

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

**Statement by Directors and Unaudited Interim**  
**Condensed Financial Statements**  
**30 September 2017**

**299740-W**

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

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

**Performance review for the nine-month period ended 30 September 2017 and  
commentary on the prospects**

Bangkok Bank Berhad (“BBB”) registered a profit before tax (“PBT”) of RM28.3 million for the nine-month period ended 30 September 2017 as compared to a higher profit of RM29.5 million recorded during the previous corresponding period. The higher personnel costs have been the reason to the lower PBT. However, net interest income improved from RM56.3 million in the previous corresponding period to RM61.2 million in the for the nine-month period ended 30 September 2017 as interest income from interbank lending expanded.

Deposits from customers grew from RM1.86 billion as at December 2016 to RM2.36 billion as at 30 September 2017. This is the result of the Bank's efforts on heightening focus on generating customer deposits to maintain 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 2017**

	Note	Group		Bank	
		30.9.2017 RM'000	31.12.2016 RM'000	30.9.2017 RM'000	31.12.2016 RM'000
<b>Assets</b>					
Cash and short-term funds		672,655	283,533	672,547	283,434
Deposits and placements with banks		180,330	153,931	180,330	153,931
Securities held for trading	12	-	10,240	-	10,240
Securities available-for-sale	13	787,516	820,028	787,516	820,028
Securities held-to-maturity	14	13	13	13	13
Loans, advances and financing	15	2,793,570	2,725,493	2,793,570	2,725,493
Derivative assets		2,714	1,552	2,714	1,552
Tax recoverable		10,490	8,973	10,488	8,972
Other assets	16	3,106	2,858	3,106	2,858
Statutory deposit with Bank Negara Malaysia		83,000	88,000	83,000	88,000
Investment in subsidiary		-	-	10	10
Property and equipment	17	141,715	141,513	141,715	141,513
Intangible assets		816	61	816	61
Deferred tax assets		1,236	2,130	1,236	2,130
<b>Total assets</b>		<b>4,677,161</b>	<b>4,238,325</b>	<b>4,677,061</b>	<b>4,238,235</b>
<b>Liabilities and shareholder's equity</b>					
Deposits from customers	18	2,359,880	1,856,627	2,359,880	1,856,627
Deposits and placements from banks and other financial institutions	19	1,063,276	1,552,943	1,063,276	1,552,943
Derivative liabilities		3,120	3,598	3,120	3,598
Other liabilities	20	15,146	13,068	15,143	13,065
<b>Total liabilities</b>		<b>3,441,422</b>	<b>3,426,236</b>	<b>3,441,419</b>	<b>3,426,233</b>
Share capital		1,000,000	600,000	1,000,000	600,000
Statutory reserve		-	169,039	-	169,039
Revaluation reserve		1,562	(1,532)	1,562	(1,532)
Retained profits		234,177	44,582	234,080	44,495
<b>Shareholder's equity</b>		<b>1,235,739</b>	<b>812,089</b>	<b>1,235,642</b>	<b>812,002</b>
<b>Total liabilities and shareholder's equity</b>		<b>4,677,161</b>	<b>4,238,325</b>	<b>4,677,061</b>	<b>4,238,235</b>
<b>Commitments and contingencies</b>	26	<b>2,292,855</b>	<b>2,226,929</b>	<b>2,292,855</b>	<b>2,226,929</b>

*These audited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 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 2017**

		Group				
		Third Quarter Ended		Cumulative 9 Months Ended		
		1.7.2017 to 30.9.2017 RM'000	1.7.2016 to 30.9.2016 RM'000	1.1.2017 to 30.9.2017 RM'000	1.1.2016 to 30.9.2016 RM'000	
Note						
	Interest income	21	48,961	44,554	144,566	135,406
	Interest expense	22	(28,581)	(25,897)	(83,384)	(79,092)
	Net interest income		20,380	18,657	61,182	56,314
	Non-interest income	24	3,348	4,120	8,909	11,485
	Net income		23,728	22,777	70,091	67,799
	Overhead expenses	25	(15,161)	(16,086)	(44,627)	(39,692)
			8,567	6,691	25,464	28,107
	Loan impairment write back, net	23	142	1,819	2,800	1,398
	Profit before taxation		8,709	8,510	28,264	29,505
	Taxation		(3,208)	(1,797)	(7,708)	(5,254)
	Net profit for the financial period		5,501	6,713	20,556	24,251
	Earnings per share (sen)					
	- basic		0.55	1.12	2.06	4.04
	- diluted		0.55	1.12	2.06	4.04

*These audited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 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 2017 (cont'd.)**

	Note	Bank			
		Third Quarter Ended		Cumulative 9 Months Ended	
		1.7.2017	1.7.2016	1.1.2017	1.1.2016
		to	to	to	to
		30.9.2017	30.9.2016	30.9.2017	30.9.2016
		RM'000	RM'000	RM'000	RM'000
Interest income	21	48,961	44,554	144,566	135,406
Interest expense	22	(28,581)	(25,897)	(83,384)	(79,092)
Net interest income		20,380	18,657	61,182	56,314
Non-interest income	24	3,339	4,111	8,894	11,468
Net income		23,719	22,768	70,076	67,782
Overhead expenses	25	(15,160)	(16,085)	(44,625)	(39,691)
		8,559	6,683	25,451	28,091
Loan impairment write back, net	23	142	1,819	2,800	1,398
Profit before taxation		8,701	8,502	28,251	29,489
Taxation		(3,206)	(1,795)	(7,705)	(5,250)
Net profit for the financial period		5,495	6,707	20,546	24,239
Earnings per share (sen)					
- basic		0.55	1.12	2.05	4.04
- diluted		0.55	1.12	2.05	4.04

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

**Interim condensed statements of comprehensive income**  
**For the financial period ended 30 September 2017**

	<b>Group</b>			
	<b>Third Quarter Ended</b>		<b>Cumulative 9 Months Ended</b>	
	<b>1.7.2017 to 30.9.2017</b>	<b>1.7.2016 to 30.9.2016</b>	<b>1.1.2017 to 30.9.2017</b>	<b>1.1.2016 to 30.9.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Net profit for the period</b>	<u>5,501</u>	<u>6,713</u>	<u>20,556</u>	<u>24,251</u>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit or loss subsequently:</b>				
Net gain on securities available-for-sale	1,303	3,245	4,071	6,013
Income tax relating to components of other comprehensive income	<u>(313)</u>	<u>(771)</u>	<u>(977)</u>	<u>(1,435)</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>990</u>	<u>2,474</u>	<u>3,094</u>	<u>4,578</u>
<b>Total comprehensive income for the period, net of tax</b>	<u>6,491</u>	<u>9,187</u>	<u>23,650</u>	<u>28,829</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 2017 (cont'd.)**

	<b>Bank</b>			
	<b>Third Quarter Ended</b>		<b>Cumulative 9 Months Ended</b>	
	<b>1.7.2017 to 30.9.2017 RM'000</b>	<b>1.7.2016 to 30.9.2016 RM'000</b>	<b>1.1.2017 to 30.9.2017 RM'000</b>	<b>1.1.2016 to 30.9.2016 RM'000</b>
<b>Net profit for the period</b>	<u>5,495</u>	<u>6,707</u>	<u>20,546</u>	<u>24,239</u>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit or loss subsequently:</b>				
Net gain on securities available-for-sale	1,303	3,245	4,071	6,013
Income tax relating to components of other comprehensive income	<u>(313)</u>	<u>(771)</u>	<u>(977)</u>	<u>(1,435)</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>990</u>	<u>2,474</u>	<u>3,094</u>	<u>4,578</u>
<b>Total comprehensive income for the period, net of tax</b>	<u>6,485</u>	<u>9,181</u>	<u>23,640</u>	<u>28,817</u>

*These audited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 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 2017**

Group	Share capital RM'000	<---Non-distributable--->		Distributable Retained profits RM'000	Total RM'000
		Statutory reserve RM'000	Revaluation reserve RM'000		
<b>At 1 January 2016</b>	600,000	153,451	602	28,963	783,016
Total comprehensive income	-	-	4,578	24,251	28,829
<b>At 30 September 2016</b>	<u>600,000</u>	<u>153,451</u>	<u>5,180</u>	<u>53,214</u>	<u>811,845</u>
<b>At 1 January 2017</b>	600,000	169,039	(1,532)	44,582	812,089
Total comprehensive income	-	-	3,094	20,556	23,650
Transfer to retained profits		(169,039)		169,039	-
Issue of shares	400,000	-	-	-	400,000
<b>At 30 September 2017</b>	<u>1,000,000</u>	<u>-</u>	<u>1,562</u>	<u>234,177</u>	<u>1,235,739</u>

  

Bank	Share capital RM'000	<---Non-distributable--->		Distributable Retained profits RM'000	Total RM'000
		Statutory reserve RM'000	Revaluation reserve RM'000		
<b>At 1 January 2016</b>	600,000	153,441	602	28,897	782,940
Total comprehensive income	-	-	4,578	24,239	28,817
<b>At 30 September 2016</b>	<u>600,000</u>	<u>153,441</u>	<u>5,180</u>	<u>53,136</u>	<u>811,757</u>
<b>At 1 January 2017</b>	600,000	169,039	(1,532)	44,495	812,002
Total comprehensive income	-	-	3,094	20,546	23,640
Transfer to retained profits		(169,039)		169,039	-
Issue of shares	400,000	-	-	-	400,000
<b>At 30 September 2017</b>	<u>1,000,000</u>	<u>-</u>	<u>1,562</u>	<u>234,080</u>	<u>1,235,642</u>

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**Bangkok Bank Berhad**  
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**Interim condensed statements of cash flows**  
**For the financial period ended 30 September 2017**

	Note	Group		Bank	
		1.1.2017 to 30.9.2017 RM'000	1.1.2016 to 30.9.2016 RM'000	1.1.2017 to 30.9.2017 RM'000	1.1.2016 to 30.9.2016 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		28,264	29,505	28,251	29,489
Adjustments for:					
Depreciation	25	3,738	3,410	3,738	3,410
Amortisation of intangible assets	25	66	221	66	221
Write back for impairment losses on loans advances, and financing, net	23	(2,793)	(1,342)	(2,793)	(1,342)
Write back of impairment losses of securities held-to-maturity	24	(6)	(8)	(6)	(8)
Unrealised gain on foreign exchange forward contracts	24	(1,640)	(461)	(1,640)	(461)
Net loss on revaluation of securities held for trading	24	132	-	132	-
Net gain on disposal of securities held for trading	24	(157)	(14)	(157)	(14)
(Accretion of discount), net of amortisation of premium	21	(891)	731	(891)	731
Dividend from securities available-for-sale	24	(83)	(103)	(83)	(103)
Operating profit before working capital changes		26,630	31,939	26,617	31,923

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**Bangkok Bank Berhad**  
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**Interim condensed statements of cash flows**  
For the financial period ended 30 September 2017 (cont'd.)

	Group		Bank	
	1.1.2017 to 30.9.2017 RM'000	1.1.2016 to 30.9.2016 RM'000	1.1.2017 to 30.9.2017 RM'000	1.1.2016 to 30.9.2016 RM'000
<b>Cash flows from operating activities (cont'd.)</b>				
<b>Balance carried forward</b>	26,630	31,939	26,617	31,923
Increase in loans, advances and financing	(65,284)	23,822	(65,284)	23,822
(Increase)/decrease in other assets	(247)	664	(247)	664
(Increase)/decrease in statutory deposits with Bank Negara Malaysia	5,000	20,000	5,000	20,000
Increase/(decrease) in deposits from customers	503,253	(366,775)	503,253	(366,775)
Decrease in deposits and placements of banks and other financial institutions	(489,667)	(16,131)	(489,667)	(16,131)
Increase/(decrease) in other liabilities	2,078	(10,237)	2,079	(10,237)
Purchase of securities held for trading	(59,525)	(30,502)	(59,525)	(30,502)
Purchase of securities available-for-sale	(282,527)	(440,343)	(282,527)	(440,343)
Proceeds from sale of securities held for trading	69,789	30,516	69,789	30,516
Proceeds from maturity of securities available-for-sale	320,000	815,000	320,000	815,000
Proceeds from partial redemption of securities held-to-maturity	6	8	6	8
Dividend received	83	56	83	103
Taxes paid	(9,308)	(2,012)	(9,304)	(2,012)
Taxes refunded	1	247	-	247
<b>Net cash generated from operating activities</b>	<b>20,282</b>	<b>56,252</b>	<b>20,273</b>	<b>56,283</b>

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**Bangkok Bank Berhad**  
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**Interim condensed statements of cash flows**  
**For the financial period ended 30 September 2017 (cont'd.)**

	<b>Group</b>		<b>Bank</b>	
	<b>1.1.2017 to 30.9.2017 RM'000</b>	<b>1.1.2016 to 30.9.2016 RM'000</b>	<b>1.1.2017 to 30.9.2017 RM'000</b>	<b>1.1.2016 to 30.9.2016 RM'000</b>
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(3,941)	(13,277)	(3,941)	(13,277)
Purchase of intangible assets	(820)	-	(820)	-
Proceeds from issuance of shares	400,000	-	400,000	-
Net cash generated from/(used in) investing activities	<u>395,239</u>	<u>(13,277)</u>	<u>395,239</u>	<u>(13,277)</u>
<b>Net increase in cash and cash equivalents</b>	415,521	42,927	415,512	42,915
<b>Cash and cash equivalents at beginning of financial period</b>	<u>437,464</u>	<u>135,976</u>	<u>437,365</u>	<u>135,888</u>
<b>Cash and cash equivalents at end of financial period</b>	<u>852,985</u>	<u>178,903</u>	<u>852,877</u>	<u>178,803</u>
<b>Cash and cash equivalents comprise:</b>				
Cash and short-term funds	672,655	108,903	672,547	108,803
Deposits and placements of banks and other financial institutions	180,330	70,000	180,330	70,000
	<u>852,985</u>	<u>178,903</u>	<u>852,877</u>	<u>178,803</u>

*These audited interim condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and accompanying explanatory notes attached to these interim condensed financial statements.*

**Bangkok Bank Berhad**  
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**Notes to the interim condensed financial statements - 30 September 2017**

**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 1-45-01, Menara Bangkok Bank, Laman Sentral Berjaya, 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 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 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 2016. 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 2016.

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**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 year ended 31 December 2016, except for the adoption of new standards and amendments effective as of 1 January 2017 as follows:

<b>Descriptions</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 107 Disclosures Initiatives	1 January 2017
MFRS 112 Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 107)	1 January 2017

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.

<b>Descriptions</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

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

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, MFRS 15 and MFRS 16.

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

**MFRS 9 *Financial Instruments***

In November 2014, MASB issued the final version of MFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces MFRS 139 *Financial Instruments: Recognition and Measurement* and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets and the methodology for calculating allowance for impairment, in particular for individual and collective assessment and provisioning.

**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 depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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**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.

***MFRS 16 Leases***

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

**2.4 Significant accounting judgements and estimates**

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

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



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**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**

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.

Loans, advances and financing 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 15(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.

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**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.

**2.5 BNM's Revised Policy Document on Capital Funds**

On 3 May 2017, BNM issued the revised policy document on Capital Funds whereby the previous requirement to maintain a reserve fund is no longer required given the implementation of the Capital Conservation Buffer under the Capital Adequacy Framework. Therefore, the statutory reserve which was previously maintained by the Bank is no longer required. During the period, the Group and the Bank had transferred RM169,039,000 from the statutory reserve to retained profits.

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

The auditors' report on the audited annual financial statements for the year ended 31 December 2016 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 2017.

**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 2017.

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**7. Debt and equity securities**

On 13 January 2017, the authorised share capital of the Bank increased to RM1,000,000,000 from RM600,000,000 through the creation of 400,000,000 authorised ordinary shares of RM1.00 each. The issued and paid-up share capital also increased to RM1,000,000,000 from RM600,000,000 with the issuance of 400,000,000 new ordinary shares of RM1.00 each at par for cash for working capital purposes.

**8. Subsequent events**

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

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

There were no changes in the composition of the Group during the financial period ended 30 September 2017.

**10. Dividends paid**

No dividend was declared or paid during the financial period ended 30 September 2017.

**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**

	<b>Group and Bank</b>	
	<b>30.9.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia:		
<b>At fair value</b>		
Money market instruments:		
Malaysian Government Securities	-	10,240
	<hr/>	<hr/>

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**13. Securities available-for-sale**

	<b>Group and Bank</b>	
	<b>30.9.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia:		
<b>At fair value</b>		
Money market instruments:		
Malaysian Government Securities	283,858	323,090
Government Investment Issues	314,219	281,498
Malaysia Treasury Bills	-	78,215
Negotiable Instruments of Deposit	-	50,304
Unquoted securities:		
Corporate bonds	188,567	86,049
	<u>786,644</u>	<u>819,156</u>
<b>At cost</b>		
Unquoted securities:		
Shares	872	872
	<u>787,516</u>	<u>820,028</u>

**14. Securities held-to-maturity**

	<b>Group and Bank</b>	
	<b>30.9.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
In Malaysia:		
<b>At amortised cost</b>		
Unquoted securities:		
Corporate bonds	596	603
Accumulated impairment losses	(583)	(590)
	<u>13</u>	<u>13</u>

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**15. Loans, advances and financing**

	<b>Group and Bank</b>	
	<b>30.9.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>At amortised cost</b>		
Overdrafts	133,965	158,334
Term loans:		
- Housing loans	2,882	3,326
- Syndicated term loan	98,347	116,387
- Other term loans	891,737	1,049,558
Revolving credits	1,070,853	766,482
Bills receivables	3,522	3,522
Trust receipts	135,220	141,127
Bankers' acceptances	611,289	644,589
Staff loans	698	787
	<u>2,948,513</u>	<u>2,884,112</u>
Unearned interest	(4,388)	(5,271)
Gross loans, advances and financing	<u>2,944,125</u>	<u>2,878,841</u>
Less: Allowance for impaired loans and financing:		
- Individual impairment allowance	(89,062)	(88,812)
- Collective impairment allowance	(61,493)	(64,536)
Net loans, advances and financing	<u>2,793,570</u>	<u>2,725,493</u>

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

	<b>Group and Bank</b>	
	<b>30.9.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	2,094,938	1,833,516
One year to three years	368,250	281,740
Three years to five years	181,926	395,634
Over five years	299,011	367,951
	<u>2,944,125</u>	<u>2,878,841</u>

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

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

	<b>Group and Bank</b>	
	<b>30.9.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of securities	18,819	-
Purchase of transport vehicles	208	174
Purchase of residential properties	3,782	4,452
Purchase of non-residential properties	99,853	99,552
Purchase of fixed assets other than land and building	46,676	45,756
Personal use	2,318	13,488
Construction	278,018	326,191
Mergers and acquisitions	23,789	36,779
Working capital	2,172,921	2,027,500
Others	297,741	324,949
	<u>2,944,125</u>	<u>2,878,841</u>

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

	<b>Group and Bank</b>	
	<b>30.9.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Domestic non-bank financial institutions	382,589	369,070
Domestic business enterprises:		
- Small medium enterprises	589,041	592,013
- Others	1,947,714	1,883,453
Individuals	24,781	34,305
	<u>2,944,125</u>	<u>2,878,841</u>

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

	<b>Group and Bank</b>	
	<b>30.9.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Variable rate		
- Base lending rate plus	409,719	495,116
- Cost-plus	2,440,972	2,284,243
- Other variable rates	93,434	99,482
	<u>2,944,125</u>	<u>2,878,841</u>

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

- (v) All loans, advances and financing of the Group and of the Bank are to customers in Malaysia.
- (vi) Movements in impaired loans, advances and financing are as follows:

	<b>Group and Bank</b>	
	<b>30.9.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January	139,926	152,520
Classified as impaired during the period/year	2,586	37,782
Reclassified as non-impaired during the period/year	-	(18,058)
Amount recovered during the period/year	(17,214)	(28,393)
Amount written off during the period/year	-	(3,925)
Balance as at end of period/year	<u>125,298</u>	<u>139,926</u>
Individual impairment allowance	<u>(89,062)</u>	<u>(88,812)</u>
Net impaired loans, advances and financing	<u>36,236</u>	<u>51,114</u>
Ratio of net impaired loans, advances and financing to gross loans, advances and financing less individual impairment allowance	<u>1.27%</u>	<u>1.83%</u>

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

	<b>Group and Bank</b>	
	<b>30.9.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Individual impairment allowance</b>		
Balance as at 1 January	88,812	90,525
Allowance made during the period/year	3,227	8,466
Amount written back during the period/year	(2,977)	(6,254)
Amount written off during the period/year	-	(3,925)
Balance as at end of period/year	<u>89,062</u>	<u>88,812</u>
<b>Collective impairment allowance</b>		
Balance as at 1 January	64,536	69,134
Allowance made during the period/year	8,439	15,042
Allowance written back during the period/year	(11,482)	(19,640)
Balance as at end of period/year	<u>61,493</u>	<u>64,536</u>
Collective impairment allowance as % of gross loans, advances and financing less individual impairment allowance	<u>2.15%</u>	<u>2.31%</u>

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

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

The Group and the Bank perform individual impairment assessment based on certain obligatory and judgemental triggers that may indicate potential impairment. All impaired accounts as defined in Note 2.4(a) are selected for individual impairment review on a monthly basis. The Group and the Bank also perform monthly individual impairment reviews 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 9 Months.

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

	<b>Group and Bank</b>	
	<b>30.9.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchase of residential properties	8,204	1,542
Working capital	114,091	126,456
Others	3,003	11,928
	<u>125,298</u>	<u>139,926</u>

**16. Other assets**

	<b>Group and Bank</b>	
	<b>30.9.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits and prepayments	2,109	1,595
Other receivables	997	1,263
	<u>3,106</u>	<u>2,858</u>

**17. Property and equipment**

During the nine-month period ended 30 September 2017, the Group and the Bank acquired assets with a cost of RM3,941,000 (31.12.2016: RM15,008,000).



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**18. Deposits from customers**

(i) By type of deposit:

	<b>Group and Bank</b>	
	<b>30.9.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Fixed deposits	2,143,320	1,615,423
Current accounts	141,839	187,247
Savings deposits	8,121	9,437
Money market deposits	66,600	44,520
	<u>2,359,880</u>	<u>1,856,627</u>

(ii) The maturity structure of fixed deposits and money market deposits are as follows:

	<b>Group and Bank</b>	
	<b>30.9.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Due within six months	1,755,177	1,408,619
Six months to one year	448,051	246,398
One year to three years	5,571	2,129
Over three years	1,121	2,797
	<u>2,209,920</u>	<u>1,659,943</u>

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

	<b>Group and Bank</b>	
	<b>30.9.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Business enterprises	1,866,476	1,393,576
Individuals	493,404	463,051
	<u>2,359,880</u>	<u>1,856,627</u>

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

	<b>Group and Bank</b>	
	<b>30.9.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Licensed banks	327,567	541,758
Other financial institutions	735,709	1,011,185
	<u>1,063,276</u>	<u>1,552,943</u>

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**19. Deposits and placements from banks and other financial institutions (cont'd.)**

Included in deposits and placements are deposits and placements from the holding company and its branches amounting to RM327,567,000 (31.12.2016: RM395,946,000) as disclosed in Note 29.

**20. Other liabilities**

	Group		Bank	
	30.9.2017 RM'000	31.12.2016 RM'000	30.9.2017 RM'000	31.12.2016 RM'000
Accruals	7,128	7,487	7,128	7,484
Other payables	8,018	5,581	8,015	5,581
	<u>15,146</u>	<u>13,068</u>	<u>15,143</u>	<u>13,065</u>

**21. Interest income**

	Group and Bank			
	Third Quarter Ended		Cumulative 9 Months Ended	
	1.7.2017 to 30.9.2017 RM'000	1.7.2016 to 30.9.2016 RM'000	1.1.2017 to 30.9.2017 RM'000	1.1.2016 to 30.9.2016 RM'000
Loans, advances and financing:				
- Interest income other than recoveries from impaired loans	34,043	34,422	100,855	103,492
- Recoveries from impaired loans	29	-	292	-
- Interest income on impaired loans	561	1,105	1,802	3,132
Deposits and placements with banks and other financial institutions	6,446	1,061	18,412	2,789
Securities held for trading	3	10	32	11
Securities available-for-sale	7,686	8,272	22,282	26,713
	<u>48,768</u>	<u>44,870</u>	<u>143,675</u>	<u>136,137</u>
Accretion of discount, net of (amortisation of premium)				
- Securities held for trading	-	(1)	-	(1)
- Securities available-for-sale	193	(315)	891	(730)
	<u>48,961</u>	<u>44,554</u>	<u>144,566</u>	<u>135,406</u>

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**22. Interest expense**

	Group and Bank			
	Third Quarter		Cumulative	
	Ended		9 Months Ended	
	1.7.2017 to 30.9.2017 RM'000	1.7.2016 to 30.9.2016 RM'000	1.1.2017 to 30.9.2017 RM'000	1.1.2016 to 30.9.2016 RM'000
Deposits from customers	27,185	25,110	79,155	76,747
Deposits and placements from banks and other financial institutions	1,396	787	4,229	2,345
	<u>28,581</u>	<u>25,897</u>	<u>83,384</u>	<u>79,092</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 RM3,781,000 (30.9.2016: RM1,785,000) as disclosed in Note 29.

**23. Loan impairment write back, net**

	Group and Bank			
	Third Quarter		Cumulative	
	Ended		9 Months Ended	
	1.7.2017 to 30.9.2017 RM'000	1.7.2016 to 30.9.2016 RM'000	1.1.2017 to 30.9.2017 RM'000	1.1.2016 to 30.9.2016 RM'000
Allowance/(write back) for impaired loans, advances and financing:				
Individual impairment:				
- made during the financial period	823	4,350	3,227	7,592
- written back during the financial period	(962)	(3,798)	(2,977)	(5,955)
Collective impairment, net:				
- made during the financial period	-	1,903	8,439	12,270
- written back during the period period	-	(4,273)	(11,482)	(15,249)
Impaired loans, advances and financing recovered	(3)	(1)	(7)	(56)
	<u>(142)</u>	<u>(1,819)</u>	<u>(2,800)</u>	<u>(1,398)</u>

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**24. Non-interest income**

	Group			
	Third Quarter Ended		Cumulative 9 Months Ended	
	1.7.2017 to 30.9.2017 RM'000	1.7.2016 to 30.9.2016 RM'000	1.1.2017 to 30.9.2017 RM'000	1.1.2016 to 30.9.2016 RM'000
Fee income:				
Commission	957	1,023	2,857	3,121
Service charges and fees	327	344	1,110	1,337
Guarantee fees	645	537	1,808	1,685
	<u>1,929</u>	<u>1,904</u>	<u>5,775</u>	<u>6,143</u>
Investment income:				
Net gain on disposal of securities held for trading	3	12	157	14
Net loss on revaluation of securities held for trading	-	-	(132)	-
Writeback of impairment losses on securities held to maturity	2	-	6	8
Gross dividend from securities available-for-sale	-	47	83	103
	<u>5</u>	<u>59</u>	<u>114</u>	<u>125</u>
Foreign exchange gain/(loss)	1,901	3,471	1,058	4,474
Unrealised gain/(loss) on foreign exchange forwards	(615)	(1,410)	1,640	461
Rental income	90	94	276	272
Others	38	2	46	10
	<u>1,414</u>	<u>2,157</u>	<u>3,020</u>	<u>5,217</u>
<b>Total</b>	<u><b>3,348</b></u>	<u><b>4,120</b></u>	<u><b>8,909</b></u>	<u><b>11,485</b></u>

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

	Bank			
	Third Quarter		Cumulative	
	Ended		9 Months Ended	
	1.7.2017 to 30.9.2017 RM'000	1.7.2016 to 30.9.2016 RM'000	1.1.2017 to 30.9.2017 RM'000	1.1.2016 to 30.9.2016 RM'000
Fee income:				
Commission	948	1,014	2,842	3,104
Service charges and fees	327	344	1,110	1,337
Guarantee fees	645	537	1,808	1,685
	<u>1,920</u>	<u>1,895</u>	<u>5,760</u>	<u>6,126</u>
Investment income:				
Net gain on disposal of securities held for trading	3	12	157	14
Net loss on revaluation of securities held for trading	-	-	(132)	-
Writeback of impairment losses on securities held to maturity	2	-	6	8
Gross dividend from securities available-for-sale	-	47	83	103
	<u>5</u>	<u>59</u>	<u>114</u>	<u>125</u>
Foreign exchange gain/(loss)	1,901	3,471	1,058	4,474
Unrealised gain/(loss) on exchange forwards	(615)	(1,410)	1,640	461
Rental income	90	94	276	272
Others	38	2	46	10
	<u>1,414</u>	<u>2,157</u>	<u>3,020</u>	<u>5,217</u>
<b>Total</b>	<u>3,339</u>	<u>4,111</u>	<u>8,894</u>	<u>11,468</u>

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**25. Overhead expenses**

	Group			
	Third Quarter Ended		Cumulative 9 Months Ended	
	1.7.2017 to 30.9.2017	1.7.2016 to 30.9.2016	1.1.2017 to 30.9.2017	1.1.2016 to 30.9.2016
	RM'000	RM'000	RM'000	RM'000
Personnel costs				
Salaries, allowances and bonuses	7,872	6,744	22,563	18,520
Defined Contribution Plan - Employees Provident Fund	1,154	854	3,395	2,442
Others	1,250	1,069	3,856	2,260
	<u>10,276</u>	<u>8,667</u>	<u>29,814</u>	<u>23,222</u>
Establishment costs				
Depreciation	1,170	1,133	3,738	3,410
Amortisation of intangible assets	38	23	66	221
Repair and maintenance	597	540	1,755	1,630
Information technology	253	292	768	964
Rental expenses	233	227	680	673
Others	888	871	2,460	1,898
	<u>3,179</u>	<u>3,086</u>	<u>9,467</u>	<u>8,796</u>
Marketing costs				
Advertising and publicity	72	45	237	169
Others	11	14	34	33
	<u>83</u>	<u>59</u>	<u>271</u>	<u>202</u>
Administration and general costs				
Communication expenses	314	273	989	803
Subscriptions	410	365	936	978
Professional fees	34	734	262	916
Auditors remunerations	69	57	304	305
Non-executive directors' remuneration	231	205	657	780
Insurance	12	129	306	388
Travelling	145	71	415	228
Loss on indemnity	-	2,067	-	2,067
Others	408	373	1,206	1,007
	<u>1,623</u>	<u>4,274</u>	<u>5,075</u>	<u>7,472</u>
<b>Total</b>	<u>15,161</u>	<u>16,086</u>	<u>44,627</u>	<u>39,692</u>

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

	Bank			
	Third Quarter		Cumulative	
	Ended		9 Months Ended	
	1.7.2017 to 30.9.2017 RM'000	1.7.2016 to 30.9.2016 RM'000	1.1.2017 to 30.9.2017 RM'000	1.1.2016 to 30.9.2016 RM'000
Personnel costs				
Salaries, allowances and bonuses	7,872	6,744	22,563	18,520
Defined Contribution Plan - Employees Provident Fund	1,154	854	3,395	2,442
Others	1,250	1,069	3,856	2,260
	<u>10,276</u>	<u>8,667</u>	<u>29,814</u>	<u>23,222</u>
Establishment costs				
Depreciation	1,170	1,133	3,738	3,410
Amortisation of intangible assets	38	23	66	221
Repair and maintenance	597	540	1,755	1,630
Information technology	253	292	768	964
Rental expenses	233	227	680	673
Others	888	871	2,460	1,898
	<u>3,179</u>	<u>3,086</u>	<u>9,467</u>	<u>8,796</u>
Marketing costs				
Advertising and publicity	72	45	237	169
Others	11	14	34	33
	<u>83</u>	<u>59</u>	<u>271</u>	<u>202</u>
Administration and general costs				
Communication expenses	314	273	989	803
Subscriptions	410	365	936	978
Professional fees	34	734	262	916
Auditors remunerations	68	56	302	304
Non-executive directors' remuneration	231	205	657	780
Insurance	12	129	306	388
Travelling	145	71	415	228
Loss on indemnity	-	2,067	-	2,067
Others	408	373	1,206	1,007
	<u>1,622</u>	<u>4,273</u>	<u>5,073</u>	<u>7,471</u>
<b>Total</b>	<u>15,160</u>	<u>16,085</u>	<u>44,625</u>	<u>39,691</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 Bank do not enter into over-the-counter ("OTC") derivative transactions, repo-style transactions and credit derivative contracts booked in its trading and banking books other than the involvement in derivatives restricted to foreign forward exchange contracts.

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

<b>Group and Bank</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Amount RM'000</b>
<b>30 September 2017</b>				
Direct credit substitutes	30,297	-	30,297	29,810
Transaction-related contingent items	174,613	-	87,307	81,699
Short-term self-liquidating trade-related contingencies	28,278	-	5,656	5,566
Forward foreign exchange contracts				
- less than one year	377,340	2,714	6,391	4,524
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity more than one year	57,627	-	28,814	28,814
- maturity less than one year	1,605,569	-	321,114	321,198
Any commitment that are unconditionally cancelled at any time without prior notice	19,131	-	-	-
<b>Total</b>	<b>2,292,855</b>	<b>2,714</b>	<b>479,579</b>	<b>471,611</b>



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

<b>Group and Bank</b>	<b>Principal Amount RM'000</b>	<b>Positive Fair Value Derivative Contracts RM'000</b>	<b>Credit Equivalent Amount RM'000</b>	<b>Risk Weighted Amount RM'000</b>
<b>31 December 2016</b>				
Direct credit substitutes	27,521	-	27,521	26,834
Transaction-related contingent items	197,497	-	98,749	88,765
Short-term self-liquidating trade-related contingencies	52,292	-	10,458	10,405
Forward foreign exchange contracts				
- less than one year	135,256	1,552	3,115	2,081
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity more than one year	40,216	-	20,108	22,708
- maturity less than one year	1,714,892	-	342,978	342,819
Any commitment that are unconditionally cancelled at any time without prior notice	59,255	-	-	-
<b>Total</b>	<b>2,226,929</b>	<b>1,552</b>	<b>502,929</b>	<b>493,612</b>

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

**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; and

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

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**27. Fair value hierarchy (cont'd.)**

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

<b>Group and Bank 30 September 2017</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<u>Securities available-for-sale (Note 13)</u>				
Money market instruments:				
Malaysian Government Securities	-	283,858	-	283,858
Government Investment Issue	-	314,219	-	314,219
Unquoted securities:				
Corporate bonds	-	188,567	-	188,567
	-	786,644	-	786,644
<u>Derivatives financial instruments</u>				
Derivative assets	-	2,714	-	2,714
Derivative liabilities	-	(3,120)	-	(3,120)
	-		-	
<b>Group and Bank 31 December 2016</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<u>Securities held for trading (Note 12)</u>				
Money market instruments:				
BNM Monetary Notes	-	10,240	-	10,240
	-	10,240	-	10,240
<u>Securities available-for-sale (Note 13)</u>				
Money market instruments:				
Malaysian Government Securities	-	323,090	-	323,090
Government Investment Issue	-	281,498	-	281,498
Malaysia Treasury Bills	-	78,215	-	78,215
Negotiable Instruments of Deposit	-	50,304	-	50,304
Unquoted securities:				
Corporate bonds	-	86,049	-	86,049
	-	819,156	-	819,156
<u>Derivatives financial instruments</u>				
Derivative assets	-	1,552	-	1,552
Derivative liabilities	-	(3,598)	-	(3,598)

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

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**27. Fair value hierarchy (cont'd.)**

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

Included in AFS securities as at 30 September 2017 were investment in equity securities of RM872,000 (2016: RM872,000) of the Group and the Bank that were carried at cost as their fair values could not be reliably measured. These securities were acquired for long term investment purposes.

(ii) Derivative financial instruments

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

**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).

As required by Risk Weighted Capital Adequacy Framework (Basel II) - Disclosure Requirements (Pillar 3), the RWCAF framework applies only to Bangkok Bank Berhad, a company incorporated in Malaysia that does not offer Islamic financial services and is not involved in Islamic banking operations.

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

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

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

- (ii) The implementation of Basel III in Malaysia 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.
- (iii) The capital adequacy ratios of the Bank as at the reporting date, are as follows:

	<b>Bank</b>	
	<b>30.9.2017</b>	<b>31.12.2016</b>
Common equity tier-1 capital ratio	32.58%	21.96%
Total capital ratios	<u>33.77%</u>	<u>23.15%</u>

- (iv) The components of common equity tier-1, tier-1 and tier-2 capital of the Bank are as follows:

	<b>Bank</b>	
	<b>30.9.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Common Equity Tier 1 Capital</b>		
Paid-up share capital	1,000,000	600,000
Statutory reserve	-	169,039
Unrealised gain/(loss) on available-for-sale securities	703	(1,532)
Retained profits	234,080	44,495
Less: Regulatory adjustment, applied on CET1 Capital		
Other intangibles	(816)	(61)
Deferred tax assets	(1,236)	(2,130)
<b>Total Common Equity Tier 1 Capital</b>	<u>1,232,731</u>	<u>809,811</u>

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

- (iv) The components of common equity tier-1, tier-1 and tier-2 capital of the Bank are as follows (cont'd.):

	<b>Bank</b>	
	<b>30.9.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Tier 2 Capital</b>		
Collective impairment (only those attributable to non-impaired loans, advances and financing)	45,115	43,909
<b>Total Tier 2 Capital</b>	<u>45,115</u>	<u>43,909</u>
<b>Total capital</b>		
Tier-1 Capital	1,232,731	809,811
Tier-2 Capital	45,115	43,909
Less: Investment in subsidiary	(10)	(10)
<b>Total Capital</b>	<u>1,277,836</u>	<u>853,710</u>

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

	<b>Principal</b>	<b>Risk-weighted</b>	<b>Principal</b>	<b>Risk-weighted</b>
	<b>30.9.2017</b>	<b>assets</b>	<b>31.12.2016</b>	<b>assets</b>
	<b>RM'000</b>	<b>30.9.2017</b>	<b>RM'000</b>	<b>31.12.2016</b>
		<b>RM'000</b>		<b>RM'000</b>
0%	980,887	-	893,815	-
20%	651,967	130,393	402,785	80,557
35%	1,516	531	1,948	682
50%	129,490	64,745	94,333	47,166
100%	3,398,467	3,398,466	3,340,892	3,340,892
150%	10,020	<u>15,030</u>	28,935	<u>43,403</u>
Total risk-weighted assets for credit risk		3,609,165		3,512,700
Total risk-weighted assets for market risk		11,518		18,481
Total risk-weighted assets for operational risk		<u>162,985</u>		<u>156,713</u>
Total risk-weighted assets		<u>3,783,668</u>		<u>3,687,894</u>

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

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

**(i) Related party transactions**

	<b>Group and Bank</b>			
	<b>Third Quarter</b>		<b>Cumulative</b>	
	<b>Ended</b>		<b>9 Months Ended</b>	
	<b>1.7.2017</b>	<b>1.7.2016</b>	<b>1.1.2017</b>	<b>1.1.2016</b>
	<b>to</b>	<b>to</b>	<b>to</b>	<b>to</b>
	<b>30.9.2017</b>	<b>30.9.2016</b>	<b>30.9.2017</b>	<b>30.9.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Income</b>				
Interest on advances to the holding company and its branches	7	-	100	22
<b>Expenditure</b>				
Interest on advances from the holding company and its branches	1,159	493	3,781	1,785
Administrative expenses to holding company	144	130	310	239

**(ii) Related party balances**

	<b>Group and Bank</b>	
	<b>30.9.2017</b>	<b>31.12.2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Amount due to</b>		
Deposits and placements from the holding company and its branches	327,567	395,946
<b>Amount due from</b>		
Cash and short-term funds placed with the holding company and its branches	13,073	10,061

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**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 36 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 2017 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

11 January 2018