

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

Report on Review of Interim Financial
Statements
30 September 2011

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 2011 and
commentary on the prospects**

Bangkok Bank Berhad (“BBB”) registered a profit before taxation of RM16.9 million for the nine months of 2011 as compared to a lower profit of RM12.9 million recorded during the previous comparative period. Expansion in the lending business which led to higher interest income and lower loan impairment have been the contributors to the better results. However, the higher net income was partly off set by the higher operating expenses (increase by 26%) mainly due to branch expansions and additional staff force to support business growth.

Gross loans have shown an increase of 7% from RM1.60 billion at end of December 2010 to RM1.72 billion at end of September 2011. The increase was mainly due to strong loan growth and higher trade line utilisation. As compared to September 2010, there was an increase in gross loans of 10% from RM1.56 billion.

Total deposits from customers has also shown an increase of 9% from RM1.76 billion at end of December 2010 to RM1.91 billion at end of September 2011 and an increase of 15% from RM1.66 billion at end of September 2010 respectively.

Net impaired loan ratio stood at 0.67% at end September 2011 as compared to 0.99% at end December 2010 and 1.16% at end September 2010. The improvement was mainly due to write off of corporate loans in 2nd half of 2010 and increase in gross loan outstanding.

With the opening of the new branches, 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
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Interim condensed statements of financial position as at 30 September 2011

	Note	Group		Bank	
		30.9.2011 RM'000	31.12.2010 RM'000	30.9.2011 RM'000	31.12.2010 RM'000
Assets					
Cash and short-term funds		896,280	574,241	896,242	574,208
Deposits and placements with banks		60,000	20,000	60,000	20,000
Securities available-for-sale	12	107,250	167,544	107,250	167,544
Securities held-to-maturity	13	85,562	144,782	85,562	144,782
Loans, advances and financing	14	1,645,220	1,534,731	1,645,220	1,534,731
Derivative assets		8,089	2,352	8,089	2,352
Other assets	15	8,033	11,611	8,031	11,608
Statutory deposit with Bank Negara Malaysia		43,000	15,000	43,000	15,000
Investment in subsidiary		-	-	10	10
Property and equipment	16	50,598	16,551	50,598	16,551
Intangible assets		251	285	251	285
Deferred tax assets		6,892	6,438	6,892	6,438
Total assets		2,911,175	2,493,535	2,911,145	2,493,509
Liabilities and shareholder's equity					
Deposits from customers	17	1,913,375	1,758,065	1,913,375	1,758,065
Deposits and placements of banks and other financial institutions	18	345,203	300,230	345,203	300,230
Bills and acceptances payable		202,380	-	202,380	-
Derivative liabilities		8,505	1,677	8,505	1,677
Other liabilities	19	30,225	34,650	30,224	34,648
Total liabilities		2,499,688	2,094,622	2,499,687	2,094,620
Share capital		265,000	265,000	265,000	265,000
Statutory reserve		123,972	123,972	123,962	123,962
Revaluation reserve		(176)	(493)	(176)	(493)
Retained profits		22,691	10,434	22,672	10,420
Shareholder's equity		411,487	398,913	411,458	398,889
Total liabilities and shareholder's equity		2,911,175	2,493,535	2,911,145	2,493,509
Commitments and contingencies	25	1,668,654	1,431,818	1,668,654	1,431,818

The Interim Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and of the Bank for the year ended 31 December 2010.

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Interim condensed income statements
For the financial period ended 30 September 2011

	Note	Group			
		Current Quarter		Cumulative Quarter	
		3 months ended		9 months ended	
		1.7.2011 to 30.9.2011 RM'000	1.7.2010 to 30.9.2010 RM'000	1.1.2011 to 30.9.2011 RM'000	1.1.2010 to 30.9.2010 RM'000
Interest income	20	26,986	23,090	75,062	60,520
Interest expense	21	(15,169)	(11,583)	(40,954)	(29,755)
Net interest income		11,817	11,507	34,108	30,765
Loan impairment charges, net	22	(1,528)	(954)	(4,035)	(8,650)
		10,289	10,553	30,073	22,115
Non-interest income	23	2,784	2,811	9,371	8,693
Net income		13,073	13,364	39,444	30,808
Overhead expenses	24	(7,649)	(6,333)	(22,557)	(17,938)
Profit before taxation		5,424	7,031	16,887	12,870
Taxation		(1,487)	(1,780)	(4,630)	(3,344)
Profit for the period		3,937	5,251	12,257	9,526
Earnings per share (sen)					
- basic		1.49	1.98	4.63	3.59
- diluted		1.49	1.98	4.63	3.59

The Interim Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and of the Bank for the year ended 31 December 2010.

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Interim condensed income statements

For the financial period ended 30 September 2011 (cont'd.)

	Note	Bank			
		Current Quarter		Cumulative Quarter	
		3 months ended		9 months ended	
		1.7.2011 to 30.9.2011 RM'000	1.7.2010 to 30.9.2010 RM'000	1.1.2011 to 30.9.2011 RM'000	1.1.2010 to 30.9.2010 RM'000
Interest income	20	26,986	23,090	75,062	60,520
Interest expense	21	(15,169)	(11,583)	(40,954)	(29,755)
Net interest income		11,817	11,507	34,108	30,765
Loan impairment charges, net	22	(1,528)	(954)	(4,035)	(8,650)
		10,289	10,553	30,073	22,115
Non-interest income	23	2,781	2,811	9,363	8,688
Net income		13,070	13,364	39,436	30,803
Overhead expenses	24	(7,649)	(6,333)	(22,556)	(17,937)
Profit before taxation		5,421	7,031	16,880	12,866
Taxation		(1,486)	(1,780)	(4,628)	(3,343)
Profit for the period		3,935	5,251	12,252	9,523

The Interim Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and of the Bank for the year ended 31 December 2010.

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Interim condensed statements of comprehensive income
For the financial period ended 30 September 2011

	Group			
	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
Note	1.7.2011 to 30.9.2011 RM'000	1.7.2010 to 30.9.2010 RM'000	1.1.2011 to 30.9.2011 RM'000	1.1.2010 to 30.9.2010 RM'000
Profit for the period	3,937	5,251	12,257	9,526
Other comprehensive income				
Net gain on available-for-sale financial assets	98	574	423	1,205
Income tax relating to components of other comprehensive income	(25)	(143)	(106)	(301)
Other comprehensive income for the period, net of tax	73	431	317	904
Total comprehensive income for the period, net of tax	4,010	5,682	12,574	10,430

The Interim Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and of the Bank for the year ended 31 December 2010.

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Bangkok Bank Berhad
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Interim condensed statements of comprehensive income
For the financial period ended 30 September 2011 (cont'd.)

	Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2011	1.7.2010	1.1.2011	1.1.2010
Note	to	to	to	to
	30.9.2011	30.9.2010	30.9.2011	30.9.2010
	RM'000	RM'000	RM'000	RM'000
Profit for the period	3,935	5,251	12,252	9,523
Other comprehensive income				
Net gain on available-for-sale financial assets	98	574	423	1,205
Income tax relating to components of other comprehensive income	(25)	(143)	(106)	(301)
Other comprehensive income for the period, net of tax	73	431	317	904
Total comprehensive income for the period, net of tax	4,008	5,682	12,569	10,427

The Interim Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and of the Bank for the year ended 31 December 2010.

Bangkok Bank Berhad
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Interim condensed statements of changes in equity
For the financial period ended 30 September 2011

	<----- Group ----->				
	Share capital RM'000	<---Non-distributable---> Statutory reserve RM'000	Revaluation reserve RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 January 2010	265,000	116,994	(1,339)	3,451	384,106
Profit for the period	-	-	-	9,526	9,526
Other comprehensive income	-	-	904	-	904
Total comprehensive income for the period	-	-	904	9,526	10,430
At 30 September 2010	265,000	116,994	(435)	12,977	394,536
At 1 January 2011	265,000	123,972	(493)	10,434	398,913
Profit for the period	-	-	-	12,257	12,257
Other comprehensive income	-	-	317	-	317
Total comprehensive income for the period	-	-	317	12,257	12,574
At 30 September 2011	265,000	123,972	(176)	22,691	411,487

The Interim Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and of the Bank for the year ended 31 December 2010.

Bangkok Bank Berhad
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Interim condensed statements of changes in equity
For the financial period ended 30 September 2011 (cont'd.)

	<----- Bank ----->				
	Share capital RM'000	<---Non-distributable---> Statutory reserve RM'000	Revaluation reserve RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 January 2010	265,000	116,984	(1,339)	3,442	384,087
Profit for the period	-	-	-	9,523	9,523
Other comprehensive income	-	-	904	-	904
Total comprehensive income for the period	-	-	904	9,523	10,427
At 30 September 2010	265,000	116,984	(435)	12,965	394,514
At 1 January 2011	265,000	123,962	(493)	10,420	398,889
Profit for the period	-	-	-	12,252	12,252
Other comprehensive income	-	-	317	-	317
Total comprehensive income for the period	-	-	317	12,252	12,569
At 30 September 2011	265,000	123,962	(176)	22,672	411,458

The Interim Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and of the Bank for the year ended 31 December 2010.

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Interim condensed statements of cash flows
For the financial period ended 30 September 2011

	Group		Bank	
	1.1.2011 to 30.9.2011 RM'000	1.1.2010 to 30.9.2010 RM'000	1.1.2011 to 30.9.2011 RM'000	1.1.2010 to 30.9.2010 RM'000
Cash flows from operating activities				
Profit before taxation	16,887	12,870	16,880	12,866
Adjustments for:				
Depreciation	1,507	1,083	1,507	1,083
Amortisation of intangible assets	173	291	173	291
Allowance for losses on loans and financing, net	4,099	9,287	4,099	9,287
Net gain on disposal of property and equipment	(16)	(60)	(16)	(60)
Write back of impairment losses of securities held-to-maturity	(9)	(1)	(9)	(1)
Unrealised loss on derivatives	1,091	277	1,091	277
Net loss/(gain) on revaluation of securities held-for-trading	19	(61)	19	(61)
Net loss/(gain) on disposal of securities held-for-trading available-for-sale	(49)	(115)	(49)	(115)
Net gain on redemption of securities held-to-maturity	73	27	73	27
Amortisation of premium net of accretion of discount	(396)	-	(396)	-
Dividend income	200	534	200	534
	(48)	(48)	(48)	(48)
Operating profit before working capital changes	23,531	24,084	23,524	24,080
Increase in loans and advances	(114,588)	(101,319)	(114,588)	(101,319)
Increase in other assets	(1,609)	(3,102)	(1,609)	(3,101)
Increase in statutory deposit with Bank Negara Malaysia	(28,000)	(3,000)	(28,000)	(3,000)
Increase in deposits from customers	155,310	86,512	155,310	86,512
Increase in deposits and placements of banks and other financial institutions	44,973	214,483	44,973	214,483
Increase in bills and acceptances payable	202,380	-	202,380	-
(Decrease)/increase in other liabilities	(4,425)	9,260	(4,424)	9,260
Cash generated from operations carried forward	277,572	226,918	277,566	226,915

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Interim condensed statements of cash flows
For the financial period ended 30 September 2011 (cont'd.)

	Group		Bank	
	1.1.2011 to 30.9.2011 RM'000	1.1.2010 to 30.9.2010 RM'000	1.1.2011 to 30.9.2011 RM'000	1.1.2010 to 30.9.2010 RM'000
Cash flows from operating activities (cont'd.)				
Cash generated from operations				
brought forward	277,572	226,918	277,566	226,915
Taxes paid	(3)	(6,194)	-	(6,192)
Taxes refunded	2	-	-	-
Net cash generated from operating activities	<u>277,571</u>	<u>220,724</u>	<u>277,566</u>	<u>220,723</u>
Cash flows from investing activities				
Purchase of property and equipment	(35,632)	(4,154)	(35,632)	(4,154)
Purchase of intangible assets	(61)	(114)	(61)	(114)
Purchase of securities held-for-trading	(382,163)	(438,957)	(382,163)	(438,957)
Purchase of securities available-for-sale	-	(115,414)	-	(115,414)
Purchase of securities held-to-maturity	-	(99,539)	-	(99,539)
Proceeds from disposal of securities held-for-trading	302,553	459,177	302,553	459,177
Proceeds from disposal of securities available-for-sale	95,024	45,127	95,024	45,127
Proceeds from redemption of securities held-to-maturity	44,676	-	44,676	-
Proceeds from maturity of securities available-for-sale	45,000	-	45,000	-
Proceeds from maturity of securities held-to-maturity	15,009	-	15,009	-
Dividend received	46	48	46	48
Proceeds from disposals of property and equipment	16	60	16	60
Net cash generated from/(used in) investing activities	<u>84,468</u>	<u>(153,766)</u>	<u>84,468</u>	<u>(153,766)</u>
Net increase in cash and cash equivalents	362,039	66,958	362,034	66,957
Cash and cash equivalents at beginning of financial period	594,241	427,508	594,208	427,478
Cash and cash equivalents at end of financial period	956,280	494,466	956,242	494,435

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Interim condensed statements of cash flows
For the financial period ended 30 September 2011 (cont'd.)

	Group		Bank	
	1.1.2011	1.1.2010	1.1.2011	1.1.2010
	to	to	to	to
	30.9.2011	30.9.2010	30.9.2011	30.9.2010
	RM'000	RM'000	RM'000	RM'000
Cash and cash equivalents comprise:				
Cash and short-term funds	896,280	464,466	896,242	464,435
Deposits and placements with banks	60,000	30,000	60,000	30,000
	956,280	494,466	956,242	494,435

The Interim Condensed Financial Statements should be read in conjunction with the audited financial statements of the Group and of the Bank for the year ended 31 December 2010.

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Notes to the financial statements - 30 September 2011

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. Significant accounting policies

(a) Basis of preparation

The unaudited interim condensed consolidated financial statements for the nine-month ended 30 September 2011 of the Group and of the Bank have been prepared under the historical cost convention except for securities available-for-sale and derivative financial instruments which are stated at fair values. The unaudited interim condensed consolidated financial statements for the nine-month ended 30 September 2011 have been prepared in accordance with the requirement of FRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") as modified by Bank Negara Malaysia ("BNM") Guidelines.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's and the Bank's annual audited financial statements as at 31 December 2010. The explanatory notes attached in the unaudited interim condensed consolidated financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group and of the Bank since the year ended 31 December 2010.

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2. Significant accounting policies (Contd.)

(b) Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those adopted in the preparation of the Group's and the Bank's annual audited financial statements for the year ended 31 December 2010, except for the adoption of new Financial Reporting Standards ("FRSs") and IC Interpretations ("IC") as of 1 January 2011, noted below:

FRSs, Amendments to FRSs and IC Interpretations

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised 2010)
FRS 127	Consolidated and Separate Financial Statements (Revised 2010)
*FRS 132	Financial Instruments: Presentation
Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures and Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendment to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendment to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 138	Intangible Assets
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"	
IC Interpretation 4	Determining whether an Arrangement Contains a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfer of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
TR i-4	Shariah Compliant Sale Contracts

* The amendments in paragraph 11, 16 and 97E of the Standard relating to Classification of Rights Issues shall apply to financial statements of annual periods beginning on or after 1 March 2010.

The applications of the above FRSs, amendments to FRSs and IC Interpretations did not result in any significant impact on the financial results and financial position of the Group and the Bank.

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2. Significant accounting policies (Contd.)

(c) Significant accounting judgements and estimates

In the process of applying the Group's and the Bank's accounting policies, management has exercised judgement 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 its individually significant loans, advances and financing at each reporting date to assess whether an impairment loss should be recorded in the income statement. 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 about a number of factors and actual results may differ, resulting in future changes in the allowance.

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

(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 and advances.

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.

(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.

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2. Significant accounting policies (Contd.)

(d) FRSs and IC Interpretations ("ICs") Issued But Not Yet Effective

The following new FRSs, IC Interpretations and amendment to IC interpretation were issued but are not yet effective and have not been applied by the Group and the Bank:-

FRSs, Amendments to FRSs and IC Interpretations:	Effective for financial year beginning on or after
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14)	1 July 2011
FRS 124: Related Party Disclosures	1 January 2012
IC Interpretation 15: Agreements for the Construction of Real Estate	1 January 2012

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the year ended 31 December 2010 was not subject to any qualification.

4. Unusual Items due to their Nature, Size or Incidence

The Group and the Bank has entered into a Sale & Purchase Agreement on 13th May 2011 to purchase the new corporate Head Office building with a total purchase consideration of RM133 million during the financial period ended 30 September 2011.

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 years that have a material effect on the financial results and position of the Group and the Bank for the financial period ended 30 September 2011.

7. Debt and Equity Securities

There were no issuances, repurchases and repayments of debt and equity securities during the financial period ended 30 September 2011.

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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.

10. Dividends Paid

No dividend was paid during the financial period ended 30 September 2011.

11. Segmental Information

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

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12. Securities available-for-sale

	Group and Bank	
	30.9.2011	31.12.2010
	RM'000	RM'000
In Malaysia:		
At fair value		
Money market instruments:		
Malaysian Government Securities	26,113	86,148
Cagamas Bonds	20,273	20,339
Government Investment Issue	5,006	40,022
Bank Negara Monetary Notes	39,954	-
Quoted securities in Malaysia:		
Debt converted shares *	-	-
Unquoted securities in Malaysia:		
Private debt securities	15,032	20,163
	<u>106,378</u>	<u>166,672</u>
At cost		
Unquoted securities:		
Shares	872	872
	<u>107,250</u>	<u>167,544</u>

* Quoted shares were fully provided as at relevant reporting dates.

13. Securities held-to-maturity

	Group and Bank	
	30.9.2011	31.12.2010
	RM'000	RM'000
In Malaysia:		
At amortised cost		
Money market instruments:		
Malaysian Government Securities	30,074	45,153
Unquoted securities:		
Private debt securities	55,488	99,629
	<u>85,562</u>	<u>144,782</u>

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14. Loans, advances and financing

	Group and Bank	
	30.9.2011	31.12.2010
	RM'000	RM'000
At amortised cost		
Overdrafts	88,133	79,185
Term loans		
- Housing loans	7,887	8,663
- Syndicated term loan	-	39,214
- Other term loans	316,913	294,499
Revolving credits	369,132	311,657
Bills receivables	9,618	9,470
Trust receipts	155,616	114,894
Bankers' acceptances	754,172	732,138
Other financing	19,841	16,269
Staff loans	1,433	1,252
	<u>1,722,745</u>	<u>1,607,241</u>
Unearned interest	(5,416)	(4,500)
Gross loans, advances and financing	<u>1,717,329</u>	<u>1,602,741</u>
Less: Allowance for impaired loans and financing		
- Individual impairment allowance	(44,827)	(43,578)
- Collective impairment allowance	(27,282)	(24,432)
Net loans, advances and financing	<u>1,645,220</u>	<u>1,534,731</u>

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

	Group and Bank	
	30.9.2011	31.12.2010
	RM'000	RM'000
Maturing within one year	1,406,034	1,316,463
One year to three years	121,588	80,181
Three years to five years	65,305	115,499
Over five years	124,402	90,598
	<u>1,717,329</u>	<u>1,602,741</u>

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

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

	Group and Bank	
	30.9.2011	31.12.2010
	RM'000	RM'000
Purchase of securities	519	11,133
Purchase of transport vehicles	252	1,383
Purchase of residential properties	8,882	9,697
Purchase of non-residential properties	87,049	81,460
Purchase of fixed assets other than land and building	25,724	34,896
Personal use	3,584	787
Construction	51,100	57,845
Working capital	1,487,284	1,372,250
Others	52,935	33,290
	1,717,329	1,602,741

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

	Group and Bank	
	30.9.2011	31.12.2010
	RM'000	RM'000
Domestic non-bank financial institutions	195,242	164,590
Domestic business enterprises		
- Small medium enterprises	494,320	348,455
- Others	1,014,841	1,079,069
Individuals	12,926	10,627
	1,717,329	1,602,741

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

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

	Group and Bank	
	30.9.2011	31.12.2010
	RM'000	RM'000
Fixed rate		
- Housing loan	-	1,344
- Other fixed rate loan/financing	234	17,384
Variable rate		
- BLR plus	357,462	334,233
- Cost-plus	1,234,669	1,177,919
- Other variable rates	124,964	71,861
	<u>1,717,329</u>	<u>1,602,741</u>

- (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:

	Group and Bank	
	30.9.2011	31.12.2010
	RM'000	RM'000
Balance as at 1 January	59,123	78,319
Classified as impaired during the period	1,469	6,433
Reclassified as non-impaired during the period	(614)	(364)
Amount recovered	(3,905)	(3,431)
Amount written off	-	(21,834)
Balance as at end of period	<u>56,073</u>	<u>59,123</u>
Individual impairment allowance	(44,827)	(43,578)
Net impaired loans, advances and financing	<u>11,246</u>	<u>15,545</u>
Ratio of net impaired loans, advances and financing to gross loans, advances and financing less individual impairment allowance	<u>0.67%</u>	<u>0.99%</u>

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

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

	Group and Bank	
	30.9.2011	31.12.2010
	RM'000	RM'000
Individual impairment allowance		
Balance as at 1 January	43,578	57,485
Allowance made during the period	2,628	10,470
Amount written back	(1,379)	(2,543)
Amount written off	-	(21,834)
Balance as at end of period	<u>44,827</u>	<u>43,578</u>
Collective impairment allowance		
Balance as at 1 January	24,432	21,532
Allowance made during the period	2,850	2,900
Balance as at end of period	<u>27,282</u>	<u>24,432</u>
Collective impairment allowance as % of gross loans, advances and financing less individual impairment allowance	<u>1.63%</u>	<u>1.57%</u>

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

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

The Bank performs individual impairment assessment based on certain obligatory and judgemental triggers that may indicate potential impairment. Loans and overdrafts are classified as impaired when repayments are in arrears for 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 monthly basis. The Bank also performs monthly 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.

The Bank has adopted the transitional provision of BNM/GP3 Guidelines on Classification and Impairment Provisions for Loans/Financing of providing a minimum of 1.5% of gross loans, advances and financing less individual impairment as collective impairment.

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

	Group and Bank	
	30.9.2011	31.12.2010
	RM'000	RM'000
Purchase of residential properties	2,913	3,504
Working capital	50,163	51,797
Others	2,997	3,822
	<u>56,073</u>	<u>59,123</u>

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

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15. Other assets

	Group		Bank	
	30.9.2011	31.12.2010	30.9.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Other receivables, deposits and prepayments	5,676	4,068	5,676	4,068
Tax recoverable	2,357	7,543	2,355	7,540
	8,033	11,611	8,031	11,608

16. Property and Equipment

On 13 May 2011, the Bank has entered into a Sale and Purchase Agreement to purchase office premises under construction for a total consideration of RM132,975,000, of which RM33,244,000 has been paid and capitalised as property under construction during the financial period.

17. Deposits from customers

(i) By type of deposit

	Group and Bank	
	30.9.2011	31.12.2010
	RM'000	RM'000
Fixed deposits	1,205,863	1,075,223
Negotiable instruments of deposits	5,000	100,000
Current accounts	164,214	191,211
Savings deposits	10,997	10,762
Short term deposits	527,301	380,869
	1,913,375	1,758,065

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17. Deposits from customers (Contd.)

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

	Group and Bank	
	30.9.2011	31.12.2010
	RM'000	RM'000
Due within six months	1,588,201	1,402,840
Six months to one year	143,810	146,896
One year to three years	972	1,601
Over three years	5,181	4,755
	<u>1,738,164</u>	<u>1,556,092</u>

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

	Group and Bank	
	30.9.2011	31.12.2010
	RM'000	RM'000
Business enterprises	1,554,608	1,405,462
Individuals	219,724	201,527
Others	139,043	151,076
	<u>1,913,375</u>	<u>1,758,065</u>

18. Deposits and placements of banks and other financial institutions

	Group and Bank	
	30.9.2011	31.12.2010
	RM'000	RM'000
Licensed banks	323,121	281,340
Other financial institutions	19,835	16,247
Bank Negara Malaysia	2,247	2,643
	<u>345,203</u>	<u>300,230</u>

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19. Other liabilities

	Group		Bank	
	30.9.2011	31.12.2010	30.9.2011	31.12.2010
	RM'000	RM'000	RM'000	RM'000
Accruals	3,397	2,144	3,396	2,144
Other payables	26,828	32,506	26,828	32,504
	30,225	34,650	30,224	34,648

20. Interest income

	Group and Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2011	1.7.2010	1.1.2011	1.1.2010
	to	to	to	to
	30.9.2011	30.9.2010	30.9.2011	30.9.2010
	RM'000	RM'000	RM'000	RM'000
Interest income from loans and advances				
- Interest income other than recoveries from impaired loans	20,181	16,531	56,235	44,062
- Interest income from impaired loans	281	390	848	1,283
Deposits and placements with banks and other financial institutions	4,598	2,968	11,331	7,327
Securities held-for-trading	25	62	103	139
Securities available-for-sale	902	2,041	3,159	5,800
Securities held-to-maturity	1,060	1,253	3,586	2,443
	27,047	23,245	75,262	61,054
Amortisation of premium net of accretion of discount				
- Securities held-for-trading	-	15	25	51
- Securities available-for-sale	(52)	(180)	(285)	(533)
- Securities held-to-maturity	(9)	10	60	(52)
	26,986	23,090	75,062	60,520

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21. Interest expense

	Group and Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2011	1.7.2010	1.1.2011	1.1.2010
	to	to	to	to
	30.9.2011	30.9.2010	30.9.2011	30.9.2010
	RM'000	RM'000	RM'000	RM'000
Deposits from customers	13,136	9,994	35,954	26,823
Deposits and placements of banks and other financial institutions	2,033	1,589	5,000	2,932
	15,169	11,583	40,954	29,755

22. Loan impairment charges, net

	Group and Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2011	1.7.2010	1.1.2011	1.1.2010
	to	to	to	to
	30.9.2011	30.9.2010	30.9.2011	30.9.2010
	RM'000	RM'000	RM'000	RM'000
Allowance for impaired loans, advances and financing				
- Collective impairment for loans, advances and financing	(850)	(800)	(2,850)	(3,000)
- Individual impairment for loans, advances and financing	(1,394)	(663)	(2,628)	(7,745)
Impaired loans, advances and financing written back	713	291	1,379	1,458
Impaired loans, advances and financing recovered	3	218	64	637
	(1,528)	(954)	(4,035)	(8,650)

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23. Non-interest income

	Group			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2011 to 30.9.2011 RM'000	1.7.2010 to 30.9.2010 RM'000	1.1.2011 to 30.9.2011 RM'000	1.1.2010 to 30.9.2010 RM'000
Fee income:				
Commission	719	721	2,105	2,296
Service charges and fees	224	408	872	930
Guarantee fees	412	272	1,217	738
	1,355	1,401	4,194	3,964
Investment income:				
Net (loss)/gain on sale of investments:				
- Securities held-for-trading	39	46	49	115
- Securities available-for-sale	5	29	(73)	(27)
Net gain on redemption of securities held-to-maturity	396	-	396	-
Net gain on revaluation of securities held-for-trading	(2)	28	(19)	61
Writeback of impairment losses on securities held-to-maturity	9	-	9	1
Gross dividend from securities available-for-sale	-	-	48	48
	447	103	410	198
Other income:				
Foreign exchange gain	943	2,107	5,826	4,359
Net realised loss on interest rate swaps	(315)	-	(370)	-
Unrealised (loss)/gain on foreign exchange forwards	211	(989)	(1,091)	(277)
Rental income	126	129	379	386
Gain on disposal of property and equipment	16	60	16	60
Others	1	-	7	3
	982	1,307	4,767	4,531
	2,784	2,811	9,371	8,693

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23. Non-interest income (Cont'd)

	Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2011 to 30.9.2011 RM'000	1.7.2010 to 30.9.2010 RM'000	1.1.2011 to 30.9.2011 RM'000	1.1.2010 to 30.9.2010 RM'000
Fee income:				
Commission	716	720	2,097	2,291
Service charges and fees	224	408	872	930
Guarantee fees	412	272	1,217	738
	1,352	1,400	4,186	3,959
Investment income:				
Net (loss)/gain on sale of investments:				
- Securities held-for-trading	39	46	49	115
- Securities available-for-sale	5	29	(73)	(27)
Net gain on redemption of securities held-to-maturity	396	-	396	-
Net (loss)/gain on revaluation of securities held-for-trading	(2)	28	(19)	61
Writeback of impairment losses on securities held-to-maturity	9	-	9	1
Gross dividend from securities available-for-sale	-	-	48	48
	447	103	410	198
Other income:				
Foreign exchange gain	943	2,107	5,826	4,359
Net realised loss on interest rate swaps	(315)	-	(370)	-
Unrealised (loss)/gain on foreign exchange forwards	211	(989)	(1,091)	(277)
Rental income	126	129	379	386
Gain on disposal of property and equipment	16	60	16	60
Others	1	1	7	3
	982	1,308	4,767	4,531
	2,781	2,811	9,363	8,688

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24. Overhead expenses

	Group			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2011 to 30.9.2011 RM'000	1.7.2010 to 30.9.2010 RM'000	1.1.2011 to 30.9.2011 RM'000	1.1.2010 to 30.9.2010 RM'000
Personnel costs				
Salaries, allowances and bonuses	3,814	2,917	10,344	8,296
Defined Contribution Plan - Employees Provident Fund	569	439	1,564	1,248
Others	378	366	1,330	1,001
	<u>4,761</u>	<u>3,722</u>	<u>13,238</u>	<u>10,545</u>
Establishment costs				
Depreciation	550	424	1,507	1,083
Amortisation of intangible assets	54	96	173	291
Repair and maintenance	146	146	422	433
Computerisation costs	192	163	616	440
Rental expenses	180	163	630	440
Others	405	247	1,200	693
	<u>1,527</u>	<u>1,239</u>	<u>4,548</u>	<u>3,380</u>
Marketing costs				
Advertising and publicity	63	41	260	549
Others	28	67	104	128
	<u>91</u>	<u>108</u>	<u>364</u>	<u>677</u>
Administration and general costs				
Professional fees	318	203	949	337
Non-executive directors' remuneration	178	217	577	624
Others	774	844	2,881	2,375
	<u>1,270</u>	<u>1,264</u>	<u>4,407</u>	<u>3,336</u>
Total	<u>7,649</u>	<u>6,333</u>	<u>22,557</u>	<u>17,938</u>

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24. Overhead expenses (Cont'd)

	Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2011 to 30.9.2011 RM'000	1.7.2010 to 30.9.2010 RM'000	1.1.2011 to 30.9.2011 RM'000	1.1.2010 to 30.9.2010 RM'000
Personnel costs				
Salaries, allowances and bonuses	3,814	2,917	10,344	8,296
Defined Contribution Plan - Employees Provident Fund	569	439	1,564	1,248
Others	378	366	1,330	1,001
	<u>4,761</u>	<u>3,722</u>	<u>13,238</u>	<u>10,545</u>
Establishment costs				
Depreciation	550	424	1,507	1,083
Amortisation of intangible assets	54	96	173	291
Repair and maintenance	146	146	422	433
Computerisation costs	192	163	616	440
Rental expenses	180	163	630	440
Others	405	247	1,200	693
	<u>1,527</u>	<u>1,239</u>	<u>4,548</u>	<u>3,380</u>
Marketing costs				
Advertising and publicity	63	41	260	549
Others	28	67	104	128
	<u>91</u>	<u>108</u>	<u>364</u>	<u>677</u>
Administration and general costs				
Professional fees	318	203	948	336
Non-executive directors' remuneration	178	217	577	624
Others	774	844	2,881	2,375
	<u>1,270</u>	<u>1,264</u>	<u>4,406</u>	<u>3,335</u>
Total	<u>7,649</u>	<u>6,333</u>	<u>22,556</u>	<u>17,937</u>

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25. Commitments and contingencies

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

The Group and the Bank do not enter into repo-style transactions and credit derivative contracts booked in its trading and banking book. 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 of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
30 September 2011				
Direct credit substitutes	17,184	-	17,184	16,667
Transaction-related contingent items	117,095	-	58,548	55,149
Short-term self-liquidating trade-related contingencies	38,783	-	7,757	7,619
Forward foreign exchange contracts				
- less than one year	453,849	8,087	12,439	9,449
Interest rate related contracts				
- less than one year	20,000	2	22	4
- more than one year				
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity more than one year	3,341	-	1,671	1,671
- maturity less than one year	1,001,261	-	200,252	200,254
Any commitment that are unconditionally cancelled at any time without prior notice	17,141	-	-	-
Total	1,668,654	8,089	297,873	290,813

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25. Commitments and contingencies

Group and Bank	Principal Amount RM'000	Positive Fair Value of Derivative Contracts RM'000	Credit Equivalent Amount RM'000	Risk Weighted Amount RM'000
31 December 2010				
Direct credit substitutes	15,946	-	15,946	15,431
Transaction-related contingent items	94,510	-	47,255	43,334
Short-term self-liquidating trade-related contingencies	69,056	-	13,811	13,627
Forward foreign exchange contracts				
- less than one year	286,912	2,352	4,480	3,324
Other commitments, such as formal standby facilities and credit lines, with an original				
- maturity more than one year	159	-	80	60
- maturity less than one year	951,313	-	190,263	191,037
Any commitment that are unconditionally cancelled at any time without prior notice	13,922	-	-	-
Total	1,431,818	2,352	271,835	266,813

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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26. 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).
- (ii) The capital adequacy ratios of the Bank as at the reporting date, are as follows:

	30.9.2011	31.12.2010
Core capital ratio	18.42%	19.76%
Risk-weighted capital ratio	19.67%	20.97%

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

	30.9.2011	31.12.2010
	RM'000	RM'000
Tier-1 Capital		
Paid-up share capital	265,000	265,000
Statutory reserve	123,962	123,962
Retained profits	18,737	10,420
Less: Deferred tax assets (excluding those from revaluation reserve)	(6,682)	(6,274)
Total Tier-1 Capital	<u>401,017</u>	<u>393,108</u>
Tier-2 Capital		
Collective assessment allowance	27,111	24,208
Total Tier-2 Capital	<u>27,111</u>	<u>24,208</u>
Total capital	428,128	417,316
Less: Investment in subsidiary	(10)	(10)
Capital base	<u>428,118</u>	<u>417,306</u>

Note (a) Computed based on reporting date as at 30 June 2011

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26. Capital adequacy (cont'd)

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

	Principal	Risk-weighted	Principal	Risk-weighted
	30.09.2011	assets	31.12.2010	assets
	RM'000	30.09.2011	RM'000	31.12.2010
		RM'000	RM'000	RM'000
0%	801,009	-	618,450	-
20%	404,405	80,881	308,073	61,615
35%	4,122	1,443	3,144	1,100
50%	30,280	15,140	31,724	15,862
75%	-	-	3,120	2,340
100%	1,974,277	1,974,277	1,799,735	1,799,735
150%	4,961	7,442	9,448	14,172
Total risk-weighted assets for credit risk		<u>2,079,183</u>		<u>1,894,824</u>
Total risk-weighted assets for market risk		5,110		4,153
Total risk-weighted assets for operational risk		<u>92,613</u>		<u>90,854</u>
Total risk-weighted assets		<u><u>2,176,906</u></u>		<u><u>1,989,831</u></u>

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27. Significant Related Party Disclosures

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

	Group and Bank			
	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	1.7.2011	1.7.2010	1.1.2011	1.1.2010
	to	to	to	to
	30.9.2011	30.9.2010	30.9.2011	30.9.2010
	RM'000	RM'000	RM'000	RM'000
Income				
Interest on advances to holding company and its branches	-	2	52	5
<hr/>				
Expenditure				
Interest on advances from holding company and its branches	67	49	83	143
<hr/>				
			Group and Bank	
			30.9.2011	31.12.2010
			RM'000	RM'000
Amount due to				
Deposits and placements from holding company and its branches			92,605	110
<hr/>				
Amount due from				
Cash and short-term funds placed with holding company and its branches			4,067	3,244
<hr/>				

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

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**Bangkok Bank Berhad
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Statement by directors

We, Loke Tan Cheng and Professor Dato' Ruslan Khalid, 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 35 are drawn up in accordance with Financial Reporting Standard 134: Interim Financial Reporting as modified by Bank Negara Malaysia guidelines so as to give a true and fair view of the financial position of the Group and of the Bank as at 30 September 2011 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

Professor Dato' Ruslan Khalid

Kuala Lumpur, Malaysia
30 November 2011