.26	4.04

The Interim Condensed Financial Statements should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Bangkok Bank Berhad
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Interim condensed income statements

For the financial period ended 30 September 2014 (cont'd.)

	Note	Bank			
		Current Quarter		Cumulative Quarter	
		3 months ended		9 months ended	
		1.7.2014 to 30.9.2014 RM'000	1.7.2013 to 30.9.2013 RM'000	1.1.2014 to 30.9.2014 RM'000	1.1.2013 to 30.9.2013 RM'000
Interest income	21	41,306	34,275	117,869	102,391
Interest expense	22	(24,662)	(19,854)	(69,211)	(60,670)
Net interest income		16,644	14,421	48,658	41,721
Loan impairment charges, net	23	(15,408)	(8,518)	(29,687)	(5,525)
		1,236	5,903	18,971	36,196
Non-interest income	24	3,594	3,849	10,954	11,218
Net income		4,830	9,752	29,925	47,414
Overhead expenses	25	(9,436)	(8,785)	(28,698)	(25,862)
Net profit before taxation		(4,606)	967	1,227	21,552
Taxation		1,058	(306)	(189)	(5,381)
Profit for the period		(3,548)	661	1,038	16,171

The Interim Condensed Financial Statements should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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Bangkok Bank Berhad
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Interim condensed statements of comprehensive income
For the financial period ended 30 September 2014

	Group			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2014	1.7.2013	1.1.2014	1.1.2013
	to	to	to	to
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	<u>(3,545)</u>	<u>662</u>	<u>1,045</u>	<u>16,179</u>
Other comprehensive income items that maybe reclassified to profit or loss subsequently:				
Net gain/(loss) on securities available-for-sale	748	(258)	900	(1,639)
Income tax relating to components of other comprehensive income	<u>(187)</u>	<u>65</u>	<u>(225)</u>	<u>410</u>
Other comprehensive income/(loss) for the period, net of tax	<u>561</u>	<u>(193)</u>	<u>675</u>	<u>(1,229)</u>
Total comprehensive income for the period, net of tax	<u>(2,984)</u>	<u>469</u>	<u>1,720</u>	<u>14,950</u>

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Bangkok Bank Berhad
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Interim condensed statements of comprehensive income
For the financial period ended 30 September 2014 (cont'd.)

	Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2014	1.7.2013	1.1.2014	1.1.2013
	to	to	to	to
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	<u>(3,548)</u>	<u>661</u>	<u>1,038</u>	<u>16,171</u>
Other comprehensive income items that maybe reclassified to profit or loss subsequently:				
Net gain/(loss) on securities available-for-sale	748	(258)	900	(1,639)
Income tax relating to components of other comprehensive income	<u>(187)</u>	<u>65</u>	<u>(225)</u>	<u>410</u>
Other comprehensive income/(loss) for the period, net of tax	<u>561</u>	<u>(193)</u>	<u>675</u>	<u>(1,229)</u>
Total comprehensive income for the period, net of tax	<u>(2,987)</u>	<u>468</u>	<u>1,713</u>	<u>14,942</u>

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Bangkok Bank Berhad
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Interim condensed statements of changes in equity
For the financial period ended 30 September 2014

	<----- Group ----->				
	<---Non-distributable--->			Distributable	
	Share capital RM'000	Statutory reserve RM'000	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2013	400,000	138,661	31	20,723	559,415
Total comprehensive (loss)/income	-	-	(1,229)	16,179	14,950
At 30 September 2013	400,000	138,661	(1,198)	36,902	574,365
At 1 January 2014	400,000	146,482	(2,668)	28,555	572,369
Total comprehensive income	-	-	675	1,045	1,720
At 30 September 2014	400,000	146,482	(1,993)	29,600	574,089

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Bangkok Bank Berhad
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Interim condensed statements of changes in equity
For the financial period ended 30 September 2014 (cont'd.)

	<----- Bank ----->				
	<---Non-distributable--->			Distributable	
	Share capital RM'000	Statutory reserve RM'000	Revaluation reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2013	400,000	138,651	31	20,689	559,371
Total comprehensive (loss)/income	-	-	(1,229)	16,171	14,942
At 30 September 2013	400,000	138,651	(1,198)	36,860	574,313
At 1 January 2014	400,000	146,472	(2,668)	28,510	572,314
Total comprehensive income	-	-	675	1,038	1,713
At 30 September 2014	400,000	146,472	(1,993)	29,548	574,027

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Bangkok Bank Berhad
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Interim condensed statements of cash flows
For the financial period ended 30 September 2014

	Note	Group		Bank	
		1.1.2014 to 30.9.2014 RM'000	1.1.2013 to 30.9.2013 RM'000	1.1.2014 to 30.9.2014 RM'000	1.1.2013 to 30.9.2013 RM'000
Cash flows from operating activities					
Profit before tax		1,237	21,562	1,227	21,552
Adjustments for:					
Depreciation	25	1,274	1,423	1,274	1,423
Amortisation of intangible assets	25	353	125	353	125
Allowance for losses on loans, advances and financing, net	23	29,733	6,042	29,733	6,042
Property and equipment written off		9	4	9	4
Net gain on disposal of property and equipment	24	-	(96)	-	(96)
Write back of impairment losses of securities held-to-maturity	24	(42)	(106)	(42)	(106)
Unrealised loss/(gain) on foreign exchange forward contracts	24	87	(2,572)	87	(2,572)
Net (gain)/loss on revaluation of securities held-for-trading	24	(59)	18	(59)	18
Net gain on disposal of securities held-for-trading	24	(88)	(275)	(88)	(275)
Net gain on disposal of securities available-for-sale	24	66	(657)	66	(657)
Accretion of discount net of amortisation of premium	21	(112)	(636)	(112)	(636)
Gross dividend from securities available-for-sale	24	(95)	(98)	(95)	(98)
Operating profit before working capital changes		32,363	24,734	32,353	24,724
Increase in loans, advances and financing		(231,771)	(195,622)	(231,771)	(195,622)
(Increase)/decrease in other assets		(2,382)	801	(2,382)	801
Increase in statutory deposit with Bank Negara Malaysia		-	(9,000)	-	(9,000)
Increase in deposits from customer		443,586	81,052	443,586	81,052

The Interim Condensed Financial Statements should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

Bangkok Bank Berhad
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Interim condensed statements of cash flows
For the financial period ended 30 September 2014 (cont'd.)

	Group		Bank	
	1.1.2014 to 30.9.2014 RM'000	1.1.2013 to 30.9.2013 RM'000	1.1.2014 to 30.9.2014 RM'000	1.1.2013 to 30.9.2013 RM'000
Cash flows from operating activities (cont'd)				
Increase in deposits and placements of banks and other financial institutions	189,552	2,483	189,552	2,483
Increase/(decrease) in bills and acceptances payable	106,495	(42,927)	106,495	(42,927)
(Decrease)/increase in other liabilities	(3,991)	8,933	(3,991)	8,934
Cash generated from/(used in) operations	533,852	(129,546)	533,842	(129,555)
Taxes paid	(7,106)	(6,437)	(7,103)	(6,434)
Taxes refunded	3,195	-	3,195	-
Net cash generated from/(used in) operating activities	529,941	(135,983)	529,934	(135,989)
Cash flows from investing activities				
Purchase of property and equipment	(31,947)	(8,490)	(31,947)	(8,490)
Purchase of intangible assets	(24)	(58)	(24)	(58)
Purchase of securities held-for-trading	(328,632)	(610,326)	(328,632)	(610,326)
Purchase of securities available-for-sale	(688,245)	(1,081,240)	(688,245)	(1,081,240)
Proceeds from sale of securities held-for-trading	338,583	640,687	338,583	640,687
Proceeds from sale of securities available-for-sale	-	258,444	-	258,444
Proceeds from maturity of securities available-for-sale	299,875	985,000	299,875	985,000
Proceeds from maturity of securities held-to-maturity	42	5,106	42	5,106
Dividend received	95	84	95	84
Proceeds from disposal of property and equipment	-	105	-	105
Net cash (used in)/generated from investing activities	(410,253)	189,312	(410,253)	189,312

The Interim Condensed Financial Statements should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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Bangkok Bank Berhad
(Incorporated in Malaysia)

Interim condensed statements of cash flows
For the financial period ended 30 September 2014 (cont'd.)

	Group		Bank	
	1.1.2014 to 30.9.2014 RM'000	1.1.2013 to 30.9.2013 RM'000	1.1.2014 to 30.9.2014 RM'000	1.1.2013 to 30.9.2013 RM'000
Net increase in cash and cash equivalents	119,688	53,329	119,681	53,323
Cash and cash equivalents at beginning of financial period	295,570	387,441	295,502	387,383
Cash and cash equivalents at end of financial period	<u>415,258</u>	<u>440,770</u>	<u>415,183</u>	<u>440,706</u>
Cash and cash equivalents comprise:				
Cash and short-term funds	<u>415,258</u>	<u>440,770</u>	<u>415,183</u>	<u>440,706</u>

The Interim Condensed Financial Statements should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.

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

Notes to the interim condensed financial statements - 30 September 2014

1. Corporate information

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

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

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

2. Basis of preparation

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"). These interim condensed financial statements should be read in conjunction with the audited financial statements of the Group and the Bank for the financial year ended 31 December 2013.

2.1 Adoption of MFRSs and Issues Committee ("IC") Interpretations for the financial period

1 January 2014

Amendments to MFRS 132 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*

Amendments to MFRS 10, MFRS 12 and MFRS 127 *Investment Entities*

Amendments to MFRS 136 *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*

Amendments to MFRS 139 *Financial Investments: Recognition and Measurement Novation of Derivatives and Continuation of Hedge Accounting*

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

**Bangkok Bank Berhad
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2. Basis of preparation (cont'd.)

2.2 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Bank's financial statements are disclosed below. The Group and the Bank intend to adopt these standards, if applicable, when they become effective.

MFRSs, Interpretations and amendments effective for annual period beginning on or after 1 July 2014

Amendments to MFRS 119 *Employee Benefits (Defined Benefit Plans: Employee Contributions)*

Annual Improvements to MFRSs 2010-2012 Cycle

Annual Improvements to MFRSs 2011-2013 Cycle

MFRSs, Interpretations and amendments effective for annual period beginning on or after 1 January 2016

MFRS 14: *Regulatory Deferral Accounts*

Amendments to MFRS 116 and MFRS 138: *Property, Plant and Equipment and Intangible Assets*

Amendments to MFRS 11: *Joint Arrangements*

Effective dates to be announced

MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in November 2009)

MFRS 9 *Financial Instruments* (IFRS 9 issued by IASB in October 2010)

MFRS 9 *Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139*

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 except as described below:

MFRS 9 *Financial Instruments*

IFRS 9 or MFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 or MFRS 139 *Financial Instruments: Recognition and Measurement* and applies to classification and measurement of financial liabilities and financial liabilities as defined in MFRS 139 *Financial Instruments: Recognition and Measurement* ("MFRS 139") and replaces the guidance in MFRS 139. The Standard may have material impact on the financial statements of the Group and the Bank upon its first adoption. The Bank is in the midst of analysing the requirements of the standard and its impact. The full standard of IFRS 9 had been issued by IASB on 24 July 2014.

**Bangkok Bank Berhad
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2. Basis of preparation (cont'd.)

2.3 Significant accounting judgements and estimates

In the process of applying the Group's and the Bank's accounting policies, management has exercised judgements and estimates in determining the amounts recognised in the financial statements. The most significant uses of judgements and estimates are as follows:

(i) Impairment losses on loans, advances and financing

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

The Group and the Bank review their remaining loans, advances and financing collectively and estimate probability of default and loss given default based on historical data, parent bank data, rating agencies' data, etc.

The impairment loss on loans, advances and financing is disclosed in more detail in Note 15(vii).

(ii) Impairment of available-for-sale investments

The Group and the Bank review the debt securities classified as available-for-sale investments at each reporting date to assess whether they are impaired. This requires similar judgement as applied to the individual assessment of loans, advances and financing.

The Group and the Bank also record impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group and the Bank evaluate, among other factors, historical share price movements and duration and audited financial information of the equity investments to assess the extent to which the fair value of an investment is less than its cost, if any.

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2. Basis of preparation (cont'd.)

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

(iii) Deferred tax assets

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

3. Auditors' report on preceding annual financial statements

The auditors' report on the audited annual financial statements for the year ended 31 December 2013 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 2014.

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 2014.

7. Debt and equity securities

There were no issuances, repurchases and repayments of debt and equity securities during the financial period ended 30 September 2014.

8. Subsequent events

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

9. Changes in composition of the group

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

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**Bangkok Bank Berhad
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10. Dividends paid

No dividend was declared or paid during the financial period ended 30 September 2014.

11. Segmental information

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

12. Securities held-for-trading

	Group and Bank	
	30.9.2014	31.12.2013
	RM'000	RM'000
In Malaysia:		
At fair value		
Money market instruments:		
Bank Negara Monetary Notes	-	9,803
	<u>-</u>	<u>9,803</u>

13. Securities available-for-sale

	Group and Bank	
	30.9.2014	31.12.2013
	RM'000	RM'000
In Malaysia:		
At fair value		
Money market instruments:		
Malaysian Government Securities	79,908	79,220
Cagamas Bonds	49,810	50,000
Government Investment Issues	239,735	240,159
Bank Negara Monetary Notes	249,516	29,903
Negotiable Instruments of Deposit	150,000	-
Unquoted securities in Malaysia:		
Private debt securities	140,301	120,593
	<u>909,270</u>	<u>519,875</u>
At cost		
Unquoted securities:		
Shares	872	872
	<u>910,142</u>	<u>520,747</u>

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14. Securities held-to-maturity

	Group and Bank	
	30.9.2014	31.12.2013
	RM'000	RM'000
In Malaysia:		
At amortised cost		
Unquoted securities:		
Private debt securities	40,024	40,104

15. Loans, advances and financing

	Group and Bank	
	30.9.2014	31.12.2013
	RM'000	RM'000
At amortised cost		
Overdrafts	172,779	139,862
Term loans		
- Housing loans	4,795	5,152
- Syndicated term loan	63,797	62,658
- Other term loans	723,884	579,359
Revolving credits	599,263	508,595
Bills receivables	14,640	5,748
Trust receipts	164,591	139,683
Bankers' acceptances	1,064,904	1,140,862
Other financing	1,226	1,151
Staff loans	1,642	1,877
	<u>2,811,521</u>	<u>2,584,947</u>
Unearned interest	(7,157)	(7,290)
Gross loans, advances and financing	<u>2,804,364</u>	<u>2,577,657</u>
Less: Allowance for impaired loans and financing		
- Individual impairment allowance	(43,948)	(20,882)
- Collective impairment allowance	(64,885)	(63,282)
Net loans, advances and financing	<u>2,695,531</u>	<u>2,493,493</u>

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

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

	Group and Bank	
	30.9.2014	31.12.2013
	RM'000	RM'000
Maturing within one year	2,070,936	2,004,971
One year to three years	61,042	62,515
Three years to five years	247,052	122,891
Over five years	425,334	387,280
	<u>2,804,364</u>	<u>2,577,657</u>

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

	Group and Bank	
	30.9.2014	31.12.2013
	RM'000	RM'000
Purchase of transport vehicles	549	424
Purchase of residential properties	5,886	6,655
Purchase of non-residential properties	56,034	99,233
Purchase of fixed assets other than land and building	40,238	28,655
Personal use	7,153	1,834
Construction	225,342	133,161
Mergers and acquisitions	64,984	77,986
Working capital	2,235,456	2,089,761
Others	168,722	139,948
	<u>2,804,364</u>	<u>2,577,657</u>

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

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

	Group and Bank	
	30.9.2014	31.12.2013
	RM'000	RM'000
Domestic non-bank financial institutions	305,831	267,126
Domestic business enterprises		
- Small medium enterprises	809,639	659,202
- Others	1,660,919	1,642,416
Individuals	27,975	8,913
	<u>2,804,364</u>	<u>2,577,657</u>

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

	Group and Bank	
	30.9.2014	31.12.2013
	RM'000	RM'000
Variable rate		
- BLR plus	470,196	392,927
- Cost-plus	2,208,247	2,104,712
- Other variable rates	125,921	80,018
	<u>2,804,364</u>	<u>2,577,657</u>

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

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

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

	Group and Bank	
	30.9.2014	31.12.2013
	RM'000	RM'000
Balance as at 1 January	27,485	45,695
Classified as impaired during the period/year	62,230	2,112
Reclassified as non-impaired during the period/year	(535)	(430)
Amount recovered	(3,698)	(19,865)
Amount written off	(5,064)	(27)
Balance as at end of period/year	<u>80,418</u>	<u>27,485</u>
Individual impairment allowance	<u>(43,948)</u>	<u>(20,882)</u>
Net impaired loans, advances and financing	<u>36,470</u>	<u>6,603</u>
Ratio of net impaired loans, advances and financing to gross loans, advances and financing less individual impairment allowance	<u>1.32%</u>	<u>0.26%</u>

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

	Group and Bank	
	30.9.2014	31.12.2013
	RM'000	RM'000
Individual impairment allowance		
Balance as at 1 January	20,882	22,147
Allowance made during the period/year (Note 23)	29,087	1,298
Amount written back (Note 23)	(957)	(2,536)
Amount written off	(5,064)	(27)
Balance as at end of period/year	<u>43,948</u>	<u>20,882</u>
Collective impairment allowance		
Balance as at 1 January as previously stated (Amount written back)/allowance made during the year period/year (Note 23)	63,282	46,158
Balance as at end of period/year	<u>1,603</u>	<u>17,124</u>
	<u>64,885</u>	<u>63,282</u>
Collective impairment allowance as % of gross loans, advances and financing less individual impairment allowance	<u>2.35%</u>	<u>2.48%</u>

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15. 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 judgmental triggers that may indicate potential impairment. Loans and overdrafts are classified as impaired when repayments are in arrears for three (3) months or more from the first day of default. Trade bills, bankers acceptances and trust receipts are classified as impaired when they are due and unpaid for three (3) months from the first day of default. All impaired accounts are selected for individual impairment review on a quarterly basis. The Bank also performs quarterly individual impairment reviews for:

- Special Mention accounts that are in arrears between 1 to 3 months, whether or not there had been any rescheduling or restructuring of payment terms; 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	
	30.9.2014	31.12.2013
	RM'000	RM'000
Purchase of residential properties	2,108	1,822
Working capital	78,310	23,206
Others	-	2,457
	<u>80,418</u>	<u>27,485</u>

All impaired loan, advances and financing of the Bank are attributable to customers in Malaysia.

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16. Other assets

	Group		Bank	
	30.9.2014	31.12.2013	30.9.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Other receivables, deposits and prepayments	8,438	6,058	8,438	6,058
Tax recoverable	5,108	-	5,108	-
	<u>13,546</u>	<u>6,058</u>	<u>13,546</u>	<u>6,058</u>

17. Property and equipment

During the nine-month period ended 30 September 2014, the Group and the Bank acquired assets with a cost of RM31,947,157 (31.12.2013: RM12,208,000).

18. Deposits from customers

(i) By type of deposit

	Group and Bank	
	30.9.2014	31.12.2013
	RM'000	RM'000
Fixed deposits	1,769,239	1,840,725
Negotiable instruments of deposits	440,000	280,000
Current accounts	221,456	167,851
Savings deposits	12,953	13,912
Short term deposits	457,399	154,973
	<u>2,901,047</u>	<u>2,457,461</u>

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18. Deposits from customers (cont'd.)

- (ii) The maturity structure of fixed deposits, negotiable instruments of deposits and short term deposits is as follows:

	Group and Bank	
	30.9.2014	31.12.2013
	RM'000	RM'000
Due within six months	2,532,437	2,037,913
Six months to one year	119,259	232,471
One year to three years	14,372	4,594
Over three years	570	720
	<u>2,666,638</u>	<u>2,275,698</u>

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

	Group and Bank	
	30.9.2014	31.12.2013
	RM'000	RM'000
Domestic financial institutions	250,000	180,000
Government	90,000	100,000
Business enterprises	2,204,130	1,846,462
Individuals	335,105	288,084
Others	21,812	42,915
	<u>2,901,047</u>	<u>2,457,461</u>

- (iv) All the deposits from customers are unsecured.

19. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30.9.2014	31.12.2013
	RM'000	RM'000
Licensed banks	553,430	363,950
Other financial institutions	1,221	1,149
	<u>554,651</u>	<u>365,099</u>

All the deposits and placements of banks and other financial institutions are unsecured.

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20. Other liabilities

	Group		Bank	
	30.9.2014	31.12.2013	30.9.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Accruals	4,365	2,224	4,365	2,224
Tax payables	-	116	-	116
Interest payables	13,217	14,466	13,217	14,466
Other payables	24,298	29,181	24,295	29,178
	41,880	45,987	41,877	45,984

21. Interest income

	Group and Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2014	1.7.2013	1.1.2014	1.1.2013
	to	to	to	to
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
	RM'000	RM'000	RM'000	RM'000
Interest income from loans, advances and financing				
- Interest income other than recoveries from impaired loans	31,322	26,670	90,414	77,873
- Recoveries from impaired loans	-	-	-	179
- Interest income from impaired loans	700	183	1,730	958
Deposits and placements with banks and other financial institutions	3,121	3,654	8,452	10,534
Securities held-for-trading	57	143	102	233
Securities available-for-sale	5,789	3,354	15,758	10,464
Securities held-to-maturity	442	508	1,301	1,514
	41,431	34,512	117,757	101,755
Amortisation of premium net of accretion of discount				
- Securities held-for-trading	1	1	1	5
- Securities available-for-sale	(99)	(195)	191	761
- Securities held-to-maturity	(27)	(43)	(80)	(130)
	41,306	34,275	117,869	102,391

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22. Interest expense

	Group and Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2014	1.7.2013	1.1.2014	1.1.2013
	to	to	to	to
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	21,769	17,965	61,678	54,219
Deposits and placements of banks and other financial institutions	2,893	1,889	7,533	6,451
	<u>24,662</u>	<u>19,854</u>	<u>69,211</u>	<u>60,670</u>

23. Loan impairment charges/(writeback), net

	Group and Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2014	1.7.2013	1.1.2014	1.1.2013
	to	to	to	to
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
	RM'000	RM'000	RM'000	RM'000
Allowance for/(write-back of) impaired loans, advances and financing				
Individual impairment:				
- made during the period/year (Note 15(vii))	10,672	194	29,087	1,020
- written back (Note 15(vii))	(445)	(47)	(957)	(2,503)
Collective impairment, net (Note 15(vii))	5,198	8,470	1,603	7,525
Impaired loans, advances and financing recovered	(17)	(99)	(46)	(517)
	<u>15,408</u>	<u>8,518</u>	<u>29,687</u>	<u>5,525</u>

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24. Non-interest income

	Group			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2014	1.7.2013	1.1.2014	1.1.2013
	to	to	to	to
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
	RM'000	RM'000	RM'000	RM'000
Fee income:				
Commission	1,224	947	3,650	2,365
Service charges and fees	407	413	1,238	1,208
Guarantee fees	530	374	1,845	1,068
	<u>2,161</u>	<u>1,734</u>	<u>6,733</u>	<u>4,641</u>
Investment income:				
Net gain/(loss) on sale of investments:				
- Securities held-for-trading	29	204	88	275
- Securities available-for-sale	(66)	-	(66)	657
Net (loss)/gain on revaluation of securities held-for-trading	-	(49)	59	(18)
Net loss on revaluation of forward investment	-	(16)	-	(6)
Write back of impairment losses on securities held-to-maturity	6	53	42	106
Gross dividend from securities available-for-sale	40	56	95	98
	<u>9</u>	<u>248</u>	<u>218</u>	<u>1,112</u>
Foreign exchange gain/(loss)	502	(1,246)	3,790	2,435
Unrealised gain/(loss) on foreign exchange forward contracts	831	2,988	(87)	2,572
Rental income	92	125	293	369
Gain on disposal of property and equipment	-	-	-	96
Others	5	1	19	4
	<u>1,430</u>	<u>1,868</u>	<u>4,015</u>	<u>5,476</u>
	<u>3,600</u>	<u>3,850</u>	<u>10,966</u>	<u>11,229</u>

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

	Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2014 to 30.9.2014 RM'000	1.7.2013 to 30.9.2013 RM'000	1.1.2014 to 30.9.2014 RM'000	1.1.2013 to 30.9.2013 RM'000
Fee income:				
Commission	1,218	946	3,638	2,354
Service charges and fees	407	413	1,238	1,208
Guarantee fees	530	374	1,845	1,068
	<u>2,155</u>	<u>1,733</u>	<u>6,721</u>	<u>4,630</u>
Investment income:				
Net gain/(loss) on sale of investments:				
- Securities held-for-trading	29	204	88	275
- Securities available-for-sale	(66)	-	(66)	657
Net (loss)/gain on revaluation of securities held-for-trading	-	(49)	59	(18)
Net loss on revaluation of forward investment	-	(16)	-	(6)
Write back of impairment losses on securities held-to-maturity	6	53	42	106
Gross dividend from securities available-for-sale	40	56	95	98
	<u>9</u>	<u>248</u>	<u>218</u>	<u>1,112</u>
Foreign exchange gain/(loss)	502	(1,246)	3,790	2,435
Unrealised gain/(loss) on foreign exchange forward contracts	831	2,988	(87)	2,572
Rental income	92	125	293	369
Gain on disposal of property and equipment	-	-	-	96
Others	5	1	19	4
	<u>1,430</u>	<u>1,868</u>	<u>4,015</u>	<u>5,476</u>
	<u>3,594</u>	<u>3,849</u>	<u>10,954</u>	<u>11,218</u>

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25. Overhead expenses

	Group			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2014	1.7.2013	1.1.2014	1.1.2013
	to	to	to	to
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, allowances and bonuses	5,087	4,710	15,151	14,022
Defined Contribution Plan				
- Employees Provident Fund	758	701	2,247	2,083
Others	478	397	1,658	1,241
	<u>6,323</u>	<u>5,808</u>	<u>19,056</u>	<u>17,346</u>
Establishment costs				
Depreciation	419	464	1,274	1,423
Amortisation of intangible assets	112	42	353	125
Repair and maintenance	164	197	515	540
Computerisation costs	269	245	875	699
Rental expenses	214	215	643	638
Others	434	410	1,273	1,152
	<u>1,612</u>	<u>1,573</u>	<u>4,933</u>	<u>4,577</u>
Marketing costs				
Advertising and publicity	99	108	231	215
Others	19	33	57	74
	<u>118</u>	<u>141</u>	<u>288</u>	<u>289</u>

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25. Overhead expenses (cont'd.)

	Group			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2014	1.7.2013	1.1.2014	1.1.2013
	to	to	to	to
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
	RM'000	RM'000	RM'000	RM'000
Administration and general costs				
Communication expenses	278	276	824	824
Subscriptions	253	225	707	609
Professional fees	279	190	680	555
Auditors remunerations	55	61	290	279
Non-executive directors' remuneration	183	137	535	331
Insurance	62	65	193	187
Travelling	67	65	168	205
Others	207	244	1,026	661
	<u>1,384</u>	<u>1,263</u>	<u>4,423</u>	<u>3,651</u>
Total	<u>9,437</u>	<u>8,785</u>	<u>28,700</u>	<u>25,863</u>

The above expenses include the following statutory disclosures:

	Group			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2014	1.7.2013	1.1.2014	1.1.2013
	to	to	to	to
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
	RM'000	RM'000	RM'000	RM'000
Directors' fee and remuneration	596	524	1,773	2,397
Hire of equipment	28	27	86	83
Auditors' remuneration				
- Statutory audit	26	24	120	112
- Other regulated related services	23	22	49	47
- Other services	6	15	121	120
	<u>6</u>	<u>15</u>	<u>121</u>	<u>120</u>

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25. Overhead expenses (cont'd.)

	Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2014	1.7.2013	1.1.2014	1.1.2013
	to	to	to	to
	30.9.2014	30.9.2013	30.9.2014	30.9.2013
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, allowances and bonuses	5,087	4,710	15,151	14,022
Defined Contribution Plan - Employees Provident Fund	758	701	2,247	2,083
Others	478	397	1,658	1,241
	<u>6,323</u>	<u>5,808</u>	<u>19,056</u>	<u>17,346</u>
Establishment costs				
Depreciation	419	464	1,274	1,423
Amortisation of intangible assets	112	42	353	125
Repair and maintenance	164	197	515	540
Computerisation costs	269	245	875	699
Rental expenses	214	215	643	638
Others	434	410	1,273	1,152
	<u>1,612</u>	<u>1,573</u>	<u>4,933</u>	<u>4,577</u>
Marketing costs				
Advertising and publicity	99	108	231	215
Others	19	33	57	74
	<u>118</u>	<u>141</u>	<u>288</u>	<u>289</u>

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25. Overhead expenses (cont'd.)

	Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2014	1.7.2013	1.1.2014	1.1.2013
	to	to	to	to
30.9.2014	30.9.2013	30.9.2014	30.9.2013	
	RM'000	RM'000	RM'000	RM'000
Administration and general costs				
Communication expenses	278	276	824	824
Subscriptions	253	225	707	609
Professional fees	279	190	680	555
Auditors remunerations	54	60	288	277
Non-executive directors' remuneration	183	137	535	331
Insurance	62	65	193	187
Travelling	67	65	168	205
Others	207	245	1,026	662
	<u>1,383</u>	<u>1,263</u>	<u>4,421</u>	<u>3,650</u>
Total	<u>9,436</u>	<u>8,785</u>	<u>28,698</u>	<u>25,862</u>

The above expenses include the following statutory disclosures:

	Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2014	1.7.2013	1.1.2014	1.1.2013
	to	to	to	to
30.9.2014	30.9.2013	30.9.2014	30.9.2013	
	RM'000	RM'000	RM'000	RM'000
Directors' fee and remuneration	596	524	1,773	2,397
Hire of equipment	28	27	86	83
Auditors' remuneration				
- Statutory audit	25	23	118	111
- Other regulated related services	23	22	49	47
- Other services	6	14	121	120
	<u>596</u>	<u>524</u>	<u>1,773</u>	<u>2,397</u>

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26. 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 repo-style transactions and credit derivative contracts booked in its trading and banking books. The involvement of the Group and the Bank in derivatives are only restricted to foreign forward exchange contracts and interest rate swaps.

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 2014				
Direct credit substitutes	3,656	-	3,656	3,003
Transaction-related contingent items	176,611	-	88,306	87,480
Short-term self-liquidating trade-related contingencies	59,993	-	11,999	11,921
Forward foreign exchange contracts				
- less than one year	943,188	4,752	11,902	7,800
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity more than one year	18,362	-	9,181	8,908
- maturity less than one year	1,783,551	-	356,710	355,905
Any commitment that are unconditionally cancelled at any time without prior notice	66,710	-	-	-
Total	3,052,071	4,752	481,754	475,017

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26. 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 2013				
Direct credit substitutes	24,112	-	24,112	22,571
Transaction-related contingent items	155,175	-	77,588	76,173
Short-term self-liquidating trade-related contingencies	30,001	-	6,000	5,996
Forward foreign exchange contracts				
- less than one year	375,278	2,134	6,801	3,962
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity more than one year	94,883	-	47,442	47,441
- maturity less than one year	1,687,599	-	337,520	336,818
Any commitment that are unconditionally cancelled at any time without prior notice	24,083	-	-	-
Total	2,391,131	2,134	499,463	492,961

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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27. 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	Note	Level 1	Level 2	Level 3	Total
		RM'000	RM'000	RM'000	RM '000
30 September 2014					
<u>Securities available-for-sale</u>	13				
Money market instruments:					
Malaysian Government Securities			79,908		79,908
Cagamas Bonds		-	49,810	-	49,810
Government Investment Issue			239,735	-	239,735
BNM Monetary Notes		-	249,516	-	249,516
Negotiable Instruments of Deposit		-	150,000	-	150,000
Unquoted securities in Malaysia:					
Private debt securities		-	140,301	-	140,301
		-	909,270	-	909,270
<u>Derivatives</u>					
Derivative financial assets					
Unrealised gain on derivatives		-	4,752	-	4,752
Derivative financial liabilities					
Unrealised loss on derivatives		-	(5,287)	-	(5,287)
		-	(535)	-	(535)

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27. Fair value hierarchy (cont'd.)

Group and Bank	Note	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2013					
<u>Securities held-for-trading</u>	12				
Money market instruments:					
BNM Monetary Notes		-	9,803	-	9,803
		-	9,803	-	9,803
<u>Securities available-for-sale</u>	13				
Money market instruments:					
Malaysian Government Securities		-	79,220	-	79,220
Cagamas Bonds		-	50,000	-	50,000
Government Investment Issue			240,159	-	240,159
BNM Monetary Notes		-	29,903	-	29,903
Unquoted securities in Malaysia:					
Private debt securities		-	120,593	-	120,593
		-	519,875	-	519,875
<u>Derivatives</u>					
Derivative financial assets					
Unrealised gain on derivatives		-	2,134	-	2,134
Derivative financial liabilities					
Unrealised loss on derivatives		-	(2,582)	-	(2,582)
		-	(448)	-	(448)

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 held-for-trading, available-for-sale and held-to-maturity

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

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27. Fair value hierarchy (cont'd.)

Valuation methods and assumptions (cont'd)

(ii) Derivative financial instruments

Derivative products valued using valuation technique with significant market observable inputs which 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.

28. 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. Further guidance on the capital buffer requirements will be announced by BNM before 2016.

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

	30.9.2014	31.12.2013
Common equity tier-1 capital ratio	15.51%	17.01%
Total capital ratio	<u>16.71%</u>	<u>18.22%</u>

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28. Capital adequacy (cont'd.)

- (iii) The components of common equity tier-1, tier-1 and tier-2 capital (excluding deferred tax assets) of the Bank are as follows:

	30.9.2014	31.12.2013
	RM'000	RM'000
Common Equity Tier-1 Capital		
Paid-up share capital	400,000	400,000
Statutory reserve *	146,472	146,472
Unrealised losses on available-for-sale financial instruments	(1,993)	(2,668)
Retained profits	29,548	28,510
Less: Deferred tax assets (excluding those from revaluation reserve)	(12,334)	(13,837)
Total Common Equity Tier-1 Capital	<u>561,693</u>	<u>558,477</u>
Tier-2 Capital		
Collective impairment (only those attributable to non-impaired loan, advances and financing)	43,546	39,431
Total Tier-2 Capital	<u>43,546</u>	<u>39,431</u>
Total capital		
Tier-1 Capital	561,693	558,477
Tier-2 Capital	43,546	39,431
Less: Investment in subsidiary	(10)	(10)
Total Capital	<u>605,229</u>	<u>597,898</u>

* Based on balance as at 31 December 2013

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28. 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 30.9.2014 RM'000	Risk- weighted assets 30.9.2014 RM'000	Principal 31.12.2013 RM'000	Risk- weighted assets 31.12.2013 RM'000
0%	868,308	-	653,359	-
20%	519,920	103,984	276,752	55,350
35%	3,419	1,197	4,422	1,548
50%	71,094	35,547	11,977	5,989
100%	3,271,637	3,271,637	3,084,205	3,084,205
150%	47,519	<u>71,279</u>	4,900	<u>7,350</u>
Total risk-weighted assets for credit risk		3,483,644		3,154,442
Total risk-weighted assets for market risk		12,194		12,116
Total risk-weighted assets for operational risk		<u>126,014</u>		<u>115,722</u>
Total risk-weighted assets		<u>3,621,852</u>		<u>3,282,280</u>

29. Significant related party disclosures

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

	Group and Bank			
	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	1.7.2014 to 30.9.2014 RM'000	1.7.2013 to 30.9.2013 RM'000	1.1.2014 to 30.9.2014 RM'000	1.1.2013 to 30.9.2013 RM'000
Income				
Interest on advances to the holding company and its branches	<u>1</u>	<u>-</u>	<u>2</u>	<u>19</u>
Expenditure				
Interest on advances from the holding company and its branches	<u>359</u>	<u>146</u>	<u>1,015</u>	<u>199</u>

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29. Significant related party disclosures (cont'd.)

	Group and Bank	
	30.9.2014	31.12.2013
	RM'000	RM'000
Amount due to		
Deposits and placements from the holding company and its branches	<u>248,616</u>	<u>229,458</u>
Amount due from		
Cash and short-term funds placed with the holding company and its branches	<u>8,033</u>	<u>5,986</u>

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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Statement by directors

We, Loke Tan Cheng and Chris Chia Woon Liat, 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 39 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 2014 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.

Loke Tan Cheng

Chris Chia Woon Liat

Kuala Lumpur, Malaysia